

Audit Report

Numberholders Age 112 or Older
Who Did Not Have a Death Entry on
the Numident

OIG

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: March 4, 2015 **Refer To:**

To: The Commissioner

From: Inspector General

Subject: Numberholders Age 112 or Older Who Did Not Have a Death Entry on the Numident (A-06-14-34030)

The attached final report presents the results of our audit. Our objective was to determine whether the Social Security Administration had controls in place to annotate death information on the Numident records of numberholders who exceeded maximum reasonable life expectancies.

Please provide within 60 days a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.



Patrick P. O'Carroll, Jr.

Attachment

Numberholders Age 112 or Older Who Did Not Have a Death Entry on the Numident

A-06-14-34030



March 2015

Office of Audit Report Summary

Objective

Our objective was to determine whether the Social Security Administration (SSA) had controls in place to annotate death information on the Numident records of numberholders who exceeded maximum reasonable life expectancies.

Background

We obtained information indicating a man opened bank accounts using several different Social Security numbers (SSN). SSA records indicated two of the SSNs belonged to numberholders born in 1886 and 1893, respectively. SSA's Numident indicated both numberholders were alive. As a result, neither of these SSNs appeared in the Death Master File.

In September 2013, a New York resident, believed to be the world's oldest living man, died at age 112. According to the Gerontology Research Group, as of October 2013, only 35 known living individuals worldwide had reached age 112.

We obtained Numident data that identified approximately 6.5 million numberholders born before June 16, 1901 who did not have a date of death on their record.

Findings

SSA did not have controls in place to annotate death information on the Numident records of numberholders who exceeded maximum reasonable life expectancies and were likely deceased. To illustrate, we identified approximately 6.5 million numberholders age 112 or older who did not have death information on the Numident.

- SSA issued approximately 6.4 million of the SSNs to process benefit claims filed *before* March 1972, including 48,746 SSNs issued to process death claims.
- SSA had input dates of death on approximately 1.4 million non-beneficiaries' payment records but had not recorded the death information on the Numident.
- SSA had terminated payments and input dates of death on 410,074 beneficiaries' payment records but had not recorded the death information on the Numident.

We also determined that thousands of the SSNs could have been used to commit identity fraud.

- For Tax Years 2006 through 2011, SSA received reports that individuals using 66,920 SSNs had approximately \$3.1 billion in wages, tips, and self-employment income. SSA transferred the earnings to the Earnings Suspense File because the employees' or self-employed individuals' names on the earnings reports did not match the numberholders' names.
- During Calendar Years 2008 through 2011, employers made 4,024 E-Verify inquiries using 3,873 SSNs belonging to numberholders born before June 16, 1901.

Resolving these discrepancies will improve the accuracy and completeness of the Death Master File and help prevent future misuse of these SSNs.

Recommendations

We made four recommendations for corrective action. SSA agreed with two and disagreed with two.

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ABBREVIATIONS

DMF	Death Master File
EAD	Earnings After Death
ESF	Earnings Suspense File
Fed. Reg.	Federal Register
IRS	Internal Revenue Service
MBR	Master Beneficiary Record
MEF	Master Earnings File
OI	Office of Investigations
OIG	Office of the Inspector General
PII	Personally Identifiable Information
POMS	Program Operations Manual System
SSA	Social Security Administration
SSN	Social Security Number
U.S.C.	United States Code

OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) had controls in place to annotate death information on the Numident records of numberholders who exceeded maximum reasonable life expectancies.

BACKGROUND

SSA matches death reports received from various sources against its payment records and records dates of death on the Numident, an electronic file that contains personally identifiable information (PII) for each person issued a Social Security number (SSN).¹ SSA uses information from the Numident to create the Death Master File (DMF).² SSA provides DMF data to the Department of Commerce, which, in turn, sells the DMF data to public and private customers.³ Financial institutions process financial, credit, payment, and other applications against the DMF to prevent and identify fraud.

We obtained information indicating a financial institution reported that a man opened bank accounts using several different SSNs. According to the Numident, two of the SSNs belonged to numberholders who were born in 1886 and 1893, respectively. Neither of the Numident records contained a date of death.⁴ As a result, neither of these SSNs appeared in the DMF.

