

Office of the Inspector General

September 22, 1999

John R. Dyer
Principal Deputy Commissioner
of Social Security

Acting Inspector General

The Social Security Administration's Procedures to Identify Representative Payees
Who Are Deceased (A-01-98-61009)

Attached is a copy of the subject final report. Our objective was to determine whether the Social Security Administration identifies all cases in which a new representative payee (Rep Payee) is needed when a former Rep Payee dies.

You may wish to comment on any further actions taken or contemplated on our recommendations. If you choose to comment, please provide your comments within the next 60 days. If you wish to discuss the final report, please call me or have your staff contact Daniel R. Devlin, Acting Assistant Inspector General for Audit, at (410) 965-9700.

James G. Huse, Jr.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**THE SOCIAL SECURITY
ADMINISTRATION'S PROCEDURES
TO IDENTIFY REPRESENTATIVE
PAYEES WHO ARE DECEASED**

September 1999

A-01-98-61009

AUDIT REPORT



EXECUTIVE SUMMARY

OBJECTIVE

The objective of this audit was to determine whether the Social Security Administration (SSA) identifies all cases in which a new representative payee (Rep Payee) is needed when a former Rep Payee dies.

BACKGROUND

Some individuals are not able to manage or direct the management of their finances because of their age or mental and/or physical impairments. For such people, Congress provided for payment to be made through Rep Payees who receive and manage the benefit payments of the beneficiaries/recipients. Section 205(r) of the Social Security Act requires SSA to match State death records against SSA's payment records to identify and prevent erroneous payments after death. Also, the Code of Federal Regulations (20 CFR 404.2050 and 416.650) requires SSA to select a new Rep Payee if the present Rep Payee has died. The repository for adding, correcting, and deleting death information received from SSA's death record matching operation is the Death Master File (DMF).

SSA's data bases include Rep Payee information in the following files:

- The 1990 Omnibus Budget Reconciliation Act (Public Law 101-508) required SSA to develop a data base of Rep Payees and the individuals being served. To satisfy this requirement, SSA created the Master Representative Payee File (MRPF).
- SSA maintains the names and Social Security numbers (SSN) of Rep Payees on the Master Beneficiary Record (MBR) and the Supplemental Security Record (SSR), which are used by SSA to direct benefit payments to the proper individuals.

To conduct this review, we sampled and reviewed cases where Rep Payees had death records on the DMF. We also sampled cases where Rep Payees on the MBR and SSR were not also recorded to the MRPF.

RESULTS OF REVIEW

SSA's procedures do not ensure that new Rep Payees are selected when former Rep Payees have died. Since SSA does not identify all cases in which a Rep Payee has died, benefit payments continue to be paid to deceased Rep Payees. Based on our review, we estimate that 2,091 deceased Rep Payees received \$17.33 million in

Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) payments from the date of the Rep Payee's death through June 1998 (the date we began our review).

Since SSA was not aware that payments were made to these deceased Rep Payees, SSA could not be sure that these payments were used for the sole benefit of the intended beneficiaries or recipients. In this regard, there is a risk that the benefits have been fraudulently or improperly used by individuals other than the beneficiaries or recipients. For example, in one case we reviewed, the beneficiary was a long-term patient in a hospital and his Rep Payee had been deceased for almost 2 years before SSA learned of the Rep Payee's death and appointed a new Rep Payee. In this case, the executor of the deceased Rep Payee's estate had continued to receive the beneficiary's checks for 22 months. Until we notified SSA staff of this case, \$10,364 of the beneficiary's fund had not been accounted for by SSA and was not available to the new Rep Payee for the beneficiary's use. SSA needs to account for the funds paid to deceased Rep Payees, so that the funds can be transferred to the new Rep Payee and to ensure that the funds were properly used.

We also found several conditions that affected the completeness and accuracy of SSA's Rep Payee data files and adversely affected our ability to match the Rep Payee files with the DMF. SSA will have these same difficulties if its files are not corrected and completed prior to conducting similar matches.

- SSA has incorrect death information recorded on the DMF and the MBR. We found that an estimated 465 Rep Payees were recorded as deceased on the DMF and/or their own MBRs even though they were still alive. These Rep Payees had their own MBRs because they received OASDI benefits themselves at some time during their lives. With incorrect death information recorded to its files, SSA may incorrectly stop benefit payments. When this occurs, staff resources have to be expended to investigate the cases and correct the files. Also, customer service is damaged, especially when the same beneficiary/recipient is repeatedly asked to verify that he or she is still alive.
- SSA's data files on Rep Payees contain numerous errors in the Rep Payees' SSNs. We found that an estimated 2,606 Rep Payees are recorded on the MBR with incorrect SSNs and 13,875 Rep Payees are recorded on the SSR with incorrect SSNs. Incorrect data on SSA's files compromise SSA's ability to conduct computer matches.
- SSA's MRPF is incomplete with regard to Rep Payees for SSI recipients. We estimate that 68,221 Rep Payees who were not included in the MRPF managed \$355.03 million in benefit payments for SSI recipients during Calendar Year 1998. Since these Rep Payees are not included in the MRPF, SSA is not in compliance

with the current law that requires SSA to maintain a data base of Rep Payees and the individuals being served. Also, these Rep Payees would be excluded from any data matches that include the MRPF.

