



SOCIAL SECURITY

MEMORANDUM

Date: February 27, 2002 Refer To:

To: JoAnne B. Barnhart
Commissioner

From: Inspector General

Subject: Controls Over the Social Security Administration's Processing of Death Records from the Department of Veterans Affairs (A-01-01-21038)

The attached final report presents the results of our audit. Our objective was to determine the effect of not using the Department of Veterans Affairs death information to terminate Old Age, Survivors, and Disability Insurance and Supplemental Security Income payments to deceased beneficiaries and recipients.

Please comment within 60 days from the date of this memorandum on corrective action taken or planned on 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.



James G. Huse, Jr.

Attachment

cc:

Inspector General for the Department of Veterans Affairs
Secretary of Veterans Affairs

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**CONTROLS OVER THE SOCIAL
SECURITY ADMINISTRATION'S
PROCESSING OF DEATH RECORDS
FROM THE DEPARTMENT OF
VETERANS AFFAIRS**

February 2002

A-01-01-21038

AUDIT REPORT



Mission

We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

Vision

By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.

Executive Summary

OBJECTIVE

Our objective was to determine the effect of not using the Department of Veterans Affairs (VA) death information to terminate Old Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income payments to deceased beneficiaries and recipients.

BACKGROUND

In May 1991, the Social Security Administration (SSA) and VA signed a Memorandum of Understanding (MOU) for the purpose of exchanging death information. The MOU stated that the exchange of data "...will allow SSA to properly terminate and/or adjust impacted benefit payments and will prevent overpayments."

SSA uses its Death Alert, Control, and Update System to receive death data from external and internal sources, and to process that information against SSA's payment records. Also, to ensure data files received from other agencies are processed appropriately, SSA's Office of Systems Analysis is required to test and validate the data matching operations. Furthermore, SSA periodically reviews its management information reports and alerts to ensure files received from other agencies are processed successfully. One specific report used by SSA is called the "Limiting State Death – Run Totals," which shows the number of death records processed by source—including files received from VA.

In January 2001, the Office of the Inspector General received a letter from a United States Senator regarding a constituent's concerns about death matching operations between SSA and VA. Specifically, a relative of this constituent had notified VA of a beneficiary's death—within weeks of the occurrence—so that VA benefit payments would stop. However, SSA did not learn of this death until a year later when the same relative reported to SSA that Social Security payments should have stopped because the beneficiary was deceased.

RESULTS OF REVIEW

SSA made improper payments to deceased beneficiaries which could have been avoided if SSA had processed VA death information timely. SSA staff informed us that VA death information was not properly processed for over 2 years due to formatting problems with VA's data file. Based on the results of our statistical sample, we estimate that approximately \$467,725 in improper payments were made to 302 deceased OASDI beneficiaries in the months between March and May 2001. Additionally, we found that the death information provided by VA was not always accurate.

CONCLUSIONS AND RECOMMENDATIONS

Since our audit commenced, SSA has corrected the formatting/processing problems it had with VA provided death information. Between May and July 2001, SSA processed over 200,000 VA death records—representing deaths reported to VA between October 2000 and March 2001. However, SSA and VA need to work together to ensure death information is as accurate as possible so resources are not expended verifying erroneous death information.

We recommend that SSA:

- Routinely review its management information systems input and output reports to ensure the VA death information is processed completely.
- Process VA death information within a month of when it is received to ensure payments to deceased beneficiaries are terminated promptly.

AGENCY COMMENTS

In response to our draft report, SSA agreed with our recommendations. (See Appendix C for SSA's comments.)

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Acronyms

CY	Calendar Year
DACUS	Death Alert, Control, and Update System
FO	Field Office
GAO	General Accounting Office
MOU	Memorandum of Understanding
OASDI	Old-Age, Survivors, and Disability Insurance
OIG	Office of the Inspector General
SSA	Social Security Administration
SSI	Supplemental Security Income
VA	Department of Veterans Affairs

Introduction

OBJECTIVE

Our objective was to determine the effect of not using the Department of Veterans Affairs (VA) death information to terminate Old Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) payments to deceased beneficiaries and recipients.

BACKGROUND

In May 1991, the Social Security Administration (SSA) and VA signed a Memorandum of Understanding (MOU) for the purpose of exchanging death information. The MOU stated that the exchange of data "... will allow SSA to properly terminate and/or adjust impacted benefit payments and will prevent overpayments." Under both SSA's OASDI and SSI programs, payments should terminate when the individuals receiving them die.¹

SSA uses its Death Alert, Control, and Update System (DACUS) to receive death data from external and internal sources, and to process that information against SSA's payment records. DACUS sends an alert to the appropriate SSA field office (FO) for processing when death information is received that does not agree with SSA payment records. For example, if DACUS shows a date of death for a beneficiary, but the SSA payment record shows that the beneficiary is alive, an alert is generated and the discrepancy will be investigated. If the field office determines that the date of death is accurate, steps will be taken to terminate the payments and collect any benefits paid after the date of death.

