

*Audit Report*

Follow-up: Payments to Individuals  
Whose Numident Record Contained a  
Death Entry



## MEMORANDUM

Date: May 24, 2018

Refer To:

To: The Commissioner

From: Acting Inspector General

Subject: Follow-up: Payments to Individuals Whose Numident Record Contained a Death Entry  
(A-06-17-50232)

The attached final report presents the results of the Office of Audit's review. The objective was to determine the appropriateness of benefits paid to individuals whose Numident record contained a date of death.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, 410-965-9700.

A handwritten signature in black ink that reads "Gale Stallworth Stone".

Gale Stallworth Stone

Attachment

# Follow-up: Payments to Individuals Whose Numident Record Contained a Death Entry

## A-06-17-50232



May 2018

Office of Audit Report Summary

### Objective

To determine the appropriateness of benefits the Social Security Administration (SSA) paid to individuals whose Numident record contained a date of death.

### Background

In a 2009 audit, we determined SSA issued approximately \$40 million in improper payments to more than 6,000 beneficiaries although it had received notification they were deceased. In a 2013 audit, we determined SSA had issued about \$31 million in improper payments to 2,475 beneficiaries although it had received notification they were deceased.

We recommended SSA verify the beneficiaries' status and take appropriate action to terminate benefits or remove erroneous death information from the Numident. We also recommended SSA evaluate the feasibility of system enhancements to prevent these errors. In the interim, we recommended SSA periodically identify and review these instances to prevent improper payments.

### Findings

Since our prior reviews, the number of beneficiaries who continued receiving payments after SSA recorded their death information on the Numident had declined. However, 1,281 beneficiaries, including 56 identified during our prior audits, continued receiving payments for months or years after SSA received notification they were deceased. SSA received death reports for these beneficiaries and recorded dates of death on the Numident. However, SSA did not record the death information on the beneficiaries' payment records or terminate their benefit payments. System controls designed to prevent continued payments to deceased beneficiaries were not effective in these instances.

Prior audit work has indicated a likelihood that some death entries on the Numident were erroneous, and beneficiaries were actually alive. However, we determined that 678 of the 1,281 beneficiaries had death certificate information or other Numident entries indicating their death information had been proven or verified.

We estimate SSA issued the 678 beneficiaries approximately \$20 million in improper payments. Further, we estimate SSA will issue approximately \$6 million in additional improper payments over the next 12 months if these discrepancies are not corrected.

### Recommendations

We recommend that SSA:

1. Verify the current vital status of beneficiaries identified during the audit and take appropriate action to terminate benefit payments or remove erroneous death entries. If applicable, SSA should also recover improper payments and refer potential instances of fraud to our Office of Investigations.
2. Determine the feasibility of incorporating into the Death Alerts Tracking System the daily monitoring of *Numident Death Alerts* and establishing timeliness goals for addressing/clearing these alerts.

SSA agreed with our recommendations.

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## **ABBREVIATIONS**

|      |                                     |
|------|-------------------------------------|
| DATS | Death Alerts Tracking System        |
| DIPS | Death Information Processing System |
| DMF  | Death Master File                   |
| OIG  | Office of the Inspector General     |
| SSA  | Social Security Administration      |

## **OBJECTIVE**

Our objective was to determine the appropriateness of benefits paid to individuals whose Numident record contained a date of death.

## **BACKGROUND**

Section 205(r) of the *Social Security Act* requires that the Social Security Administration (SSA) match States' death records against SSA payment records to identify and prevent erroneous payments after death. In addition to receiving death information from the States, the Agency receives and processes death reports from a variety of other sources, such as the decedent's friends and relatives, funeral homes, financial institutions, and other government agencies. SSA records death information on the Numident, an electronic file that contains personally identifiable information for each individual issued a Social Security number. SSA uses Numident death information to create a record of death information known as the Death Master File (DMF).