RECOMMENDATIONS

We recommend that SSA:

- Routinely match the DMF against the MRPF to identify deceased Rep Payees and select new Rep Payees for all beneficiaries and/or recipients affected.
- Issue a memorandum that emphasizes the correct procedures to be performed by field office personnel to ensure that funds paid to deceased Rep Payees are accounted for and transferred to the new Rep Payees when replacing deceased Rep Payees. This memorandum should include instructions for referring cases where fraud is suspected.
- Identify and correct instances in which erroneous dates of death are contained on Rep Payee MBRs. These corrections should be made prior to updating the DMF by matching against dates of death contained on MBRs.
- Identify and correct instances where the SSNs of Rep Payees on the MBR and the SSR are erroneous. These corrections should be made prior to matching these files with the DMF.
- Implement an edit check to ensure that the Rep Payee SSN is updated on the MBR whenever a new Rep Payee's name is added.
- Identify those individuals acting as Rep Payees for SSI recipients who are not included in the MRPF and ensure their inclusion.

AGENCY COMMENTS

In response to our draft report, SSA agreed with all of our recommendations and provided implementation dates for the planned corrective actions. (See Appendix A for the full text of SSA's comments to our draft report).

TABLE OF CONTENTS

| | Page |
|--|------|
| EXECUTIVE SUMMARY | i |
| INTRODUCTION | 1 |
| RESULTS OF REVIEW | 4 |
| DECEASED OASDI REP PAYEES..... | 5 |
| Payments Corrected for Five Deceased Rep Payees..... | 5 |
| Funds Paid to 39 Deceased Rep Payees | 6 |
| Erroneous Death Information | 6 |
| Rep Payee SSNs on the MBR | 7 |
| DECEASED SSI REP PAYEES | 7 |
| Payments Corrected for 23 Deceased Rep Payees..... | 8 |
| Funds Paid to 60 Deceased Rep Payees | 8 |
| Erroneous Death Information | 9 |
| Rep Payee SSNs on the SSR | 10 |
| CONSISTENCY OF DATA BETWEEN MRPF AND SSR | 10 |
| CONCLUSION AND RECOMMENDATIONS | 12 |

APPENDICES

- APPENDIX A - Agency Comments
- APPENDIX B - Sampling Methodology, Old-Age, Survivors and Disability Insurance
- APPENDIX C - Sampling Methodology, Supplemental Security Income
- APPENDIX D - Sampling Methodology, Master Representative Payee File
Completeness
- APPENDIX E - Major Contributors to This Report
- APPENDIX F - SSA Organizational Chart

INTRODUCTION

OBJECTIVE

The objective of this audit was to determine whether the Social Security Administration (SSA) identifies all cases in which a new representative payee (Rep Payee) is needed when a former Rep Payee dies.

BACKGROUND

Some individuals are not able to manage or direct the management of their finances because of their age or mental and/or physical impairments. For such people, Congress provided for payment to be made through Rep Payees who receive and manage the benefit payments of the beneficiaries/recipients. SSA selects Rep Payees for Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries or Supplemental Security Income (SSI) recipients when representative payments would serve the interest of the individual. A Rep Payee may be a person, agency, or organization.

SSA selects a new Rep Payee: (1) when it learns that the interests of the beneficiary or recipient are not served by continuing payment to the present Rep Payee; (2) when the present Rep Payee is no longer able to carry out the Rep Payee responsibilities; or (3) if the present Rep Payee has died.¹ Section 205(r) of the Social Security Act requires SSA to match State death records against SSA payment records to identify and prevent erroneous payments after death. The repository for adding, correcting, and deleting death information received from the death record matching operation is the Death Master File (DMF), which is housed in SSA's Numident file.² In addition to receiving death information from State death records, SSA receives death reports from other parties, such as funeral home directors, relatives, friends, neighbors, etc.

The 1990 Omnibus Budget Reconciliation Act (Public Law 101-508) requires SSA to develop a data base of Rep Payees and the individuals being served. To satisfy this requirement, SSA created the Master Representative Payee File (MRPF). The purpose of the MRPF is to assist SSA in the Rep Payee selection process by enabling field offices (FO) to more carefully screen applicants and to determine their suitability to become Rep Payees. For example, the MRPF contains the names and Social Security numbers (SSN) of Rep Payees whose responsibilities have been terminated because of misuse of benefit payments. This information is designed to enable SSA to ensure

¹ See 20 Code of Federal Regulations 404.2050 and 416.650.

² The Numident is an electronic file of all processed Social Security number applications.

that such individuals are never selected as Rep Payees again. SSA also uses the MRPF data for management information and workload projection purposes and to prepare annual reports to Congress on Rep Payee activities. Data in the MRPF includes:

- the names, addresses, and SSNs of the Rep Payees who are providing services;
- the names, addresses, and SSNs of the beneficiaries and/or recipients for whom Rep Payees are providing services;
- dates and reasons for payee terminations (for example, death of payee, performance not acceptable, etc.); and
- codes indicating the selection or non-selection of applicants as Rep Payees.

SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed applicable Federal laws, regulations, and program guidelines.
- Obtained from SSA a copy of DMF tapes that include the SSNs of deceased individuals as of July 1997. We also obtained monthly update tapes from SSA that include the SSNs of individuals added/deleted³ to the DMF from August 1997 through March 1998 with the exception of October 1997.⁴
- Randomly sampled and reviewed 100 cases from 5,352 OASDI beneficiary records with Rep Payees who were deceased per the DMF. These 5,352 records were identified through computer matching data from the DMF and a Master Beneficiary Record (MBR) extract provided by SSA. (See Appendix B for details of our sampling methodology.)
- Randomly sampled and reviewed 100 cases from 652 SSI recipient records with Rep Payees who were deceased per the DMF. These 652 records were identified through computer matching data from the DMF and a Supplemental Security Record (SSR) extract provided by SSA. (See Appendix C for details of our sampling methodology.)
- Randomly sampled and reviewed 100 cases from 115,628 SSR records where the recipients' Rep Payees were on the SSR but not included in the MRPF. These

³ Death information is constantly being added, corrected, and deleted as a result of death record matching operations. Additionally, the DMF may contain erroneous death information. See SSA's Program Operations Manual System SM 00623.001.

⁴ Our copy of SSA's October 1997 update tape was unreadable and could not be used during this audit. However, we expect the exclusion of this tape would minimally affect our results.

115,628 records were identified through computer matching data from the MRPF and a SSR extract provided by SSA. (See Appendix D for details of our sampling methodology.)

- Consulted with SSA specialists who provided us with an explanation of the Rep Payee information on the SSR, MBR, and MRPF.
- Communicated with FO personnel responsible for the cases included in our review when necessary.

We conducted our audit between June and November 1998 in Boston, Massachusetts. We reviewed SSA's procedures for handling third-party death notices and for ensuring that individuals with deceased Rep Payees received use of their funds. We conducted our audit in accordance with generally accepted government auditing standards.

RESULTS OF REVIEW

SSA's procedures do not ensure that new Rep Payees are selected when former Rep Payees have died. Since SSA does not identify all cases in which a Rep Payee has died, benefit payments continue to be paid to deceased Rep Payees. Based on our review, we estimate that 2,091 deceased Rep Payees received \$17.33 million in OASDI and SSI payments. These payments were calculated from the date of the Rep Payee's death through June 1998 (the date we began our audit). We reviewed and sampled separately for OASDI and SSI Rep Payees but found that payments had been made to deceased Rep Payees under both programs. Our OASDI and SSI program results are presented separately within this report.

Since SSA was not aware that payments were made to these deceased Rep Payees, SSA could not be sure that these payments were used for the sole benefit of the intended beneficiaries or recipients. In this regard, there is a risk that the benefits have been fraudulently or improperly used by individuals other than the beneficiaries or recipients. For example, in one case we reviewed, the beneficiary was a long-term patient in a hospital and his Rep Payee had been deceased for almost 2 years before SSA learned of the Rep Payee's death and appointed a new Rep Payee. In this case, the executor of the deceased Rep Payee's estate had continued to receive the beneficiary's checks each month for 22 months. Until we notified SSA staff of this case, \$10,364 of the beneficiary's fund had not been accounted for by SSA and was not available to the new Rep Payee for the beneficiary's use. SSA needs to account for the funds paid to deceased Rep Payees, so that the funds can be transferred to the new Rep Payees and to ensure that the funds were properly used.

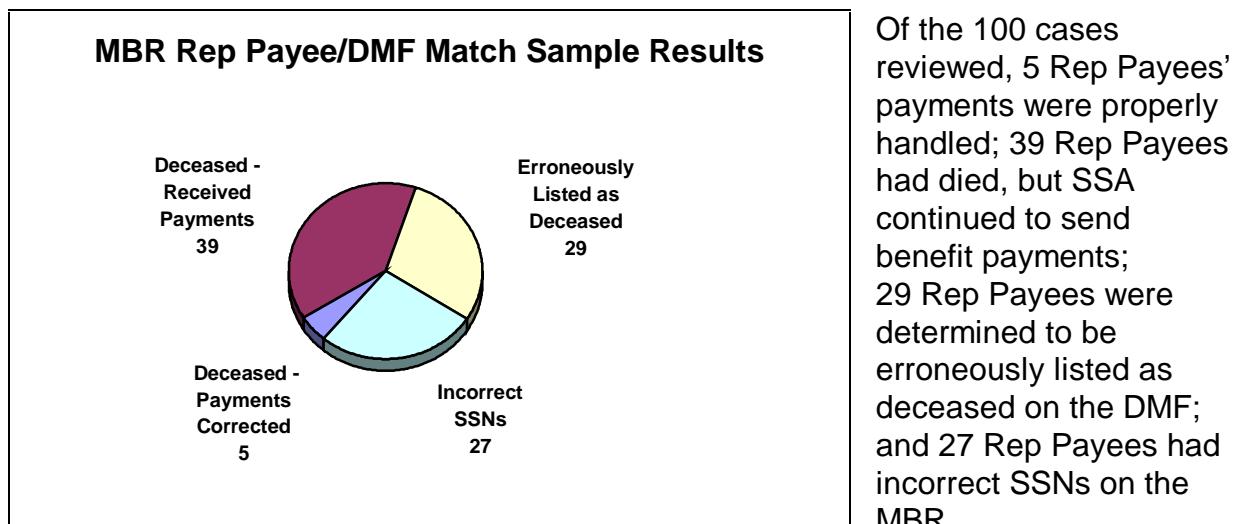
We also found several conditions that affected the completeness and accuracy of SSA's Rep Payee data files and our ability to match the Rep Payee files with the DMF. SSA will have these same difficulties if its files are not corrected and completed prior to conducting similar matches.