In September 2013, a New York resident, believed to be the world's oldest living man, died at age 112. According to the Gerontology Research Group, as of October 2013, only 35 known living individuals worldwide had reached age 112.⁵ Based on this, we obtained Numident data that identified approximately 6.5 million numberholders born before June 16, 1901 (at least 112-years-old as of June 15, 2013) who did not have a date of death on their record. See Appendix A for a discussion of our scope and methodology.

RESULTS OF REVIEW

SSA did not establish controls to annotate death information onto the Numident record of numberholders who exceeded maximum reasonable life expectancies and were likely deceased. At the time of our review, SSA's Numident included approximately 6.5 million numberholders who were born before June 16, 1901 but who did not have a date of death on their record. SSA

¹ SSA, POMS, GN 02602.060 (May 13, 2011).

² SSA, POMS, GN 02602.060.B.1 (May 13, 2011).

³ <http://www.ntis.gov/assets/pdf/import-change-dmf.pdf>. Effective November 1, 2011, SSA no longer provides the National Technical Information Service death information to sell to public and private customers if SSA records indicate that the source of death information was a State. *Social Security Act*, § 205 (r), 42 U.S.C. § 405 (r).

⁴ Neither numberholder received SSA payments at the time of our review.

⁵ On September 18, 2014, the Gerontology Research Group reported that 42 known living individuals worldwide had reached age 112.

records contained further information indicating the majority of these numberholders was likely deceased.

- SSA issued approximately 6.4 million (98.5 percent) of the SSNs to process benefit claims filed by the numberholders or their family members *before* March 1972, including 48,746 SSNs issued to process death claims.
- SSA had input dates of death on approximately 1.4 million non-beneficiaries' payment records but had not recorded the death information on the Numident.
- SSA had terminated payments and input dates of death on 410,074 beneficiaries' payment records but had not recorded the death information on the Numident.⁶
- SSA issued payments to 266 numberholders. However, our review of SSA records indicated that only 13 beneficiaries were likely age 112 or older. In the remaining 253 cases, discrepancies in SSA records indicated the beneficiary receiving payments was not actually born before June 16, 1901.
- Only 71 numberholders had \$1,000 or more in earnings posted to the Master Earnings File (MEF) during any Tax Years 2008 through 2012. In no case did it appear someone who was actually born before June 16, 1901 was working. In 34 cases, it appeared someone was misusing a deceased numberholder's name and SSN to work. In the other 37 cases, discrepancies in SSA records indicated the wage earners were not actually born before June 16, 1901.

The fact that almost all of the 6.5 million numberholders were aged but had no earnings and received no payments from SSA further indicated the individuals were likely deceased.

In addition, we matched the SSNs against SSA's Earnings Suspense File (ESF) and the E-Verify system⁷ and identified thousands of instances of potential SSN misuse. To illustrate, SSA received reports that individuals using 66,920 SSNs had approximately \$3.1 billion in wages, tips, and self-employment income in Tax Years 2006-2011. SSA transferred the earnings to the ESF because the employees' or self-employed individuals' names on the wage or self-employment earnings reports did not match the numberholders' names. We also determined that, from Fiscal Years 2008 through 2011, SSA received 4,024 E-Verify inquiries using the SSNs of 3,873 numberholders born before June 16, 1901.

⁶ We conducted prior audits that compared death information on deceased beneficiaries' and recipients' payment records with death information on the DMF, including *Title II Deceased Beneficiaries Who Do Not Have Death Information on the Numident* (A-09-11-21171), July 9, 2012, and *Title XVI Deceased Recipients Who Do Not Have Death Information on the Numident* (A-09-12-22132), May 3, 2013.

⁷ E-Verify is a Department of Homeland Security program that allows employers to verify that newly hired employees are authorized to work in the United States under immigration law.

Because so much time had passed since these numberholders' deaths, we could not determine why their death information did not appear on the Numident.

Any numberholder's death that SSA does not record on the Numident is not included in the DMF. As a result, Federal and private entities that rely solely on the DMF to detect deaths would not know these individuals are deceased. This missing death information could result in erroneous payments made by Federal benefit-paying agencies that rely on the DMF to detect inaccurate or unreported deaths. The missing death information will also hinder private industry as well as State and local governments' ability to identify and prevent identity fraud.

6.5 Million Numberholders Age 112 or Older with No Numident Death Information

The Numident includes approximately 6.5 million numberholders who, according to their dates of birth, were at least 112-years-old but did not have death information on their record. We reviewed available information in SSA records and identified further information indicating most of the numberholders were likely deceased.

