

# Controls over Death Underpayments Paid to Non-beneficiaries

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Office of Audit Report Summary

### Objective

To determine whether the Social Security Administration (SSA) had adequate controls over death underpayments paid to non-beneficiaries.

### Background

A death underpayment occurs when beneficiaries die before they receive all benefits due them or before they endorse a benefit check payable before the month of death. Death underpayments are payable to relatives or the legal representatives of the estates of deceased beneficiaries. SSA issues death underpayments to non-beneficiaries through the Single Payment System (SPS). A non-beneficiary is usually a family member who is eligible to receive a death underpayment but not entitled to benefits.

In a 2007 audit, we found that SSA's controls to prevent or detect improper or duplicate payments to non-beneficiaries were generally effective. However, SSA needed to improve its controls over the retention of supporting documentation for SPS payments and the recording of Social Security numbers (SSN) for SPS payments issued to non-beneficiaries.

### Findings

Since our 2007 audit, SSA had improved controls over retaining supporting documentation for death underpayments. SSA obtained or retained written documentation for 247 (98.8 percent) of the 250 sampled death underpayments paid to non-beneficiaries. However, SSA did not always prevent or detect improper payments to non-beneficiaries and needs to improve controls over recording SSNs for death underpayments issued to non-beneficiaries.

Based on our random samples, we estimate SSA improperly paid 34,712 death underpayments, totaling \$16.5 million, and did not obtain or properly record the SSNs for 149,262 death underpayments totaling \$136.4 million. Finally, SSA paid \$7,661 to five non-beneficiaries who were deceased.

### Recommendations

We recommend that SSA:

1. Take corrective action, as appropriate, for the 10 death underpayments improperly issued to the non-beneficiaries identified by our audit.
2. Remind employees of the proper procedures when processing death underpayments for non-beneficiaries.
3. Determine whether it should modify SPS to require a non-beneficiary's SSN when they have one.
4. Take corrective action for the death underpayments issued to the five deceased non-beneficiaries identified by our audit.

SSA agreed with our recommendations.