- SSA has incorrect death information recorded on the DMF and the MBR. We found that an estimated 465 Rep Payees were recorded as deceased on the DMF and/or their own MBRs even though they were still alive. These Rep Payees had their own MBRs because they received OASDI benefits themselves at some time during their lives. With incorrect death information recorded to its files, SSA may incorrectly stop benefit payments. When this occurs, staff resources have to be expended to investigate the cases and correct the files. Also, customer service is damaged, especially when the same beneficiary/recipient is repeatedly asked to verify that he or she is still alive.

- SSA's data files on Rep Payees contain numerous errors in the Rep Payees' SSNs. We found that an estimated 2,606 Rep Payees were recorded on the MBR with incorrect SSNs and 13,875 Rep Payees were recorded on the SSR with incorrect SSNs. Incorrect data on SSA's files compromises the results of conducting computer matches.
- SSA's MRPF is incomplete with regard to Rep Payees for SSI recipients. We estimate that 68,221 Rep Payees who were not included in the MRPF managed \$355.03 million in benefit payments for SSI recipients during Calendar Year (CY) 1998. Since these Rep Payees are not included in the MRPF, SSA is not monitoring them in compliance with the current law, and these Rep Payees will be excluded from any data matches that include the MRPF.

DECEASED OASDI REP PAYEES

We matched OASDI Rep Payees listed on the MBR against SSA's DMF as of March 1998 and identified 5,352 beneficiaries whose benefits were shown on the MBR as being paid to individuals who had dates of death recorded on the DMF. We randomly selected 100 of these 5,352 beneficiaries for review.



Payments Corrected for Five Deceased Rep Payees

In 5 of the 100 cases reviewed, we found no problems with SSA's handling of the payments made to the deceased Rep Payees. In one of the cases, the beneficiary was not in current pay status when the deceased Rep Payee was the active payee. In the other four cases, benefit payments were sent to the deceased Rep Payees before the new Rep Payees were selected; however, in all four cases, the payments were returned to SSA, and the funds were then paid to the new Rep Payees.

Funds Paid to 39 Deceased Rep Payees

From our sample of 100 OASDI Rep Payees, 39 deceased Rep Payees were sent OASDI benefits totaling \$219,894. On average, each deceased Rep Payee received \$5,638 in payments for 9.3 months. Projecting these results to the 5,352 OASDI beneficiaries in our sample population, we estimate that 1,693 deceased Rep Payees received \$15,567,863 in OASDI payments from the date of the Rep Payees' deaths through June 1998.

We found instances where Rep Payees' own benefits were promptly terminated, but they continued to be paid as Rep Payees for an extended period of time. In one case, we determined that a Rep Payee died on October 10, 1996, and his death was recorded on the DMF on October 17, 1996. SSA promptly input the termination code to this individual's MBR, and no payments were paid after October 1996. However, SSA did not stop making payments to this individual as a Rep Payee. We calculated that this deceased Rep Payee had been paid \$15,674 through June 1998.

Of the 39 deceased Rep Payees identified during our review, SSA has changed the Rep Payee in 4 cases, but, as of June 1998, payments continued to be paid to deceased Rep Payees for 35 of the cases. For the four cases where the Rep Payee has been replaced, we contacted FO personnel to determine what action SSA took regarding the funds paid to these deceased Rep Payees. For two of the four cases, FO personnel ensured that the beneficiaries with deceased Rep Payees received use of the funds to which they were entitled. In the other two cases, FO personnel were unable to provide documentation as to whether the beneficiaries received the use of the funds to which they were entitled. We requested that FO personnel review the 35 cases where action had not been taken and revisit the 2 cases lacking documentation. These FO reviews will ensure that new Rep Payees are selected, funds paid to deceased Rep Payees are used for the beneficiaries, and that cases with indications of misuse of funds are referred to the Office of the Inspector General, Office of Investigations (OI).

