

Audit Report

Payments to Individuals Listed as
Deceased in Department of Veterans
Affairs' Records

A-06-16-50029 / August 2017



MEMORANDUM

Date: August 29, 2017

Refer To:

To: The Commissioner

From: Acting Inspector General

Subject: Payments to Individuals Listed as Deceased in Department of Veterans Affairs' Records
(A-06-16-50029)

The attached final report presents the results of the Office of Audit's review. The objective was to determine the appropriateness of payments the Social Security Administration issued to individuals listed as deceased in Department of Veterans Affairs' records.

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

Payments to Individuals Listed as Deceased in Department of Veterans Affairs' Records

A-06-16-50029



August 2017

Office of Audit Report Summary

Objective

To determine the appropriateness of payments the Social Security Administration (SSA) issued to individuals listed as deceased in Department of Veterans Affairs' (VA) records.

Background

SSA administers the Old-Age, Survivors and Disability Insurance (OASDI) and the Supplemental Security Income (SSI) programs under Titles II and XVI of the *Social Security Act*, respectively.

Each month, the VA furnishes SSA with automated death records. Before SSA terminates benefit payments or records death information on the Numident, SSA employees must independently verify the VA death information.

In April 2016, we obtained data from VA identifying approximately 17 million deceased individuals. We matched the VA data against SSA's payment records to identify potentially deceased beneficiaries in current payment status.

Findings

SSA issued payments to 3,925 beneficiaries who had dates of death in VA's records. Our audit results indicated that at least 11 percent of these beneficiaries were alive, and death information in VA's records was erroneous. However, our audit results also indicated that at least 19 percent of these beneficiaries were deceased, and death information in VA's records was accurate.

SSA reviewed selected instances and stated that VA had not included most of the individuals' death information in monthly death data transmitted to SSA. Based on our sample results, we estimate SSA issued about \$37.7 million to 746 individuals after they died and will issue approximately \$7.3 million more over the next 12 months if these discrepancies are not corrected.

Recommendations

We provided SSA with a data file of the 3,925 beneficiaries we identified and recommend that the Agency:

1. Review the data file and take additional action, as appropriate, to determine the status of beneficiaries it determines may be deceased, terminate their payments where appropriate, and refer potential instances of suspected fraud to the Office of Investigations.
2. Work with VA to ensure subsequent data exchanges include comprehensive death information.

SSA agreed with our recommendations.

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ABBREVIATIONS

OASDI	Old-Age, Survivors and Disability Insurance
SSA	Social Security Administration
SSN	Social Security Number
VA	Department of Veterans Affairs
VBAQ	Veterans Benefits Administration Query

OBJECTIVE

Our objective was to determine the appropriateness of payments the Social Security Administration (SSA) issued to individuals listed as deceased in Department of Veterans Affairs' (VA) records.

BACKGROUND

SSA administers the Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs under Titles II and XVI of the *Social Security Act*, respectively.¹ The OASDI program provides benefits to retired and disabled workers, including their dependents and survivors. The SSI program provides payments to financially needy individuals who are aged, blind, or disabled.

Under both programs, payments should terminate when beneficiaries die. The Agency receives death information from a variety of sources, such as friends and relatives of deceased individuals, funeral homes, financial institutions, and Federal and State agencies.

Each month, in accordance with an agreement established in May 1991, VA furnishes SSA with automated death records from its Beneficiary Identification Records Locator System and/or Veterans Service Network. SSA's Death Alert Tracking System generates alerts for reports of death that VA sends SSA. Before terminating benefit payments or recording death information on the Numident,² SSA employees must verify the death information provided by VA.³ Once verified, SSA employees use the Death Information Processing System to input the death information onto the Numident. The system then sends the death information to SSA's payment systems to terminate payments.

In our June 2006 report, we identified 1,691 individuals who were receiving payments while recorded as deceased per VA.⁴ Based on a review of sample beneficiaries, we estimated SSA issued about \$11.7 million in payments to deceased individuals and would issue an additional \$1.9 million in payments over the following 12 months if the errors were not corrected.