SSNs Issued to Facilitate Life and Death Claims

The Numident indicated that SSA issued approximately 6.4 of the 6.5 million SSNs to facilitate processing of benefit claims filed by the numberholders or their families *before* March 1972.

- Numident records for most of the 6.4 million numberholders contained entry code—type of record established “L,” which SSA defines as *Life claim (filed before March 1972)*. According to SSA staff, SSA typically issued these SSNs when individuals who had never been issued SSNs filed benefit claims. Upon verification of benefit eligibility, SSA issued the SSNs to facilitate claims processing.
- The Numident records for 48,746 numberholders contained entry code—type of record established “D,” which SSA defines as *Death claim (filed before March 1972)*. According to SSA staff, SSA typically issued these SSNs when family members filed death benefit claims on behalf of deceased individuals who had never been issued an SSN. Upon verification of benefit eligibility, SSA issued the SSNs using the deceased individuals PII and established the death claims against the SSNs. However, SSA did not record the numberholders' dates of death on the Numident.

The fact these numberholders were at least 112-years-old, and their SSNs were associated with benefit claims—including death benefit claims—filed more than 40 years ago, yet almost none of these numberholders remained in current payment status, indicated the numberholders were likely deceased.

Non-beneficiaries with a Date of Death on Their Payment Records

SSA had input dates of death on approximately 1.4 million non-beneficiaries' Master Beneficiary Records (MBR) but had not recorded the numberholders' death information on the Numident. The average year of death for these numberholders was 1959. The MBRs primarily

involved auxiliary benefits that SSA paid to deceased wage earners' family members. Examples follow.

- A numberholder born in 1883 died in 1951. His MBR indicated that SSA issued auxiliary benefits to his widow until her death in 1966. The primary line of the MBR included the numberholder's month and year of death, but his Numident record contained no death information.
- A numberholder born in 1882 died in 1966. His MBR indicated that SSA was issuing auxiliary benefits to his 82-year-old child. The primary line of the MBR included the numberholder's month and year of death, but his Numident record contained no death information.

Because the numberholders were not listed as beneficiaries on these MBRs, the numberholders' names and dates of birth generally did not appear on these MBRs. Prior reviews indicated that differences between a numberholder's non-SSN identifying information on SSA payment records and Numident can prevent propagation of death information from one system to the other. However, in these particular cases, the numberholders' non-SSN identifying information generally did not appear on the MBRs. This may explain why SSA systems did not propagate death information on these MBRs to the appropriate Numident records.

Beneficiaries with a Date of Death on Their Payment Records

SSA had terminated payments and input dates of death on 410,074 beneficiaries' payment records. However, SSA did not input a corresponding death entry on the beneficiaries' Numident record. We have identified this problem and made recommendations for corrective action in prior audits.

Numberholders Receiving SSA Payments

When we initiated our review, SSA was issuing payments to 266 numberholders whose Numident records contained a date of birth before June 16, 1901. However, in only 13 cases was it likely the beneficiary was actually age 112 or older. In the remaining 253 cases, discrepancies in SSA records indicated the beneficiary receiving payments was not born before June 16, 1901.

- In 96 cases, SSA had superimposed 2 individuals' PII on the same Numident record—1 born before and 1 after June 16, 1901. The individual receiving benefit payments was the person born after June 16, 1901.
- In 68 cases, the name of the individual receiving benefits under the SSN was different than the name on the numberholders' Numident. This occurred because SSA had established the incorrect SSN on the beneficiaries' payment record—primarily because of transposition errors.
- In 37 cases, the beneficiary's payment record contained a date of birth on or after June 16, 1901, but their Numident records contained a date of birth before June 16, 1901. We believe it is likely these beneficiaries were younger than 112-years-old, and the dates of

birth on the Numident were incorrect. However, when processing the benefit claim, SSA did not notice or resolve the date-of-birth discrepancies.

- In 52 cases, the beneficiary's payment record contained a date of birth on or after June 16, 1901, and their Numident contained multiple entries with different dates of birth, 1 before June 16, 1901, and 1 on or after June 16, 1901. We believe it likely the later birthdates on these records were correct, and these beneficiaries were younger than 112-years-old.