To ensure data files received from other agencies are processed appropriately, SSA's Office of Systems Analysis is required to test and validate the data matching operations. Also, SSA periodically reviews its management information reports and alerts to ensure files received from other agencies are processed successfully. One specific report used by SSA is called the "Limiting State Death – Run Totals," which shows the number of death records processed by source—including files received from VA.

In January 2001, the Office of the Inspector General (OIG) received a letter from a United States Senator regarding a constituent's concern about death matching operations between SSA and VA. Specifically, a relative of this constituent had notified VA of a beneficiary's death—within weeks of the occurrence—so that VA benefit payments would stop. However, SSA did not learn of this death until a year later when the same relative reported to SSA that Social Security payments should have stopped because the beneficiary was deceased.

¹ As stated in 20 CFR 404.316, 20 CFR 404.332, 20 CFR 404.337, 20 CFR 404.341, 20 CFR 404.352, and 20 CFR 404.371.

SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Obtained the October through December 2000 VA quarterly death file from SSA, containing 74,298 death records, and matched it against SSA payment records to identify OASDI and SSI beneficiaries/recipients receiving benefit payments. By analyzing this quarterly file, we identified a population of 630 OASDI beneficiaries and/or SSI recipients² receiving benefits as of February 2001, but whose deaths were reported to VA.
- Selected a random sample of 100 from the 630 cases to determine the effect of not using VA death information to terminate OASDI and SSI payments. We asked SSA FOs to confirm the dates of death for these 100 individuals. For the cases that were confirmed as deceased, we asked the SSA FOs to terminate the benefit payments and to initiate the recovery of any improper payments made after death in accordance with SSA's procedures.
- For the cases confirmed as deceased by SSA FOs, we determined whether SSA paid benefits to these beneficiaries after February 28, 2001. Specifically, we calculated the benefit payments SSA paid to these deceased individuals from March through May 2001.³
- Referred cases suspected of fraud to OIG's Office of Investigations.
- Communicated with SSA staff regarding the matching of VA death information.
- Researched the Programs Operations Manual System, the Code of Federal Regulations, and the Social Security Act.
- Obtained and reviewed the MOU between SSA and VA pertaining to death information.

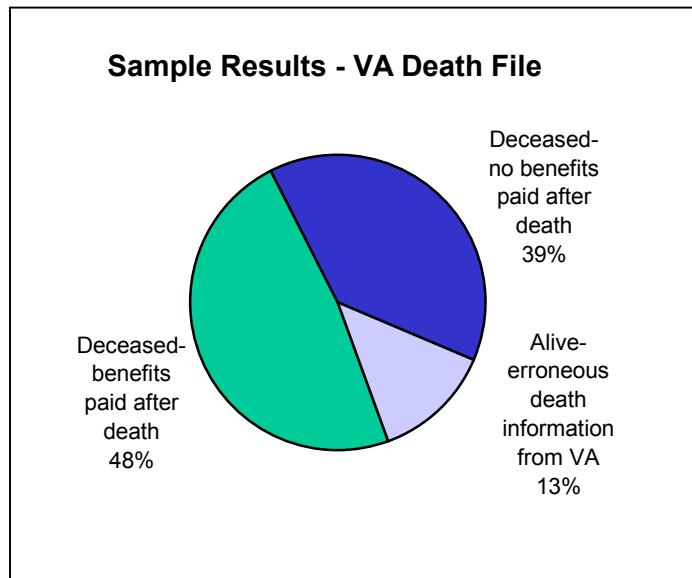
We performed our audit in Boston, Massachusetts between May and August 2001. The entities audited were SSA's FOs under the Deputy Commissioner for Operations and the Office of Systems Design and Development under the Deputy Commissioner for Systems. We conducted our audit in accordance with generally accepted government auditing standards.

² The population of 630 beneficiaries/recipients consisted of 622 individuals receiving OASDI benefits, 6 individuals receiving both OASDI and SSI benefits, and 2 individuals receiving SSI payments.

³ Based on our review of SSA's processing guidelines for death alerts, we believe payments to these deceased beneficiaries could have ceased by March 2001, if SSA had processed the October to December 2000 quarterly file of VA death records timely.

