

Audit Report

Match of Treasury Death Information
Against Social Security
Administration Records

A-06-18-50568 / August 2018



MEMORANDUM

Date: August 27, 2018 **Refer To:**

To: The Commissioner

From: Acting Inspector General

Subject: Match of Treasury Death Information Against Social Security Administration Records
(A-06-18-50568)

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 beneficiaries who were deceased according to Department of the Treasury data.

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

Match of Treasury Death Information Against Social Security Administration Records

A-06-18-50568



August 2018

Office of Audit Report Summary

Objective

To determine the appropriateness of payments the Social Security Administration (SSA) issued to beneficiaries who were deceased according to Department of the Treasury (Treasury) data.

Background

SSA administers the Old-Age, Survivors and Disability Insurance and Supplemental Security Income programs under Titles II and XVI of the *Social Security Act*, respectively. Under both programs, payments should terminate when a beneficiary dies.

We obtained data from Treasury's Department of Fiscal Services that identified death information it received while processing *non-SSA* Federal benefit payments from January 2, 2015 through May 4, 2017. We matched the data against SSA payment records and identified beneficiaries in current payment status whose personally identifiable information matched that of individuals for whom dates of death were listed in the Treasury data.

Findings

At the time of our review, SSA was issuing payments to 621 beneficiaries whose personally identifiable information matched that of individuals for whom dates of death were listed in Treasury data files. Our audit results indicated that at least 42 percent of those beneficiaries were alive, and death information in Treasury's records was erroneous. However, our audit results also indicated that at least 24 percent of those beneficiaries were deceased.

Each day, Treasury sends SSA data that contain information on SSA payments returned to Treasury because the beneficiary has died. However, SSA does not receive information on (1) *non-SSA* Federal benefit payments returned to Treasury because the beneficiary had died or (2) death reclamations Treasury processed for other Federal benefit-paying agencies. Because SSA and Treasury did not share this death information, occasionally, SSA issued benefit payments to individuals that other Federal agencies had determined were deceased.

We estimate SSA issued approximately \$2.3 million in improper payments to 137 deceased beneficiaries. Identification and correction of these discrepancies prevented or will prevent approximately \$1.1 million in additional improper payments over the next 12 months. We note this is a small number of errors relative to more than 200,000 numberholders in the Treasury data files.

Recommendations

We recommend SSA verify the vital status of the beneficiaries and determine the feasibility and cost-effectiveness of obtaining death reports from Treasury when Treasury receives death information for other Federal benefit-paying agencies' beneficiaries.

SSA agreed with the recommendations.

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ABBREVIATIONS

OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
PII	Personally Identifiable Information
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
Treasury	Department of the Treasury

OBJECTIVE

Our objective was to determine the appropriateness of payments the Social Security Administration issued to beneficiaries who were deceased according to Department of the Treasury's (Treasury) data.

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. The OASDI program provides benefits to retired and disabled workers, including their dependents and survivors.¹ The SSI program provides payments to financially needy individuals who are aged, blind, or disabled.² Under both programs, payments should terminate when beneficiaries die.

SSA receives death information from a variety of sources.³ When SSA receives a death report, it initiates action to terminate the decedent's benefits and recover any payments issued for the month of death or later.⁴ Treasury is responsible for recovering these payments⁵ from financial institutions through a process called reclamation.⁶

Each day, Treasury sends SSA data that contain information on *SSA payments*⁷ that were returned to Treasury (for example, by banks or the U.S. Postal Service) because the beneficiaries were deceased. Upon notification, SSA systems automatically

- suspend issuance of subsequent payments;
- send the beneficiaries call-in letters explaining that payments are suspended until SSA determines why the payments were returned;
- post a “Special Returned Payment Death Case” on the numberholders’ payment records; and
- post internal diaries to remind SSA employees to terminate payments after 45 days.

¹ *Social Security Act*, 42 U.S.C. §§ 402(a-h), 423(a) (2015).

² *Social Security Act*, 42 U.S.C. § 1381 (2015). In this report, we use the term beneficiary to refer to both OASDI beneficiaries and SSI recipients.

³ SSA, POMS, GN 02602.050.A (October 30, 2017).

⁴ SSA, POMS, GN 02408.610.A.1 (December 4, 2015).

⁵ SSA, POMS, GN 02408.001 (November 3, 2008), GN 02408.610.A.2 (December 4, 2015).

⁶ Treasury, Green Book, Chapter 5.