SSA matches death data against its Master Beneficiary and Supplement Security Records to identify and prevent erroneous payments to deceased beneficiaries. When death information is present on a beneficiary's Numident record, but no corresponding death data appear on the beneficiary's payment record, the system produces a *Numident Death Alert*.<sup>1</sup> To verify the alerts, SSA field office staff must attempt to contact the alleged decedent, or family of the decedent, by telephone. If employees cannot make telephone contact, they send a come-in letter and follow up in 45 days. If the beneficiary does not come into the SSA field office or respond to the letter, policy instructs staff to consider the person deceased.<sup>2</sup> Prior audit work has indicated that, in some cases, SSA continued paying individuals after it received notification of their deaths.

- In a 2009 audit,<sup>3</sup> we determined SSA issued payments to more than 6,000 beneficiaries for months or years after receiving notification the beneficiaries were deceased. We estimated SSA issued approximately \$40 million in improper payments to deceased beneficiaries and would issue approximately \$7 million in additional improper payments over the next 12 months if the discrepancies were not corrected.

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<sup>1</sup> SSA, *POMS*, GN 02602.065 B.4 (January 19, 2016).

<sup>2</sup> SSA, *POMS*, GN 02602.070, C (February 5, 2016).

<sup>3</sup> SSA, OIG, *Payments to Individuals Whose Numident Record Contains a Death Entry*, A-06-08-18095 (June 2009).

- In a 2013 audit,<sup>4</sup> we determined SSA was issuing payments to 2,475 beneficiaries for months or years after receiving notification the beneficiaries were deceased. We estimated SSA issued approximately \$31 million in improper payments to deceased beneficiaries and would issue approximately \$15 million in additional improper payments over the next 12 months if the discrepancies were not corrected.

In our prior audits, we recommended SSA verify the beneficiaries' status and take appropriate action to terminate benefits or remove erroneous death information from the Numident. We also recommended SSA evaluate the feasibility of system enhancements to prevent these errors. In the interim, we recommended SSA periodically identify and review these instances to prevent improper payments.

For this audit, we identified 1,281 beneficiaries in current payment status as of April 2017 although SSA had recorded death information on their Numident records. Our review focused on the appropriateness of continued payments to these individuals. See Appendix A for additional information on our scope and methodology.

## RESULTS OF REVIEW

Since our prior reviews, the number of beneficiaries who continued receiving payments after SSA recorded their death information on the Numident had declined. However, 1,281 beneficiaries, including 56 identified during our prior audits, continued receiving payments for months or years after SSA received notification they were deceased. SSA received death reports for these beneficiaries and recorded dates of death on the Numident. However, SSA did not record the death information on the beneficiaries' payment records or terminate their benefit payments. This occurred because various system controls designed to prevent continued payments to deceased beneficiaries were not effective in these instances.

Numident records for 603 beneficiaries contained a date of death but did not include the beneficiaries' death certificate number or indicate the death information had been proven or verified. Prior audit work indicated many of the 603 individuals may have been alive, and death entries recorded on the Numident may have been erroneous. Action is required in these cases to terminate improper payments or remove the erroneous death entries from the Numident.

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<sup>4</sup> SSA, OIG, *Payments to Individuals Whose Numident Record Contained a Death Entry*, A-06-12-11291 (June 2013).

For 678 beneficiaries, the Numident death entry included the numberholders' death certificate numbers<sup>5</sup> or contained entries indicating the death information was proven or verified. We estimate SSA issued approximately \$20 million in improper payments to the 678 beneficiaries and will issue approximately \$6 million in additional improper payments over the next 12 months if these discrepancies are not corrected. See Appendix B for our sample results.

## Death Certificate Number on Numident or Death Proven or Verified

Numident death entries for 678 beneficiaries included a death certificate number or entries indicating the death information had been proven or verified. SSA continued issuing payments to these beneficiaries for 9 to 206 months after it recorded the beneficiaries' dates of death on the Numident. Examples follow:

- A beneficiary died in June 2009. In September 2009, SSA recorded her date of death and death certificate number on the Numident. However, SSA did not record the death information on her payment record and therefore continued issuing monthly benefit payments. In June 2013, SSA systems issued a *Numident Death Alert*, but SSA did not determine the validity of the beneficiary's continued payments. We referred this case to our Office of Investigations, which obtained a New York death certificate and opened a criminal investigation. SSA issued more than \$148,000 in improper payments before it terminated the payments in June 2017.
- A beneficiary died in September 2010. In November 2010, SSA verified and recorded the date of death on his Numident record. However, SSA did not record the death entry on his payment record and therefore continued issuing monthly benefit payments. In June 2013, SSA systems issued a *Numident Death Alert*, but SSA did not determine the validity of continued payments to this beneficiary. We obtained the beneficiary's obituary notice and referred this information to the Office of Investigations, which opened a criminal investigation. SSA issued more than \$133,000 in improper payments before it terminated the payments in May 2017.
- A beneficiary died in April 2013. In May 2013, SSA recorded her date of death and death certificate number on her Numident. However, SSA did not record the death entry on her payment record and therefore continued issuing monthly benefit payments. In June 2013, SSA systems issued a *Numident Death Alert*, but SSA did not determine the validity of continued payments to this beneficiary. In May 2017, we obtained the beneficiary's obituary notice and referred this information to the Office of Investigations. SSA issued over \$73,000 in payments after the beneficiary's death.

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<sup>5</sup> Prior audit work indicated a death certificate number on the Numident was a reliable indicator the beneficiaries were deceased. SSA, OIG, *Payments to Individuals Whose Numident Record Contains a Death Entry*, A-06-08-18095 (June 2009).

We estimate SSA issued the 678 beneficiaries approximately \$20 million in improper payments and will issue an additional \$6 million in improper payments over the next 12 months if these discrepancies are not corrected.

## Death Alerts

Controls designed to prevent payments to deceased beneficiaries were not effective in our audit cases. SSA's Death Alerts Tracking System (DATS) is an Intranet application that provides listings of death alerts and exceptions. DATS generates four types of death alerts to notify field offices that action is required to resolve issues related to a death report.<sup>6</sup>

- *Third-party verification* alerts involve death reports for beneficiaries received from third parties (Centers for Medicare and Medicaid Services, Veterans Administration, and certain State agencies other than Bureaus of Vital Statistics) that SSA must verify before it inputs the death information on the Numident.
- *Name does not match* alerts are generated when the name input on a decedent's payment record does not match the name on the numberholder's Numident record.
- *DIPS not used* alerts are generated when SSA staff inputs a beneficiary's death information directly onto their payment record instead of inputting the death information through the Death Information Processing System (DIPS). To clear these alerts, SSA employees must input the beneficiary's death information into DIPS.
- *Numident Death Alerts* are generated when death information is present on the Numident, but there is no corresponding death information on SSA payment records. SSA generates these alerts to reduce improper payments and remove personally identifiable information from the DMF if the numberholder is alive.

### *Third-party Verification, Name Does Not Match, and DIPS Not Used Alerts*

DATS produces daily listings that identify, by region, the number of open *third-party verification, name does not match*, and *DIPS not used* death alerts. SSA requires that field office staff address/clear these alerts within 60 days.<sup>7</sup> In contrast, DATS produces only monthly listings of open *Numident Death Alerts*, and SSA has not established timeliness goals to address/clear these alerts.

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<sup>6</sup> SSA, POMS, GN 2602.065 B (January 15, 2016).

<sup>7</sup> SSA's *DCO Operating Plan, FY 2018 Field Office Guide to the Public Service Indicators*, page 5 (September 2017).

## *Numident Death Alerts*

We randomly selected 50 of the 678 cases where a beneficiary's Numident death entry included death certificate information or the death entry was verified or proven. In 17 of 50 cases reviewed, for unknown reasons, SSA's systems did not generate *Numident Death Alerts* to notify field office staff that SSA had received the beneficiaries' death reports and recorded death information on the Numident. In the remaining 33 instances, SSA systems generated *Numident Death Alerts*; however,

- SSA employees cleared 5 death alerts without terminating SSA payments or removing the death entry, and
- *Numident Death Alerts* for 28 individuals remained pending at the time of our review (see Table 1).

**Table 1: Summary of 28 Sample Cases with Pending *Numident Death Alerts***

| Year Alerts Were Generated | Number of Unresolved Alerts |
|----------------------------|-----------------------------|
| 2013                       | 9                           |
| 2014                       | 4                           |
| 2015                       | 11                          |
| 2016                       | 3                           |
| 2017                       | 1                           |
| <b>Total</b>               | <b>28</b>                   |

Because SSA did not establish goals to timely resolve *Numident Death Alerts*, addressing/clearing unresolved alerts did not appear to be a field office priority.