Erroneous Death Information

When we performed our match of the DMF and MBR, we found that 29 of 100 sampled OASDI Rep Payees were erroneously listed on the DMF as deceased. However, at the time of our review, SSA had corrected 11 of these and had deleted the erroneous death information from the DMF. SSA staff informed us that these erroneous death records were probably a result of mis-keying of death reports. For the remaining 18 cases, we found indications on SSA's records that the Rep Payees were not deceased. To confirm this, we contacted the responsible FOs and asked them to determine whether the Rep Payees were alive. FO personnel confirmed that all 18 Rep Payees were alive. FO personnel told us they would delete the erroneous dates of death from these

individuals' records. Projecting these 18 cases to the 5,352 OASDI beneficiaries in our sample population, we estimate that 388 OASDI Rep Payees are erroneously listed as deceased on the DMF.

Of the 18 erroneous dates of death on the DMF, 15 were posted to the DMF on January 10, 1998, and 3 were posted on January 17, 1998. We were able to determine the cause of the erroneous death reports in 12 of the 18 cases. In the 12 cases where we were able to trace the postings, erroneous dates of death were on the Rep Payees' own MBRs. These incorrect dates of death were propagated to the DMF during routine matching procedures. We were unable to determine the source of the erroneous dates of death for the remaining six cases.

One example of an OASDI Rep Payee who was erroneously listed on the DMF as deceased follows. This individual was born in 1960 and began receiving payments as a dependent child in 1979 when her father became disabled. Benefit payments were terminated in 1982 when she stopped attending college. The termination date was erroneously entered in the death field on the MBR. This erroneous date of death was then propagated to the DMF on January 10, 1998, when SSA performed a match and found this date of death on her inactive MBR. In another example, an OASDI Rep Payee was erroneously listed on the DMF and complained to the FO that she had to verify that she was alive to SSA numerous times over the years.

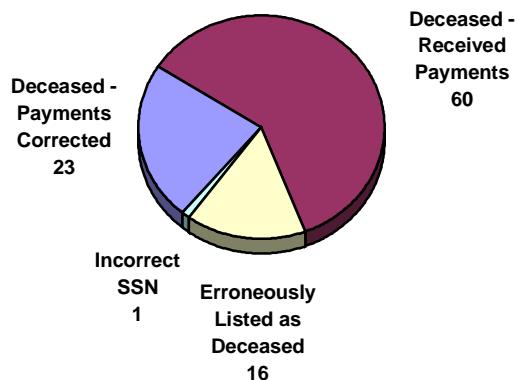
Rep Payee SSNs on the MBR

In 27 of 100 cases in our review, the Rep Payees' SSNs on the MBR were not updated when new Rep Payees were selected. When information about the new Rep Payee was added to the MBR, the new Rep Payee's name was correctly added, but the Rep Payee SSN field was not updated. On average, the incorrect Rep Payees' SSNs had been on the MBR for 36.3 months. Projecting these 27 cases to the 5,352 OASDI beneficiaries in our sample population, we estimate that 2,606 Rep Payees are recorded on the MBR with incorrect SSNs.

DECEASED SSI REP PAYEES

We matched SSI Rep Payees listed on the SSR against SSA's DMF as of March 1998 and identified 652 recipients whose benefits were shown on the SSR as being paid to individuals who had dates of death recorded on the DMF. We randomly selected 100 of these 652 recipients for review.

SSR Rep Payee/DMF Match Sample Results



Of the 100 cases reviewed, 23 Rep Payees' payments were properly handled; 60 Rep Payees had died but, SSA continued to send benefit payments; 16 Rep Payees were determined to be erroneously listed as deceased on the DMF; and 1 Rep Payee's SSN on the SSR was incorrect.

Payments Corrected for 23 Deceased Rep Payees

In 23 of the 100 cases reviewed, we found no problems with SSA's handling of the payments made to the deceased Rep Payees.

- In 10 cases, the deceased Rep Payees were replaced less than 30 days after their deaths.
- In seven cases, the recipients were not in current pay status when the deceased payees were listed as Rep Payees.
- In five cases, benefit payments were made to deceased Rep Payees before new Rep Payees were selected. However, in all five cases, the payments were returned to SSA. In four of the five cases, payments were reissued to new Rep Payees. In the remaining case, the beneficiary was not entitled to the returned benefits and, hence, the payments were not reissued.
- In one case, benefit payments were paid to a deceased Rep Payee. However, prior to our review, SSA determined that the beneficiary was not entitled to the benefits paid and recorded the amount paid to the deceased Rep Payee as an overpayment.

Funds Paid to 60 Deceased Rep Payees

From our sample of 100 SSI Rep Payees, 60 deceased Rep Payees were sent SSI payments totaling \$253,434. On average, each deceased Rep Payee received \$4,223.90 in payments for 11.8 months. Projecting these results to the 652 SSI recipients in our sample population, we estimate that 398 deceased Rep Payees received \$1,759,238 in SSI payments from the date of the Rep Payees' deaths through June 1998.