⁷ SSA does not receive information on (1) death reclamations that Treasury processes for other Federal benefit-paying agencies or (2) *non-SSA* Federal benefit payments returned to Treasury because the beneficiaries were deceased.

If a beneficiary responds to the call-in letter and provides proof of identity, SSA reinstates the benefit payments. If a beneficiary does not respond to the call-in letter within 45 days, SSA terminates benefits effective the benefit month of the returned payment.

We obtained data from Treasury's Department of Fiscal Services that identified death information it received while processing *non*-SSA Federal benefit payments from January 2, 2015 through May 4, 2017. We matched the data against SSA payment records and identified beneficiaries in current payment status whose personally identifiable information (PII) matched that of individuals for whom dates of death were listed in the Treasury data. See Appendix A for more information on our scope and methodology.

RESULTS OF REVIEW

At the time of our review, SSA was issuing payments to 621 beneficiaries whose PII matched that of individuals for whom dates of death were listed in Treasury data files. We reviewed the vital status⁸ of 50 randomly selected beneficiaries. We did not determine the status of 17 beneficiaries because information available in public records or other available documentation did not sufficiently indicate whether the individuals were alive or deceased. For the remaining 33 beneficiaries, we determined the following.

- Twenty-one (42 percent) were alive. In 13 instances, SSA records indicated SSA employees had contact with the beneficiaries *after* the dates of death in Treasury records. In the other eight instances, SSA records indicated Treasury had erroneously listed a spouse's death information under the beneficiary's Social Security number.
- Twelve (24 percent) were deceased.⁹ We obtained information that corroborated each beneficiary's death, such as an obituary notice or grave location, and provided the information to SSA. We provide two examples below.
 - A retirement beneficiary in Massachusetts died in March 2016, but the death information did not appear in SSA's records. SSA issued over \$29,000 in benefits after the beneficiary's death before it terminated the benefits in February 2018. SSA recovered these payments from the deceased beneficiary's bank account through the Treasury reclamation process.
 - A disability beneficiary in New York died in January 2015, but the death information did not appear in SSA's records. SSA issued over \$45,000 in payments after the beneficiary's death before it terminated the payments in January 2018.

⁸ We reviewed SSA records, public records, and other available documentation for evidence indicating whether the beneficiaries were living or deceased.

⁹ One case did not appear to involve payments after death. SSA records indicated the beneficiary died several months after the date of death in the Treasury data, and SSA timely terminated the benefits.

Each day, Treasury sends SSA data that contain information on SSA payments returned to Treasury because the beneficiary is deceased. However, SSA does not receive information on (1) death reclamations that Treasury processes for other Federal benefit-paying agencies or (2) *non-SSA* Federal benefit payments returned to Treasury because the beneficiaries were deceased. Because SSA and Treasury did not share this death information, SSA occasionally issued benefit payments to individuals that other Federal agencies had determined were deceased.

For example, a retirement beneficiary died in Canada in November 2016. At the time of her death, the beneficiary was also receiving monthly payments from the Office of Personnel Management and Department of Veterans Affairs. The death data we obtained from Treasury indicated that, in January 2017, Treasury processed death reclamation transactions to recover Office of Personnel Management and Department of Veterans Affairs payments deposited into the beneficiary's bank account after her November 2016 death. However, because SSA did not receive the beneficiary's death information, SSA continued issuing monthly retirement benefit payments. We located the beneficiary's obituary notice, which confirmed the date of death in Treasury's records, and provided the information to SSA. SSA issued over \$8,000 in payments after the beneficiary's death before it terminated the payments in February 2018.

Based on our sample results, we estimate SSA issued approximately \$2.3 million to 137 beneficiaries after they died. Identification and correction of these discrepancies prevented or will prevent approximately \$1.1 million in additional improper payments over the next 12 months. We note this is a small number of errors relative to more than 200,000 numberholders included in the Treasury data files. See Appendix B for additional information on our sampling methodology and results.

CONCLUSIONS

SSA issued payments to 621 beneficiaries whose PII matched that of individuals for whom dates of death were listed in Treasury data files. We estimate that 137 beneficiaries were deceased and that SSA issued approximately \$2.3 million in payments after their deaths. Identification and correction of these discrepancies prevented or will prevent approximately \$1.1 million in additional improper payments over the next 12 months.

RECOMMENDATIONS

We provided SSA the names and SSNs of the 621 beneficiaries who had dates of death in Treasury's records along with documentation we obtained while reviewing the sampled cases and recommend that SSA:

1. Verify the beneficiaries' vital status and terminate benefit payments, where appropriate. If applicable, SSA should also recover improper payments and refer potential instances of fraud to our Office of Investigations.
2. Determine the feasibility and cost-effectiveness of obtaining death reports from Treasury when Treasury receives confirmed death information for other Federal benefit-paying agencies' beneficiaries.