Results of Review

SSA made improper payments to deceased beneficiaries, which could have been avoided if it had processed VA death information timely. Based on the results of our statistical sample, we estimate that approximately \$467,725 in improper payments were made to 302 deceased OASDI beneficiaries in the months between March and May 2001.



Specifically, our review of 100 sample beneficiary cases found that:

- 48 beneficiaries received \$74,242 in OASDI benefits⁴ after their dates of death;
- 39 beneficiaries were not paid benefits after their dates of death in conformance with SSA's rules and regulations; and
- 13 beneficiaries were erroneously reported as deceased by VA.

DECEASED BENEFICIARIES RECEIVED PAYMENTS

We found that 48 of our 100 sample beneficiaries received \$74,242 in OASDI payments between March and May 2001, even though VA had reported the deaths to SSA in January 2001.⁵ SSA staff informed us that VA death information was not properly processed for over 2 years due to formatting problems with VA's data file. Specifically, VA submitted death information to SSA, but SSA was unable to process it properly because the VA had changed the input file's name and had not communicated the change to SSA. Additionally, the VA did not use the proper file format needed for SSA to process the records.

The United States General Accounting Office (GAO) suggests government agencies' computerized activities should have processing controls "... designed to insure that data is handled by the computer in an accurate, complete, and timely manner ... processing controls make sure that output counts from the system equals input counts

⁴ This amount does not include \$221 in improper SSI payments to a concurrent beneficiary in our sample.

⁵ These represent deaths reported to VA between October and December 2000.

to the system.”⁶ SSA’s management information system generates a “Limiting State Death – Run Totals” report which shows the number of death records processed by source.⁷ No records processed from the VA file would indicate that there might be a problem. However, despite this report, SSA did not successfully address the processing problems it had with VA’s death files until earlier this year when the Senator and OIG’s inquiries began.

SSA Has Taken Corrective Actions

Based on our referrals to the appropriate SSA FOs, SSA staff confirmed the beneficiaries’ deaths and took action to recover improper payments made to the 48 beneficiaries who received benefit payments after their deaths. As of July 24, 2001, SSA had recovered \$39,182 (or 53 percent) of the improper payments in our sample cases, and SSA staff continue to take action to collect the remaining funds.

For example, one of our sampled beneficiaries had a VA reported date of death of December 21, 2000. As a result of our request, a SSA FO in Ohio performed a death investigation and confirmed this date of death with a relative of the deceased. We determined that this deceased beneficiary received \$1,683 in OASDI benefits between March and May 2001. As of July 2001, SSA had fully recovered these improper payments.

Additionally, we were informed that the recent quarterly death files provided by VA were now in the correct format and that SSA had “...seen no abnormal processing of these cases.” SSA informed us that it processed over 200,000 VA death records between May and July 2001. Specifically, SSA processed the October to December 2000 and the January to March 2001 quarterly VA death files;⁸ and plans to process future files as they are received from VA.

DEATH REPORTS RECEIVED FROM OTHER SOURCES

For the 39 beneficiaries whose benefit payments were correctly stopped after the beneficiaries’ dates of death, we determined that SSA received death reports for these individuals from sources other than VA. These death reports from other sources were received and processed by SSA shortly after the beneficiaries died, and therefore SSA did not incorrectly pay benefits to them.

Additionally, for our 48 sample cases who were paid after their deaths, we found that SSA learned of the deaths for 35 of these 48 beneficiaries from sources other than VA

⁶ Report to Office of Policy, “Assessing the Reliability of Computer-Processed Data,” GAO/OP-8.1.3.

⁷ SSA’s “Limiting State Death – Run Totals” report showed that over 23,000 VA reported deaths were processed through SSA’s systems in July 2001. Prior to this, the report should have indicated to SSA that there was a problem with the VA file since it would have shown that no records were being processed.

⁸ SSA also reported to us that it was working with VA to obtain a historical file of VA death records—including deaths that occurred during the past 2 years.

several months after they died. Specifically, SSA received the death reports for these beneficiaries, and subsequently terminated benefits for:

- 19 cases in March 2001;
- 9 cases in April 2001; and
- 7 cases in May 2001.

These 35 beneficiaries received \$47,757 in OASDI benefits before their payments were terminated.⁹ Although, the VA is not the sole source¹⁰ of SSA's death information, these improper payments could have been avoided if the death file that VA provided SSA in January 2001 had been processed timely.