Numberholders with Reported Earnings

As part of the Annual Wage Reporting process, SSA matches Forms W-2, *Wage and Tax Statement*, submitted by employers against the Numident. SSA performs a similar match of self-employment earnings information received from the Internal Revenue Service (IRS). If the earnings reports contain a valid name and SSN combination, SSA posts the earnings to the MEF.

Only 71 numberholders had \$1,000 or more in earnings posted to the MEF during any Tax Year from 2008 through 2012. In no case did it appear someone who was actually born before June 16, 1901 was working.

- In 34 cases, it appeared someone misused a deceased numberholder's name and SSN to work. Examples follow.
 - A numberholder born in 1886 filed a "Life claim" in 1953. SSA payment records indicate the numberholder died in January 1965; however, SSA did not record the numberholder's death on the Numident. SSA continued paying benefits to the numberholder's widow until her death in February 1973. The MEF contains no reported earnings information for this numberholder from 1956 through 2007. However, beginning in Tax Year 2008 and each Tax Year through 2012, an Arizona employer reported paying wages (ranging from \$12,594 to \$17,100) to someone using the numberholder's name and SSN.
 - A numberholder born in 1896 filed a "Life claim" in 1958 (at age 62). The MEF indicates the numberholder continued earning wages through Tax Year 1962 and contains no reported earnings from 1963 through 2006. However, beginning in Tax Year 2007 and each year since, a South Carolina employer has reported payment of wages (ranging from \$11,450 to \$27,694) to someone using the numberholder's name and SSN.⁸

⁸ We referred this and five additional cases to our Office of Investigations (OI). OI opened a criminal investigation in one case where it appeared an individual was working under a deceased relative's SSN. In three cases, OI confirmed that illegal aliens were using deceased numberholders' names and SSNs to work, but U.S. Attorneys in Arizona, Florida, and South Carolina declined prosecution. In the two remaining cases, it appeared employers erroneously reported earnings under the names and SSNs of individuals in our audit population. OI referred these cases to SSA for corrective action and closed the allegations due to lack of criminal intent.

- In 16 cases, SSA had superimposed 2 individuals' PII on the same Numident record—1 born before and 1 born after June 16, 1901. The wage earner appeared to be the individual born after June 16, 1901.
- In 19 cases, the Numident contained multiple entries with different dates of birth, 1 before June 16, 1901 and 1 on or after June 16, 1901. We believe it likely the later birthdates on these records were correct, and these beneficiaries were younger than 112-years-old.
- In two cases, the wage earner's payment record contained a date of birth on or after June 16, 1901, but the Numident record contained a date of birth before June 16, 1901. We believe it is likely these wage earners were younger than 112-years-old, and dates of birth on the Numident were incorrect. However, when processing the benefit claims, SSA did not notice or resolve the date-of-birth discrepancies.

The fact that so few of these SSNs had earnings activity further indicates the numberholders were likely deceased.

Additional Indications of SSN Misuse

We matched the 6.5 million SSNs against SSA's ESF and E-Verify systems and identified thousands of instances of potential identity theft or other fraud.

\$3.1 Billion in Earnings Transferred to the ESF

As part of the Annual Wage Reporting process, SSA matches Forms W-2 submitted by employers against SSA's Numident. If the Form W-2 contains a valid name/SSN combination, SSA posts the earnings to the MEF. However, when the name/SSN combination cannot be matched to SSA's records, the wage information is transferred to the ESF—SSA's repository for unmatched wages. SSA performs a similar match of self-employment earnings information received from the IRS.⁹

For Tax Years 2006 through 2011, SSA transferred to the ESF approximately \$3.1 billion in wages, tips, and self-employment income reported under 66,920 of the 6.5 million SSNs. One SSN appeared on 613 different suspended wage reports, and 194 additional SSNs appeared on at least 50 suspended wage reports that SSA received during this 6-year period. Individuals can commit various types of fraud against the Government by reporting earnings under deceased individuals' SSNs.

E-Verify Inquiries

SSA supports the Department of Homeland Security in operating and administering the E-Verify program. Participating employers input information about new hires, including name, date of

⁹ SSA maintains separate ESFs for wages and self-employment income.

birth, and SSN into the E-Verify system. E-Verify matches the information against the Numident. If the data input by the employer do not match the Numident, SSA sends a response to E-Verify, which, in turn, generates a message for the employer indicating there is a discrepancy with SSA's records.