AGENCY COMMENTS

SSA agreed with our recommendations. SSA'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.
- Contacted SSA officials to gain an understanding of the Department of the Treasury's (Treasury) returned payments for death.
- Obtained data files from Treasury's Department of Fiscal Services that provided numberholder death information related to benefit-payment transactions it processed for non-SSA Federal agencies from January 2015 to May 2017.
 - One file identified death reclamations Treasury processed against the bank accounts of 200,018 deceased numberholders.
 - One file identified paper checks returned to Treasury for 7,457 deceased numberholders.
- Matched the SSNs in the Treasury files against SSA's June 2017 Master Beneficiary and Supplemental Security Records and identified 621 current pay beneficiaries whose personally identifiable information matched that of individuals for whom dates of death were listed in Treasury files. For these 621 beneficiaries, we randomly selected 50 beneficiaries for review. For each sampled beneficiary, we:
 - Reviewed SSA's systems, LexisNexis, and public records for each sample item.
 - Considered a beneficiary to be alive if (a) SSA documented contact with the beneficiary *after* the date of death in Treasury's records or (b) the date of death in Treasury's records matched a date of death SSA had previously recorded on a spouse's record.
 - Considered a beneficiary to be deceased if we obtained an obituary notice or location and details of the beneficiary's gravesite. We also confirmed one beneficiary's death through contact with a hospice facility.
 - Calculated payments after death for the beneficiaries confirmed to be deceased.
 - Projected our results. See Appendix B for more information on our sampling methodology and results.

We conducted this audit in Dallas, Texas, between January and April 2018. 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

We identified 621 beneficiaries who were receiving SSA payments although their personally identifiable information matched that of individuals for whom dates of death were listed in Treasury data files. We reviewed 50 randomly selected cases and determined that, as of September 2017, SSA had issued 11 deceased beneficiaries \$188,607 in payments after their deaths. Identification and correction of these discrepancies prevented or will prevent \$86,268 in additional improper payments to 9 of the 11 beneficiaries¹ over the next 12 months (based on October 2017 payments multiplied by 12 months).

Table B–1: Sample Results – Amounts Paid After Death

Description	Amounts
Sample Size	50
Sample Records with Past Payment Errors	11
Past Payment Error Amounts Through September 2017	\$188,607
Sample Records with Ongoing Payment Errors as of October 2017	9
Payment Errors over Next 12 Months if Errors Not Corrected	\$86,268

Based on our sample results, we estimate SSA issued approximately \$2.3 million in payments to 137 deceased beneficiaries.

Table B–2: Payment Error Estimates

Description	Deceased Beneficiaries Receiving Payments	Payment Error Amount
Point Estimate/Estimated Number of Errors	137	\$2,342,499
Projection Lower Limit	82	\$1,094,715
Projection Upper Limit	206	\$3,590,282

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

Identification and correction of these discrepancies prevented or will prevent approximately \$1.1 million in additional improper payments over the next 12 months.

¹ SSA terminated payments to 2 of the 11 beneficiaries during our review, but before we referred the cases to them.

Table B–3: Future Payment Error Estimates

Description	Deceased Beneficiaries Receiving Payments	Future Payment Error Amount
Point Estimate/Estimated Number of Errors	112	\$1,071,499
Projection Lower Limit	63	\$493,500
Projection Upper Limit	179	\$1,649,397

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

Appendix C – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: August 17, 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, “Match of Treasury Death Information Against Social Security Administration Records” (A-06-18-50568) -- 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

SSA COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT, “MATCH OF TREASURY DEATH INFORMATION AGAINST SOCIAL SECURITY ADMINISTRATION RECORDS” (A-06-18-50568)

GENERAL COMMENTS

The death information we collect helps us prevent approximately \$50 million in improper payments each month. The findings in this report will help us to continue improving our systems and business processes to ensure the accuracy of the death information we maintain. In addition, we will work with Treasury to determine if it has additional data that could assist us in identifying deceased beneficiaries.

Recommendation 1

Verify the beneficiaries’ vital status and terminate benefit payments, where appropriate. 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 and cost-effectiveness of obtaining death reports from Treasury when Treasury receives confirmed death information for other federal benefit-paying agencies’ beneficiaries.

Response

We agree.

MISSION

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