¹ *Social Security Act* §§ 201 and 1601 42 U.S.C. §§ 401 and 1381.

² SSA records death information on the Numident, an electronic file that contains information for each individual issued an SSN.

³ SSA, POMS, *GN-General*, ch GN-026, subch. GN 02602.050, sec. D (December 4, 2015).

⁴ SSA, OIG, *Match of Veterans Affairs' Historical Death File Against the Social Security Administration's Benefit Rolls*, A-01-05-35086, p. 2 (June 2006).

In April 2016, we obtained data from VA identifying approximately 17 million deceased individuals. We matched the VA data against SSA payment records and identified potentially deceased beneficiaries in current payment status. See Appendix A for additional information on our scope and methodology.

RESULTS OF REVIEW

SSA issued payments to 3,925 beneficiaries who had dates of death in VA's records. Our audit results indicated that at least 11 percent of these beneficiaries were alive, and death information in VA's records was erroneous. However, our audit results also indicated that at least 19 percent of these beneficiaries were deceased, and death information in VA's records was accurate. Specifically, we reviewed the vital status⁵ of 100 randomly selected beneficiaries.

- We determined that 11 beneficiaries were alive. In seven instances, SSA records indicated that SSA employees had face-to-face contact with the beneficiaries *after* their dates of death in VA records. In the other four instances, SSA records indicated that VA had erroneously added a spouse's death information to the veteran's record.
- We confirmed that 19 beneficiaries were deceased. We obtained information corroborating each beneficiary's death, such as death certificate, obituary, or grave location.
- We did not determine the status of 70 beneficiaries. In these instances, information available in public records or other available documentation did not sufficiently indicate whether the individuals were alive or deceased.

SSA reviewed selected instances and stated that VA had not included most of the individuals' death information in monthly death data transmitted to SSA.

Based on our sample results, we estimate that SSA issued approximately \$37.7 million to 746 individuals after they died and will issue approximately \$7.3 million more over the next 12 months if these discrepancies are not corrected. See Appendix B for additional information on our sampling methodology and results.

⁵ We reviewed public records and other available documentation for evidence indicating whether the beneficiaries were living or deceased.

Deceased Beneficiaries

We matched the death information we obtained directly from VA with SSA's records and identified 3,925 beneficiaries who continued receiving SSA payments after dates of death in VA records. We reviewed 100 randomly selected beneficiaries and confirmed that at least 19 were deceased.

- A veteran receiving retirement benefits in California died in Thailand in August 2008. However, the death information did not appear in SSA's records. The Office of Investigations obtained from the Department of State a copy of the beneficiary's *Report of Death of an American Citizen Abroad*. SSA issued approximately \$160,000 in benefit payments after the veteran's death before terminating the payments in March 2017. As of June 2017, the Office of Investigations was investigating this case.
- An Army veteran receiving retirement benefits and SSI payments in Texas died in April 2005. However, the death information did not appear in SSA's records. We obtained a copy of the veteran's obituary notice and referred this information to our Office of Investigations. SSA issued approximately \$102,000 in payments after the beneficiary's death before terminating the payments in June and July 2017. As of June 2017, the Office of Investigations was investigating this case.
- A Marine Corps veteran receiving retirement benefits in Iowa died in March 2015. However, the death information did not appear in SSA's records. We located the beneficiary's gravesite in a VA national cemetery. SSA issued approximately \$23,000 in benefit payments after the veteran's death before terminating the payments in January 2017. In June 2017, the Department of Treasury recovered \$13,304 from the beneficiary's bank account.

We provided SSA the names and Social Security numbers (SSN) for the 19 beneficiaries we confirmed were deceased. We also provided SSA with information for 88 additional individuals⁶ from our audit population. According to SSA, VA had not included most of these individuals' death information in monthly death data transmitted to SSA.

Based on our sample results, we estimate SSA issued approximately \$37.7 million to 746 individuals after they died, and will issue approximately \$7.3 million more over the next 12 months if these discrepancies are not corrected.

⁶ Per the VA data, dates of death for all 88 individuals occurred in Calendar Year 2016.