For instance, one beneficiary in our sample died on October 6, 2000. This beneficiary's record was included in the file SSA received from VA in January 2001 covering deaths reported to VA between October and December 2000. On April 13, 2001, SSA received a report of this person's death from another source; and as a result, took action to terminate the benefit payments as of May 2001. If SSA had processed the VA file upon its receipt, the \$635 OASDI monthly payment could have been terminated in March 2001.

VA PROVIDED ERRONEOUS DATES OF DEATH

Thirteen of our 100 sample beneficiaries were actually alive even though VA reported to SSA that these individuals were deceased. Based on our inquiries, SSA FOs performed death investigations on these cases and determined that these individuals were alive; and therefore, the beneficiaries were still entitled to receive OASDI payments. For example, one of our sampled beneficiaries had a VA reported date of death of November 16, 2000. However, a SSA FO in Kentucky performed a death investigation and determined the beneficiary was actually alive.

SSA's policies and procedures require that the death of a beneficiary be verified prior to terminating benefit payments. Specifically, when SSA receives an alleged date of death for a beneficiary, a "death alert" is generated by SSA's systems. SSA FO employees then investigate this death alert to verify that the beneficiary has died prior to stopping the benefit payments.

Due to erroneous death information provided by VA, SSA expends unnecessary resources—which could be redirected to other SSA operations—trying to confirm a

⁹ The \$47,757 in OASDI payments is included in the \$74,242 shown on page 3 of this report.

¹⁰ In addition to receiving death information from VA, SSA receives death reports from relatives, funeral homes, banks, etc.

death for an individual who is actually alive.¹¹ We estimate that it costs SSA approximately \$61 to investigate a “death alert” for a beneficiary. (See Appendix B for more information regarding this cost estimate.)

¹¹ SSA notified us in December 2001 that it was forming a workgroup with other Federal agencies, who use death information, to explore cost effective methods for improving the accuracy of this data.

Conclusions and Recommendations

SSA could have avoided making payments to deceased OASDI beneficiaries if it had processed VA records timely. Since our audit commenced, SSA has corrected the formatting/processing problems it had with VA provided death information. Between May and July 2001, SSA processed over 200,000 VA death records. However, SSA and VA need to work together to ensure death information is as accurate as possible so that resources are not expended verifying erroneous dates of death.

We recommend that SSA:

1. routinely review its management information systems input and output reports to ensure the VA death information is processed completely; and
2. process VA death information within a month of when it is received to ensure payments to deceased beneficiaries are terminated promptly.

AGENCY COMMENTS

In response to our draft report, SSA agreed with our recommendations. Specifically, SSA is reviewing its reports to ensure the VA death information is processed correctly; and SSA is processing the VA death reports upon their receipt. (See Appendix C for SSA's comments.)

Appendices

Appendix A

Sampling Methodology and Results

To complete our objective, we obtained a quarterly file containing 74,298 Department of Veterans Affairs (VA) death records which had been provided to SSA in January 2001. This file consisted of deaths reported to VA between October and December 2000.

We matched this file against the Social Security Administration's (SSA) payment records to identify Old-Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) beneficiaries and recipients receiving benefits as of February 2001. Analyzing this quarterly file, we identified a population of 630 beneficiaries and recipients¹ receiving benefits, but whose deaths were reported to VA. We selected a random sample of 100 cases from this population.

Sample Results and Projections	
Population size	630
Sample size	100
Attribute Projections	
Sampled cases with Improper Payments	48
Projection of cases with Improper Payments	302
Projection lower limit	252
Projection upper limit	353
Dollar Projections/Estimates	
Sample Results – Improper Payments ²	\$74,242
Projection – Improper Payments	\$467,725
Projection lower limit	\$374,308
Projection upper limit	\$561,141

Note: All projections were calculated at the 90 percent confidence level.

¹ The population consisted of 622 individuals receiving OASDI benefits, 6 individuals receiving both OASDI and SSI benefits, and 2 individuals receiving SSI payments.

² This amount does not include \$221 improper payment of SSI to a concurrent beneficiary in our sample.

Appendix B

Costs to Investigate A Death Prior to Terminating Benefits

We computed the cost for the Social Security Administration (SSA) to verify a death prior to terminating benefits using the following information:

- According to a January 1997 “Death Process Review” report issued by the Process Innovation Review Team, Social Security field offices spend between 30 minutes and 2 hours processing death alerts. The weighted mean time is 54 minutes.
- The average grade level of an SSA Claims Representative is GS-11, Step 5 whose Fiscal Year (FY) 2001 pay rate was \$24.17 per hour.
- The average cost for SSA to provide employee benefits (e.g., health insurance) for the Claims Representative in FY 2001 was \$5.33 per hour.
- The SSA component level overhead cost associated with the direct salary costs in FY 2001 was \$28.03.
- The average cost to purchase a death certificate from a State is \$9.02. However, SSA field offices only need to purchase death certificates from the States in 32 percent of their cases. SSA is able to verify the deaths for the remaining 68 percent of its cases through other sources.¹ Therefore, we calculated the average cost of a death certificate as \$2.89 (\$9.02 X 32 percent).
- The current cost for SSA to verify a death electronically through State Bureaus of Vital Statistics is \$0.62 per record.