During Calendar Years 2008 through 2011, SSA received 4,024 E-Verify inquiries using the SSNs of 3,873 numberholders born before June 16, 1901.¹⁰ These inquiries indicate individuals' attempts to use the SSNs to apply for work.

DMF

Various Federal entities rely on SSA's death information to detect unreported deaths and verify the accuracy of reported deaths. Under section 205(r) of the *Social Security Act*, only agencies that pay federally funded benefits, such as the Railroad Retirement Board, Department of Defense, Office of Personnel Management, and Department of Veterans Affairs, may receive the full file of SSA's death information. SSA also provides the full file to the Centers for Medicare and Medicaid Services, Government Accountability Office, and IRS. Agencies that do not pay any type of federally funded benefits may receive only the public version of the DMF, which does not contain State death information. Private industry customers (including banks, hospitals, universities, and insurance companies) may purchase the public version of the DMF through the Department of Commerce's National Technical Information Service to verify death and prevent fraud.

In June 2010, the President directed Federal agencies to ensure they thoroughly review available databases with relevant information on eligibility before they release any Federal funds. At a minimum, agencies shall, before payment and award, check the existing databases, including SSA's DMF, to verify eligibility.¹¹

Any deceased numberholder whose death is not recorded on the Numident will not appear in either version of the DMF. As a result, Federal and private entities that rely solely on the DMF to detect deaths would not know these individuals are deceased. We identified as many as 6.5 million deceased numberholders who did not have death information on the Numident and therefore were not included in the DMF. This missing death information could result in erroneous payments by other Federal agencies that rely on the DMF to detect unreported deaths. The missing death information could also hinder private industry and State and local governments' ability to identify and prevent identity fraud.

¹⁰ In only two instances, did the SSN, name and date of birth (one born in 1886 and the other born in 1898) input into E-verify match the name and date of birth on the numberholder's Numident record.

¹¹ Presidential Memorandum - *Enhancing Payment Accuracy Through a "Do Not Pay List"* June 18, 2010 (75 Fed. Reg. 35953, June 23, 2010).

Missing Death Information Reduces the Effectiveness of the Earnings After Death Program

SSA receives earnings reports from employers and records valid earnings on the MEF. To determine the validity of an earnings report, SSA compares the name and SSN on the earnings report to information on the Numident. In addition to verifying the individual's name and SSN, SSA reviews the Numident to determine whether the individual is deceased. Generally, when the Numident contains a date of death and the year of death is before the year of the reported earnings, the earnings are placed in SSA's ESF as an earnings after death (EAD) record.

For any EAD, SSA investigates and attempts to resolve the reported earnings. SSA sends notices to employers, employees, and self-employed individuals. If the employer states the individual is working for them but does not provide adequate information to resolve the issue, SSA sends a notice to the employee requesting that he/she contact SSA to correct the earnings information. If SSA can resolve the earnings, it records the wages to the proper SSN. If the employer informs SSA the individual is deceased, SSA instructs the employer to refund the employee's share of the Social Security taxes to the employee's estate or next of kin.

CONCLUSIONS

SSA did not establish controls to annotate death information on the Numident record of numberholders who exceeded maximum reasonable life expectancies and were likely deceased. At the time of our review, SSA's Numident included approximately 6.5 million numberholders who were born before June 16, 1901 but who did not have death information on their record. SSA issued almost all the SSNs to process benefit claims filed by the numberholders or their family members *before* March 1972 and had previously input dates of death on more than 1.8 million of these numberholders' payment records but did not record the death entries on the Numident.

In addition, we identified thousands of instances of potential identity theft or other fraud involving these SSNs. Specifically, we identified approximately \$3.1 billion in earnings reported by employers and self-employed individuals using 66,920 SSNs although they were not the actual numberholder.

Resolving these discrepancies will improve the accuracy and completeness of the DMF and help prevent future misuse of these SSNs.

RECOMMENDATIONS

We recommend that SSA:

1. Add death information to the 48,746 "Death Claim" Numident records that did not already contain a death entry.
2. Record dates of death appearing on the MBR to the Numident records of 1.4 million non-beneficiary numberholders.

3. Determine whether it can efficiently correct the approximately 5 million remaining records identified by our audit.
4. Review and take appropriate action to resolve discrepancies in cases where multiple individuals appeared on the same Numident record, beneficiaries' payment records referenced the wrong SSN, or date-of-birth discrepancies existed between the beneficiaries' payment and Numident records.