Additional Referrals to Our Office of Investigations

In addition to the 100 randomly selected beneficiaries, we referred information on 281 potentially deceased beneficiaries to our Office of Investigations.⁷ We provide three highlights below.

- An Army veteran died in Texas in 1980, but the death information did not appear in SSA's records. We obtained a copy of the veteran's death certificate. SSA's records indicated that someone used the veteran's SSN to work from 1978 through 1991. In 1991, the suspected identity thief filed for, and began receiving, retirement benefits. SSA issued the suspected identity thief approximately \$200,000 in retirement benefits before suspending the payments in May 2017. As of June 2017, the Office of Investigations was investigating this case.
- A Marine Corps veteran died in Pennsylvania in 1998, but the death information did not appear in SSA's records. We located the veteran's gravesite, and the Office of Investigations obtained a copy of the veteran's death certificate. An individual posing as the deceased veteran spent at least 6 years in prison. In 2015, the suspected identity thief filed for, and began receiving, SSI payments. Since that time, SSA has issued the suspected identity thief more than \$16,000 in SSI payments. As of June 2017, the Office of Investigations was investigating this matter.
- An Army veteran who received disability benefits in North Dakota died in 2011. However, the death information did not appear in SSA's records. We located the veteran's gravesite and provided this information to our Office of Investigations. As of June 2017, the Office of Investigations was investigating this case. SSA issued approximately \$155,000 in disability payments after the veteran's death before suspending the payments in April 2017.

CONCLUSIONS

SSA issued payments to 3,925 beneficiaries who had dates of death in VA's records. Our audit results indicated that at least 11 percent of these beneficiaries were alive, and death information in VA's records was erroneous. However, our audit results also indicated that at least 19 percent of the beneficiaries were deceased, and death information in VA's records was accurate. SSA reviewed selected instances and stated that VA had not included most of the individuals' death information in monthly death data transmitted to SSA. Based on our sample results, we estimate SSA issued approximately \$37.7 million to 746 individuals after they died and will issue approximately \$7.3 million more over the next 12 months if these discrepancies are not corrected.

⁷ Primarily these were beneficiaries in the Dallas, Denver, and Seattle Regions.

RECOMMENDATIONS

We provided SSA with a data file identifying the 3,925 beneficiaries and recommend that SSA:

1. Review the data file and take additional action, as appropriate, to determine the status of beneficiaries it determines may be deceased, terminate their payments where appropriate, and refer potential instances of suspected fraud to the Office of Investigations.
2. Work with VA to ensure subsequent data exchanges include comprehensive death information.

AGENCY COMMENTS

SSA agreed with our recommendations. The Agency's comments are included in Appendix C



Rona Lawson
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act*, Social Security Administration’s (SSA) Program Operations Manual System, and Code of Federal Regulations.
- Reviewed prior Office of the Inspector General reports.
- Obtained data from the Department of Veterans Affairs (VA) in April 2016, which included information on approximately 17 million deceased individuals with dates of death through April 20, 2016.
- Matched the VA’s data against SSA’s Enumeration Verification System and identified approximately 16 million records that matched on Social Security number (SSN), name, and date of birth.
- Matched the 17 million SSNs against SSA’s June 2016 Master Beneficiary and Supplemental Security Records and identified 62,814 SSNs belonging to beneficiaries receiving SSA payments.
- For each of the 62,814 SSNs, we compared personally identifiable and/or death information in the VA data file with (1) information appearing on the Master Beneficiary and/or Supplemental Security Records, and (2) information appearing on the Veterans Benefits Administration Query (VBAQ).¹ Based on these comparisons, we identified 4,423 beneficiaries receiving payments in June 2016 who appeared to be deceased.
- Matched the 4,423 beneficiaries against January 2017 Master Beneficiary and Supplemental Security Records and identified 3,925 beneficiaries who remained in current payment status as of that date.
- Randomly selected 100 of the 3,925 beneficiaries for review.
- Reviewed SSA’s systems and public records for each sample item.
 - We considered a beneficiary to be alive if (a) SSA documented face-to-face contact with the beneficiary after the date of death in VA’s records or (b) the date of death in VA’s records matched a date of death SSA had previously recorded on a spouse’s record.
 - We considered a beneficiary to be deceased if we obtained an official death certificate, Department of State death notification, obituary notice, or location and details of the veteran’s gravesite.