## **Unresolved Cases from Prior Audits**

As part of our March 2009 and April 2013 audits, we provided SSA data identifying more than 9,000 beneficiaries in current payment status whose Numident record contained a date of death and recommended SSA take corrective action. The prior audit data included 56 beneficiaries in our current audit population.<sup>8</sup> In these cases, SSA had not terminated payments or removed potentially erroneous death information from the Numident.

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<sup>8</sup> This includes 53 beneficiaries whose Numident death entries included a death certificate number or entries indicating the death information had been proven or verified.

## **CONCLUSIONS**

SSA continued issuing payments to 1,281 beneficiaries after it received notification they were deceased and recorded their death information on the Numident. We estimate SSA issued these beneficiaries approximately \$20 million in questionable benefits. Further, we estimate SSA will issue approximately \$6 million in additional improper payments over the next 12 months if these discrepancies are not corrected.

## **RECOMMENDATIONS**

On September 15, 2017, we provided SSA's Office of Operations data identifying the 1,281 numberholders whose Numident record contained a date of death but whose payments had not been terminated due to death. We recommend that SSA:

1. Verify the current vital status of beneficiaries identified during the audit and take appropriate action to terminate benefit payments or remove erroneous death entries. If applicable, SSA should also recover improper payments and refer potential instances of fraud to our Office of Investigations.
2. Determine the feasibility of incorporating into DATS the daily monitoring of *Numident Death Alerts* and establishing timeliness goals for addressing/clearing these alerts.

## **AGENCY COMMENTS**

SSA agreed with our recommendations. The full text of SSA's comments is included in Appendix C.



Rona Lawson  
Assistant Inspector General for Audit

# *APPENDICES*

## **Appendix A – SCOPE AND METHODOLOGY**

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To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act*, the Social Security Administration’s (SSA) Program Operations Manual System, Federal regulations, and prior Office of the Inspector General reports related to death reports and erroneous deaths.
- Contacted SSA officials to gain an understanding of the Death Information Processing System, Death Alerts Tracking System, and metrics in place to resolve death alerts.
- Identified 1,281 Old-Age, Survivors and Disability Insurance beneficiaries and/or Supplemental Security Income recipients in current payment status as of April 2017 at the same time their Numident record contained a date of death. From this data set, we identified 678 beneficiaries in current pay status whose Numident death entry also contained one of the following elements:
  - death certificate information;
  - Beneficiary Death Indicator code P, which is a proven death; or
  - Beneficiary Death Indicator code V, which is a verified death.
- Randomly selected 50 of the 678 beneficiaries for review. For each sample item, we
  - reviewed the Master Beneficiary Record, Supplemental Security Record, and Numident;
  - calculated any overpayments and projected the results (see Appendix B for more information on our sampling methodology and results); and
  - referred selected cases to our Office of Investigations.

We performed this audit in Dallas, Texas, from September to November 2017. We determined the data used for this audit were sufficiently reliable to meet our audit objective. The entities audited were the Offices of the Deputy Commissioners for Operations and Systems. 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 objective.

## Appendix B – SAMPLING METHODOLOGY AND RESULTS

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We identified 1,281 beneficiaries receiving payments from the Social Security Administration (SSA) in April 2017 despite having a date of death recorded on their Numident. In 678 cases, the Numident death entry included the numberholders' death certificate numbers or contained entries indicating the death information was proven or verified.

We randomly selected 50 of the 678 beneficiaries and determined that, as of April 2017, SSA had issued 45 beneficiaries<sup>1</sup> \$1,462,022 in payments in the months and years after their deaths. In addition, we determined SSA would issue \$465,649 in additional improper payments to 41 of the 50 beneficiaries<sup>2</sup> over the next 12 months if these discrepancies are not corrected (based on May 2017 payments multiplied by 12 months).