AGENCY COMMENTS AND OIG RESPONSE

SSA agreed with Recommendations 3 and 4. SSA stated that, while it had concerns about the resource impact and error risk of correcting very old non-beneficiary records, it would explore the legal and technical feasibility, as well as the cost, to establish an automated process to update these records. SSA agreed to complete its analysis by the end of FY 2015. SSA also stated it would review the 219 cases discussed in Recommendation 4 and take corrective action, as appropriate, in accordance with policy.

However, SSA disagreed with Recommendations 1 and 2. SSA stated that updating the Numident based on old payment record information would require significant manual analysis and development of new automated screening protocols and could result in inaccurate death information on the Numident and DMF. SSA stated this data validation for non-beneficiary records would detract from other mission-critical work, such as redesigning SSA's death processing system. The Agency's comments are included in Appendix B.

As encouraged as we are by SSA's response to Recommendations 3 and 4, we are equally disappointed with SSA's simultaneous refusal to correct the 1.5 million records in Recommendations 1 and 2. In these cases, SSA records already contained the date SSA processed a death claim on the deceased individual's record (Recommendation 1) or the numberholders' actual month and year of death (Recommendation 2). We are simply asking that SSA incorporate into the Numident the death information already in its payment records.

SSA generally dismisses these discrepancies by stating that the numberholders do not receive payments. However, the 6.5 million records represent a significant void in the DMF. Federal benefit-paying entities, the Department of Homeland Security, the Internal Revenue Service, State and local government entities, and private industry customers who rely on the accuracy of completeness of SSA's death information to detect unreported deaths and prevent fraud are not concerned with the deceased individuals' Social Security benefit status. Even though these identities are not being used to receive Social Security benefits, they can be used for other improper activities, such as filing for benefits from other Federal agencies or States, opening bank accounts, or applying for jobs.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed pertinent sections of the Social Security Administration's (SSA) policies and procedures as well as other relevant Federal laws and regulations.
- Interviewed SSA staff.
- We identified approximately 6.5 million numberholders whose Numident date of birth was before June 16, 1901 (age 112 or older as of June 15, 2013) but whose Numident record did not contain a death entry (date of death). We then
 - matched the Social Security numbers (SSN) against SSA's Earnings Suspense Files (both wages and self-employment);
 - identified numberholders who had either a Master Beneficiary or Supplemental Security Record that contained a death entry;
 - identified numberholders with wages posted to the Master Earnings File in at least 1 Tax Year from 2008 through 2012;
 - identified numberholders who were in current pay status on either the Master Beneficiary or Supplemental Security Record; and
 - matched the SSNs against E-Verify data for Calendar Years 2008 through June 2011.
- We also matched 1,000 randomly selected SSNs against SSA's Death Master File and confirmed that none of the SSNs appeared in the Death Master File.

We conducted our audit between November 2013 and September 2014 in Dallas, Texas. We determined the data used for this audit were sufficiently reliable to meet our audit objective. The primary entities audited were the Offices of the Deputy Commissioners for Systems and Operations. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix B – AGENCY COMMENTS



MEMORANDUM

Date: February 06, 2015 Refer To: S1J-3

To: Patrick P. O'Carroll, Jr.
Inspector General

From: Frank Cristaudo /s/
Executive Counselor to the Commissioner

Subject: Office of the Inspector General Draft Report, "Numberholders Age 112 or Older Who Did Not Have a Death Entry on the Numident" (A-06-14-34030) – INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT, "NUMBERHOLDERS AGE 112 OR OLDER WHO DID NOT HAVE A DEATH ENTRY ON THE NUMIDENT" (A-06-14-34030)

Thank you for the opportunity to review and comment on this report. Your findings and recommendations from prior audits helped us to improve and update our records with accurate dates of death. For example, we:

- created a management information system to capture death report information;
- made systems changes to prevent future discrepancies between death data on our Social Security number (SSN) records (the Numident file) and payment records (Master Beneficiary Record (MBR) and the Supplemental Security Record); and
- conducted a monthly match to identify discrepancies between SSN records and the payment records, which we send to the field offices for resolution.

To date, we have corrected death information for over 200,000 beneficiary records. We would like to emphasize several important points.