Of the 60 deceased Rep Payees identified during our review, SSA has changed the Rep Payee for 24 cases since our review began. However, as of June 1998, payments were being paid to deceased Rep Payees for 30 cases and recipients were no longer receiving payments in 6 cases. For the 24 cases where the Rep Payees have been replaced, we contacted the FOs that handled the cases. For 13 of the 24 cases, we found that SSA ensured that the recipients with deceased Rep Payees received use of the funds to which they were entitled. In the other 11 cases, FO personnel were unable to provide documentation as to whether recipients received the use of the funds paid to deceased Rep Payees. We requested that FO personnel review the 30 cases where action had not been taken and revisit the 11 cases that lacked documentation. These FO reviews will ensure that new Rep Payees are selected, that funds paid to deceased Rep Payees are used by the beneficiaries, and that cases with indications of misuse of funds are referred to OI.

In one case where the FO conducted a review after we requested they account for the funds paid to a Rep Payee who had died in March 1996, FO personnel found that the recipient had received the funds. However, the FO also found that the SSI recipient had inherited \$21,000 from the deceased Rep Payee's estate, resulting in the recipient having excess resources when SSI payments were made. If SSA had processed the change in Rep Payee and accounted for the funds when SSA received the Rep Payee's death information (April 1996), the \$3,601.40 overpayment could have been avoided.

Erroneous Death Information

When we performed our match of the DMF and SSR, we found that 16 Rep Payees were erroneously listed on the DMF as deceased. However, at the time of our review, SSA had corrected four of these records and deleted the erroneous death information from the DMF.

For the remaining 12 cases, we found indications on SSA's records that the Rep Payees were not deceased. To confirm this, we contacted the FOs responsible for each of the cases and asked them to determine whether the Rep Payees were alive. FO personnel confirmed that all 12 Rep Payees were alive and told us they would delete the erroneous dates of death from the DMF. Projecting these 12 cases to the 652 SSI recipients in our sample population, we estimate that 77 SSI Rep Payees are erroneously listed as deceased on the DMF.

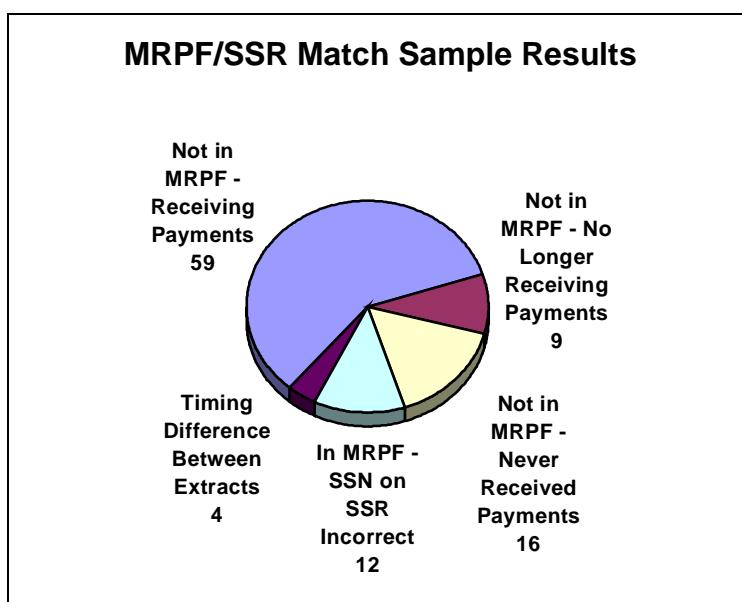
Of the 12 erroneous dates of death on the DMF, 4 were posted to the DMF on January 10, 1998, and 5 were posted on January 17, 1998. We were able to determine the cause of the erroneous death reports in 8 of the 12 cases. In all eight cases, erroneous dates of death were on the Rep Payees' own MBRs. These erroneous dates of death were propagated to the DMF during routine matching procedures.

Rep Payee SSNs on the SSR

In 1 of the 100 cases in our review, the Rep Payee's SSN on the SSR was incorrect and appeared to be a typographical input error.

CONSISTENCY OF DATA BETWEEN MRPF AND SSR

SSA's MRPF does not contain a list of all Rep Payees for SSI recipients in compliance with the 1990 Omnibus Budget Reconciliation Act. In conducting our review, we matched SSI Rep Payees listed on the SSR against SSA's MRPF and identified 115,628 individuals who were listed as Rep Payees on the SSR, but were not listed as Rep Payees on the MRPF. We randomly selected 100 of these 115,628 Rep Payees for review.



Of the 100 cases reviewed, 59 Rep Payees were receiving payments; 9 Rep Payees previously received payments; 16 Rep Payees never received payments as the recipients were not eligible for benefits; 12 did not match because the Rep Payees' SSNs on the SSR contained typographical errors; and 4 were not in the MRPF at the time of sample selection, but had been added to the MRPF when we reviewed the cases.

In 59 of the 100 cases sampled, the Rep Payees on the SSR were receiving payments but were not listed in the MRPF as the Rep Payees for the recipients. These 59 Rep Payees received \$25,587 in benefit payments in June 1998. Projecting these results to the 115,628 Rep Payees in our sample population, we estimate that 68,221 Rep Payees who are not included in the MRPF received \$29.58 million in benefit payments in June 1998. Based on this projection, we nonstatistically estimate that these Rep Payees received \$355.03 million in CY 1998. Since these Rep Payees are not included in the MRPF, SSA is not monitoring them in compliance with current law, and these Rep Payees will be excluded from any data matches that include the MRPF.