Investigating Costs	
\$24.17	Cost of employee wages
5.33	Cost to provide employee benefits
28.03	Cost for SSA component level overhead
2.89	Cost to purchase death certificate
0.62	Cost to verify death electronically
\$61.04	Total costs
Note: We rounded the 54 minutes to 1 hour in calculating the employee’s wages and benefits.	

¹ SSA verifies death information through a variety of sources, which include the following: family members, representative payees, funeral homes, electronic access to State Bureaus of Vital Statistics records, etc.

Appendix C

Agency Comments



SOCIAL SECURITY

MEMORANDUM

January 28, 2002

Refer To: S1J-3

To: James G. Huse, Jr.
Inspector General

Larry Dye
Chief of Staff

A handwritten signature in black ink that reads "Larry Dye". The signature is fluid and cursive, with "Larry" on the first line and "Dye" on the second line.

Subject: Office of the Inspector General (OIG) Draft Report, "Controls Over the Social Security Administration's Processing of Death Records from the Department of Veterans Affairs" (A-01-01-21038)—INFORMATION

We appreciate OIG's efforts in conducting this review. Our comments on the report content and recommendations are attached.

Please let us know if we can be of further assistance. Staff questions can be referred to Dan Sweeney on extension 51957.

Attachment:
SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT,
"CONTROLS OVER THE SOCIAL SECURITY ADMINISTRATION'S PROCESSING OF
DEATH RECORDS FROM THE DEPARTMENT OF VETERANS AFFAIRS"
(A-01-01-21038)

Recommendation 1

Routinely review management information systems input and output reports to ensure the Department of Veterans Affairs (VA) death information is processed completely.

Comment

We agree. VA reports are processed through the Enumeration Verification System (EVS) to verify that the death has been reported under the correct Social Security number. The Death Alert, Control and Update System (DACUS) produces a monthly report named "Limiting State Death - Run Totals (month/year)." The monthly report includes the following counts for VA death reports: VA records received, VA records that pass the EVS check, number of T2 Alerts generated based on VA death reports, and number of T16 Alerts generated based on VA death reports.

In November 2001, the Office of Systems Design and Development began compiling and delivering two copies of the report to the Office of Systems Analysis (OSA). OSA reviews the data to ensure that VA death information is processed correctly.

Recommendation 2

Process VA death information within a month of when it is received to ensure payments to deceased beneficiaries are terminated promptly.

Comment

We agree. As OIG notes in the report, the cause of untimely processing stemmed from a format problem in the VA's data file that was not recognized for a period of time. The actions we've noted in response to recommendation one will ensure early detection of changes in formatting that could impact the timeliness of Agency action to cease benefit payments. In addition, monthly VA death report records are processed through DACUS on the evening of receipt (or on the following Monday if the file is received over the weekend) for immediate processing.

Appendix D

OIG Contacts and Staff Acknowledgments

OIG Contacts

Rona Rustigian, Director, Northern Audit Division, (617) 565-1819

Judith Oliveira, Acting Deputy Director, (617) 565-1765

Staff Acknowledgments

In addition to those named above:

Arthur Giterman, Auditor

Kevin Joyce, Auditor

David Mazzola, Auditor-in-Charge

Joseph LoVecchio, Auditor

For additional copies of this report, please visit our web site at www.ssa.gov/oig or contact the Office of the Inspector General's Public Affairs Specialist at (410) 966-1375. Refer to Common Identification Number A-01-01-21038.

Overview of the Office of the Inspector General

Office of Audit

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency.

Office of Executive Operations

The Office of Executive Operations (OEO) provides four functions for the Office of the Inspector General (OIG) – administrative support, strategic planning, quality assurance, and public affairs. OEO supports the OIG components by providing information resources management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this Office coordinates and is responsible for the OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act. The quality assurance division performs internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from the Agency. This division also conducts employee investigations within OIG. The public affairs team communicates OIG's planned and current activities and the results to the Commissioner and Congress, as well as other entities.

Office of Investigations

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Counsel to the Inspector General

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.