**Table B–1: Sample Results – Benefit Payments SSA Issued After the Months of Death Recorded on the Beneficiaries’ Numident Records**

| Description  | Amounts     |
|--|-------------|
| Sample Size  | 50          |
| Sample Records with Past Payment Errors                    | 45          |
| Past Payment Error Amounts Through April 2017              | \$1,462,022 |
| Sample Records with Ongoing Payment Errors as of May 2017  | 41          |
| Future Payment Error Amounts (May 2017 Through April 2018) | \$465,649   |

Based on our sample results, we estimate SSA issued approximately \$20 million in payments to 610 deceased beneficiaries.

**Table B–2: Payment Error Estimates**

| Description                               | Deceased Beneficiaries Receiving Payments | Payment Error Amount |
|---|---|----------------------|
| Point Estimate/Estimated Number of Errors | 610                                       | \$19,825,018         |
| Projection Lower Limit                    | 546                                       | \$15,125,443         |
| Projection Upper Limit                    | 649                                       | \$24,524,594         |

**Note:** All projections are at the 90-percent confidence level.

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<sup>1</sup> For five individuals, SSA’s payment records indicated they were in a current payment status, but SSA had not actually issued payments after their deaths.

<sup>2</sup> For nine individuals, either SSA had not issued payments after their deaths (five cases) or SSA had already terminated their payment status during our audit (four cases).

In addition, we estimate SSA will issue approximately \$6.3 million in additional improper payments to 556 deceased beneficiaries during the next 12 months if these discrepancies are not corrected.

**Table B–2: Future Payment Error Estimates**

| Description                                 | Deceased Beneficiaries Receiving Payments | Future Payment Error Amount |
|---|---|-----------------------------|
| Point Estimate / Estimated Number of Errors | 556                                       | \$6,314,200                 |
| Projection Lower Limit                      | 483                                       | \$5,393,638                 |
| Projection Upper Limit                      | 610                                       | \$7,234,763                 |

**Note:** All projections are at the 90-percent confidence level.

## **Appendix C – AGENCY COMMENTS**

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### **SOCIAL SECURITY**

#### **MEMORANDUM**

**Date:** May 9, 2018

**Refer To:** S1J-3

**To:** Gale S. Stone  
Acting Inspector General

**From:** Stephanie Hall *Stephanie Hall*  
Acting Deputy Chief of Staff

**Subject:** Office of the Inspector General Draft Report, “Follow-Up: Payments to Individuals Whose Numident Record Contained a Death Entry” (22017059) (A-06-17-50232) -- 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 Trae Sommer at (410) 965-9102.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “FOLLOW-UP: PAYMENTS TO INDIVIDUALS WHOSE NUMIDENT RECORD CONTAINED A DEATH ENTRY” (A-06-17-50232)**

We fully support the Federal Government’s efforts to combat fraud and curb improper payments. Program integrity and the stewardship of the trust fund and tax dollars have long been a cornerstone of our mission. The death information we collect aids us in preventing approximately \$50 million in improper payments each month.

As we have acknowledged in this and previous OIG audits, our death processing system is decades old and needs modernizing. We have planned and implemented a number of initiatives to improve the accuracy of our death records. We continue to make progress on the re-design of our Death Alert, Control, and Update System that we began in fiscal year (FY) 2014. Although the project is ongoing, we have already seen significant improvements in the accuracy of our records. Upon completion of the project, the Numident will be our official source of death information to address the issues OIG identifies in this report.

Moreover, we continue to add missing information to the Death Master File (DMF). We recognize that other federal agencies rely on the DMF as a tool to help prevent improper payments in their programs. Our coordinated multi-year effort to update the DMF with missing information, combined with the redesign and modernization of our death processing system, will help us identify, address, and prevent inconsistencies in our death records, such as those identified in this and other audits.

Below are our responses to the recommendations.

**Recommendation 1**

Verify the current vital status of beneficiaries identified during the audit and take appropriate action to terminate benefit payments or remove erroneous death entries. If applicable, SSA should also recover improper payments and refer potential instances of fraud to our Office of Investigations.

Response

We agree.

**Recommendation 2**

Determine the feasibility of incorporating into the Death Alerts Tracking System the daily monitoring of Numident Death Alerts and establishing timeliness goals for addressing/clearing these alerts.

Response

We agree.

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