In 12 of the 100 cases, the Rep Payees' SSNs on the SSR contained typographical errors, even though these Rep Payees were in the MRPF under their correct SSNs. Projecting these results to the 115,628 Rep Payees in our sample population, we

estimate that 13,875 Rep Payees are recorded on the SSR with incorrect SSNs. Incorrect data on SSA's files compromises the results of conducting computer matches.

CONCLUSION AND RECOMMENDATIONS

SSA should ensure that benefit payments are not made to deceased Rep Payees. One way to identify deceased Rep Payees would be to conduct routine computer matches between the DMF and the MRPF. However, erroneous and incomplete data on SSA's files must be corrected, and FO staff must be instructed to handle these cases properly, to ensure an accurate and efficient matching operation.

We recommend that SSA:

1. Routinely match the DMF against the MRPF to identify deceased Rep Payees and select new Rep Payees for all beneficiaries and/or recipients affected.
2. Issue a memorandum that emphasizes the correct procedures to be performed by FO personnel to ensure that funds paid to deceased Rep Payees are accounted for and transferred to the new Rep Payees when replacing deceased Rep Payees. This memorandum should include instructions for referring cases where fraud is suspected.
3. Identify and correct instances in which erroneous dates of death are contained on Rep Payee MBRs. These corrections should be made prior to updating the DMF by matching against dates of death contained on MBRs.
4. Identify and correct instances where the SSNs of Rep Payees on the MBR and the SSR are erroneous. These corrections should be made prior to matching these files with the DMF.
5. Implement an edit check to ensure that the Rep Payee SSN is updated on the MBR whenever a new Rep Payee's name is added.
6. Identify those individuals acting as Rep Payees for SSI recipients who are not included in the MRPF and ensure their inclusion.

AGENCY COMMENTS

In response to our draft report, SSA agreed with all of our recommendations and provided implementation dates for the planned corrective actions.

APPENDICES

APPENDIX A

AGENCY COMMENTS

Sampling Methodology - Old-Age, Survivors and Disability Insurance

From the Social Security Administration (SSA), we obtained extracts from the Master Beneficiary Record (MBR) of Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries in current pay status who had representative payees (Rep Payee). This MBR extract contained 4.30 million records as of July 1998. We also obtained extracts from the Death Master File¹ (DMF) of all recorded deaths. We compared the Social Security numbers (SSN) of Rep Payees on the MBR against SSNs in the DMF to obtain a list of potentially deceased Rep Payees. We stratified this list for sampling purposes. The first stratum consisted of 3,842 deceased Rep Payees listed in the DMF prior to August 1997. The second stratum consisted of 1,510 deceased Rep Payees added to the DMF between August 1997 and March 1998. For each case sampled, we considered the case to be properly handled if SSA replaced the Rep Payee within 30 days of the Rep Payees' death. Additionally, we considered the case to be properly handled if the beneficiary was not in current pay status, or the benefit payments were returned to SSA.

| Stratum Name | Strata 1 MBR Match with DMF as of 7/97 | Strata 2 MBR Match with DMF from 8/97 – 3/98 | Total |
|---|---|---|--------------------|
| Population Size | 3,842 | 1,510 | 5,352 |
| Sample Size | 30 | 70 | 100 |
| Attribute Projections | | | |
| Sample Results – Deceased Rep Payees Receiving OASDI Payments | 8 | 31 | 39 |
| Projection – Deceased Rep Payees Receiving OASDI Payments | 1,025 | 669 | 1,693 ² |
| Projection Lower Limit | | | 1,156 |
| Projection Upper Limit | | | 2,230 |
| Sample Results – Incorrect Rep Payee SSNs on the MBR | 19 | 8 | 27 |
| Projection – Incorrect Rep Payee SSNs on the MBR | 2,433 | 173 | 2,606 |
| Projection Lower Limit | | | 2,035 |

¹ Our copy of the October 1997 update tape was unreadable and could not be used during this audit. However, we expect the exclusion of this tape would minimally affect our results.

² Numbers do not add due to rounding.

| Stratum Name | Strata 1 MBR Match with DMF as of 7/97 | Strata 2 MBR Match with DMF from 8/97 – 3/98 | Total |
|--|---|---|--------------|
| Projection Upper Limit | | | 3,177 |
| Sample Results – Erroneous Rep Payee Deaths on the DMF | 0 | 18 | 18 |
| Projection – Erroneous Rep Payee Deaths on the DMF | 0 | 388 | 388 |
| Projection Lower Limit | | | 261 |
| Projection Upper Limit | | | 516 |
| Dollar Projection | | | |
| Sample Results – OASDI Payments to Deceased Rep Payees | \$101,643 | \$118,251 | \$219,894 |
| Projection – OASDI Payments to Deceased Rep Payees | \$13,017,016 | \$2,550,847 | \$15,567,863 |
| Projection Lower Limit | | | \$8,236,580 |
| Projection Upper Limit | | | \$22,899,147 |