¹ We excluded SSNs that (a) did not have a VBAQ; (b) had a VBAQ without a date of death listed; or (c) had VBAQ, but the information on the query belonged to a completely different individual.

- Calculated overpayments for the beneficiaries confirmed to be deceased (see Appendix B).
- Referred information on an additional 281 beneficiaries to our Office of Investigations. The referrals primarily involved beneficiaries in the Dallas, Denver, and Seattle Regions.

We performed this audit in Dallas, Texas, between September 2016 and April 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

From our sampling frame of 3,925 individuals (as detailed in Appendix A), we randomly selected 100 for review. We confirmed that at least 19 of the 100 beneficiaries were deceased. We determined that, through January 2017, the Social Security Administration (SSA) issued \$961,580 in payments to these individuals after their deaths. In addition, we determined SSA would issue \$247,320 in additional overpayments during the next 12 months unless the discrepancies were corrected (based on February 2017 payments multiplied by 12 months).

Table B–1: Sample Results – Amounts Overpaid

Description	Amounts
Sample Size	100
Sample Records with Past Payment Errors	19
Past Payment Error Amounts Through January 2017	\$961,580
Sample Records with Ongoing Payment Errors as of February 2017	19
Future Payment Error Amounts (February 2017 through January 2018)	\$247,320

Based on our sample results, we estimate SSA issued about \$37.7 million in payments to 746 deceased beneficiaries and will issue approximately \$7.3 million in additional overpayments during the next 12 months if these discrepancies are not corrected.

Table B–2: Payment Error Estimates

Description	Deceased Beneficiaries Receiving Payments	Past Payment Error Amount	Future Payment Error Amount
Point Estimate/Estimated Number of Errors	746	\$37,742,015	\$7,258,842
Projection Lower Limit	506	\$20,521,330	\$4,477,230
Projection Upper Limit	1,041	\$54,962,700	\$10,040,454

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

Appendix C – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: August 22, 2017 Refer To: S1J-3

To: Gale S. Stone
Acting Inspector General

From: Stephanie Hall /s/ ([Frank Cristaudo for Stephanie Hall](#))
Acting Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, “Payments to Individuals Listed as Deceased in Department of Veterans Affairs’ Records” (A-06-16-50029)--INFORMATION

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

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

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “PAYMENTS TO INDIVIDUALS LISTED AS DECEASED IN DEPARTMENT OF VETERANS AFFAIRS’ RECORDS” (A-06-16-50029)

GENERAL COMMENTS

As good stewards of taxpayer funds, and to preserve the public’s trust in our programs, we remain focused on paying the right benefit, to the right person, at the right time. Over the years we have made, and will continue to make, enhancements to ensure our death data is complete and accurate.

We receive death information from a variety of sources. For example, we receive first-party death reports from State Bureaus of Vital Statistics, representative payees or agents, relatives, spouses, parents, and siblings. First-party death reports do not require further verification. However, third-party death reports, such as those received from the Department of Veterans Affairs (VA), require further verification before we post the death information to our records.

The findings in this report will assist us as we continue to make incremental changes to increase the completeness of the death information we maintain. Based on our initial analysis of the 100 death records OIG identified in this report, we found the VA had not reported the majority to us. In addition, OIG found 11 individuals were alive and were unable to confirm the status of 70 individuals. Based on the findings, we believe the discrepancies appear to be in the VA’s records. We have notified the VA of our concerns with their data and they are reviewing the issue internally. We will continue to process death reports we receive from the VA per our policy, but we are unable to control the accuracy of the information VA provides.

Recommendation 1

Review the data file and take additional action, as appropriate, to determine the status of beneficiaries it determines may be deceased, terminate their payments where appropriate, and refer potential instances of suspected fraud to the Office of Investigations.

Response

We agree.

Recommendation 2

Work with the VA to ensure subsequent data exchanges include comprehensive death information.

Response

We agree.

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