- The cases identified by OIG in this report are not cases where we are making improper payments. When we receive a report of death, we take timely action to terminate payment.
- We place the highest priority on ensuring the accuracy and integrity of our payment files. This means first ensuring that our program records — the records upon which we base eligibility and payments — are as accurate and consistent as possible for current and future beneficiaries. Most of the cases identified by the OIG are non-beneficiary records, for which we do not have a business reason to expend resources to correct records. Recent efforts to correct beneficiary records include:
 - In 2012, we implemented a project to improve consistency of identifying information in our records. Before technicians approve a claim the identifying information within our records must match. Consistency ensures that when we receive a death report, the death information is posted to all of our master records.
 - In 2013, we began an effort to place a special termination code of “aged termination” for certain beneficiary records who were at least 115 years or older who did not have death information in our records.
- Furthermore, we continue to make progress on the re-design of our Death, Alert, and Control and Update System (DACS). In fiscal year (FY) 2014, we implemented the first phase of this death redesign initiative, and we have scheduled further enhancements by the end of FY 2015. Further investments, beyond FY 2015 in improving our death record-keeping system, and correcting possible inaccuracies in existing death records will depend of course upon the availability of sufficient agency resources. As we have worked to implement these improvements to our death recordkeeping, we have placed the highest priority on ensuring the accuracy

and integrity of our payment files, which are the bases for our determining eligibility for payment of benefits.

- We continue to work to expand the use of Electronic Death Registration (EDR). This streamlined electronic process, which began in 2002, allows States to match the name and the SSN of a deceased person before submitting death records to us. Thus, EDR provides us with more accurate and timely death reports, and universal implementation could largely eliminate errors in the death reporting process. Currently, 37 States and 2 jurisdictions participate in EDR. In combination, the increased use of EDR and implementation of our death redesign initiative will substantially improve the accuracy of death information in our databases prospectively.

We are pleased the review did not identify program fraud, and there were only three confirmed instances of employment fraud in the sample of 6.5 million deceased individuals. Based on the preliminary analysis provided, we believe correcting records for non-beneficiaries who have a date of birth before June 16, 1901 would divert resources from our highest priority, ensuring and improving payment accuracy. Therefore, we must respectfully disagree with the first two recommendations in the report. The recommendations would create a significant manual and labor-intensive workload and provide no benefit to the administration of our programs.

Recommendation I

Add death information to the 48,746 “Death Claim” Numident records that did not already contain a death entry.

Response

We disagree. We established Death claim payment records based on paper processes, prior to the establishment of our Numident record. At the time the Numident was established, we did not have automated processes to update death information from our payment records. Updating the Numident based on old payment record information could result in inaccurate death information on the Numident and DMF. Taking additional action to verify the accuracy of death information on death claims would detract from other mission critical work such as redesigning our death processing system.

Recommendation 2

Record dates of death appearing on the MBR to the Numident records of 1.4 million non-beneficiary numberholders.

Response

We disagree. Due to the inaccuracies found in these very old records, we would have to undertake significant manual analysis and develop new automated screening protocols. We would also incur significant risk of transferring inaccurate data to the Numident. The OIG findings noted many of the data errors in these old records. In fact, some of the

records identified included multiple dates of birth, so we would need to complete rigorous data validation to ensure that we do not mistakenly add a date of death to the Numident for a living person. This expensive data validation effort for non-beneficiary records would divert resources away from mission critical work.

Recommendation 3

Determine whether it can efficiently correct the approximately 5 million remaining records identified by our audit.

Response

We agree. While we remain concerned about the resource impact and error risk of correcting very old non-beneficiary records, we will explore the legal and technical feasibility, as well as the cost, to establish an automated process to update these records. We will complete our analysis by the end of FY 2015.

Recommendation 4

Review and take appropriate action to resolve discrepancies in cases where multiple individuals appeared on the same Numident record, beneficiaries' payment records referenced the wrong SSN, or date-of-birth discrepancies existed between the beneficiaries' payment and Numident records.

Response

We agree. We will review the 219 cases identified and take corrective action, as appropriate, in accordance with policy.

Appendix C – MAJOR CONTRIBUTORS

Ron Gunia, Director, Dallas Audit Division

Neha Smith, Audit Manager

David McGhee, Senior Auditor

Alla Resman, Information Technology Specialist

Luis Ramirez, Audit Data Specialist

Wilfred Wong, Audit Data Specialist

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