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

Sampling Methodology - Supplemental Security Income

From the Social Security Administration, we obtained extracts from the Supplemental Security Record (SSR) of recipients in current pay status who had Representative Payees (Rep Payees). This SSR extract contained 1.65 million records as of February 1998. We also obtained extracts from the Death Master File (DMF) of all recorded deaths. We compared the Social Security numbers (SSN) of Rep Payees on the SSR against the SSNs in the DMF to obtain a list of potentially deceased Rep Payees. We stratified this list for sampling purposes. The first stratum consisted of 218 deceased Rep Payees who were listed on the DMF prior to August 1997. The second stratum consisted of 434 deceased Rep Payees who were added to the DMF between August 1997 and March 1998.

| Stratum Name | Strata 1 SSR Match with DMF as of 7/97 | Strata 2 SSR Match with DMF from 8/97 – 3/98 | Total |
|--|---|---|------------------|
| Population Size | 218 | 434 | 652 |
| Sample Size | 30 | 70 | 100 |
| Attribute Projections | | | |
| Sample Results – Deceased Rep Payees Receiving Supplemental Security Income (SSI) Payments | 24 | 36 | 60 |
| Projection – Deceased Rep Payees Receiving SSI Payments | 174 | 223 | 398 ¹ |
| Projection Lower Limit | | | 351 |
| Projection Upper Limit | | | 444 |
| Sample Results – Erroneous Deaths on the DMF | 2 | 10 | 12 |
| Projection – Erroneous Deaths on the DMF | 15 | 62 | 77 |
| Projection Lower Limit | | | 45 |
| Projection Upper Limit | | | 108 |
| Dollar Projection | | | |
| Sample Results – SSI Benefits Paid to Deceased Rep Payees | \$176,201 | \$77,233 | \$253,434 |
| Projection – SSI Benefits Paid to Deceased Rep Payees | \$1,280,393 | \$478,845 | \$1,759,238 |
| Projection Lower Limit | | | \$1,343,116 |
| Projection Upper Limit | | | \$2,175,360 |

¹ Numbers do not add due to rounding.

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

APPENDIX D

Sampling Methodology - Master Representative Payee File Completeness

From the Social Security Administration, we obtained extracts from the Supplemental Security Record (SSR) of cases with recipients in current pay status who had Representative Payees (Rep Payees). This SSR extract contained 1.65 million records as of February 1998. We also obtained an extract of all Rep Payees included in the Master Representative Payee File (MRPF). This MRPF extract contained 5.40 million records as of February 1998. We matched the Rep Payees identified on the SSR with the Rep Payees listed on the MRPF. We found 115,628 Rep Payees who were on the SSR but were not on the MRPF. Using a simple random sample design, we randomly selected 100 of the 115,628 cases for review.

| | |
|--|---------------|
| Population Size | 115,628 |
| Sample Size | 100 |
| Attribute Projections | |
| Sample Results – Receiving Supplemental Security Income (SSI) Payments | 59 |
| Projection – Receiving SSI Payments | 68,221 |
| Projection Lower Limit | 58,152 |
| Projection Upper Limit | 77,816 |
| Sample Results – Incorrect Rep Payee Social Security numbers (SSN) on SSR | 12 |
| Projection – Incorrect Rep Payee SSNs on SSR | 13,875 |
| Projection Lower Limit | 8,179 |
| Projection Upper Limit | 21,639 |
| Dollar Projection | |
| Sample Results – Receiving SSI Payments (Based on June 1998 Benefit Payment Amount) | \$25,587 |
| Projection – Monthly SSI Payment Amount | \$29,586,060 |
| Projection Lower Limit | \$24,974,642 |
| Projection Upper Limit | \$34,197,478 |
| Annual Payment Amount | |
| Calendar Year 1998 Payments (\$29,586,060 in Projected Monthly Payments X 12 months) | \$355,032,720 |

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

We also tested the completeness of the Old-Age, Survivors and Disability Insurance Rep Payee data in the MRPF. In this regard, we matched the Master Beneficiary Record (MBR) Rep Payee data against the MRPF and reviewed a sample of 100 cases from the 205,353 records that appeared not to be included in the MRPF. Our review of these sample cases did not find the same condition described above for SSI Rep

Payees. For the cases reviewed, we found that the MBR Rep Payee data only differed with the MRPF due to timing differences between the dates our files were extracted.

APPENDIX E

MAJOR CONTRIBUTORS

Office of the Inspector General

Roger J. Normand, Director, Northern Program Audit Division

Rona Rustigian, Deputy Director

David Mazzola, Auditor

Joseph LoVecchio, Auditor

Kevin Joyce, Auditor

For additional copies of this report, please contact the Office of the Inspector General's Public Affairs Specialist at (410) 966-5998. Refer to Common Identification Number A-01-98-61009.

APPENDIX F

SSA ORGANIZATIONAL CHART
