



STATE OF WISCONSIN

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**Department of Employee Trust Funds**  
Internal Audit

## AUDIT REPORT

### MATCH OF ANNUITY FILE WITH SOCIAL SECURITY ADMINISTRATION MONTHLY DEATH RECORDS

November 2004  
2004-4A

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STATE OF WISCONSIN  
Department of Employee Trust Funds

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November 10, 2004

Eric Stanchfield, Secretary  
Department of Employee Trust Funds

Dear Eric,

Subject: Match of Annuity File with Social Security Administration Monthly Death Records

Attached is the Board report on our monthly comparison of the Annuity File with Social Security Administration death records since April 2002. We acknowledge the cooperation of staff in the Division of Retirement Services and thank them for the time and effort they spent assisting us. The audit could not have been completed without their assistance.

Respectfully submitted by,

Robert J. Schaefer, CPA  
Director of Internal Audit

Vicki A. Wickliffe  
Auditor-in-Charge

## MATCH OF ANNUITY FILE WITH SOCIAL SECURITY ADMINISTRATION MONTHLY DEATH RECORDS

**I—INTRODUCTION**—Each month Internal Audit receives a compact disc with Social Security Administration (SSA) deaths, matches SSA death data against ETF's monthly Annuity File, and generates a report for Retirement Services. The purpose of monthly matches between SSA death reports and the Annuity File is timely identification of out-of-state annuitant and named survivor deaths.

**II—OBJECTIVE OF THIS REPORT**—Discuss results of monthly death matches during a recent 24-month period.

**III—RESULTS**—Staff identified 58 annuitant and 96 named survivor deaths. Identifying these deaths timely minimized annuity overpayments.

In the prior annual report on SSA monthly deaths, Internal Audit (IA) agreed to continue monthly matches between SSA updates and the Annuity File until SSA death information is integrated with the Benefit Payment System (BPS) and ACT 11 issues are resolved. Since most Act 11 issues have been resolved, Retirement Services staff may now be available for assuming responsibility for the monthly death match process until it is integrated with the new system. Another alternative is for Division of Information Technology staff to do the match since they perform a similar match for Wisconsin deaths reported monthly by the Wisconsin Vital Records Office.

The SSA Death Master File does *not* contain deaths reported only by Offices of Vital Statistics in individual states because State Offices have agreements with SSA for excluding such deaths in order to maintain a source of revenue for the states. However, outside vendors maintain databases that include deaths reported by many sources other than SSA. We contacted two vendors who perform death matches and found that many states ceased releasing death information to private firms because of major legal concerns stemming from the Health Insurance Portability and Accountability Act. Although the declining number of sources for death records weakens the case for using an outside vendor for monthly matches, a one-time death match by an outside vendor might identify unreported deaths.

**IV—OPINION**—*It is our opinion that monthly matches of SSA death records with the Annuity File continue to be a valuable source for identifying deaths of annuitants and named survivors living out-of-state.* As a compensating control to assure that monthly deaths are processed completely and appropriately, we recommend that ETF continue to purchase an updated SSA Death Master File every biennium.

### **V—AUDIT OBSERVATIONS AND PLANS OF ACTION**

**Observation #1:** *Responsibility for matching the Annuity File with SSA monthly deaths should be transitioned from Internal Audit to another area because it is an operational rather than an audit function.* **Plan of Action:** The Benefit Services Bureau Director agreed the monthly death match is an operational function but stated that Division staff are unable to assume responsibility for it because BPS is the priority. Since the Benefit Services Bureau Director supports automation of the death match process, Internal Audit will explore options with the administrator of the Division of Information Technology.

**Observation #2:** *A one-time death match by an outside vendor might identify unreported deaths.* **Plan of Action:** The Benefit Services Bureau Director supports a one-time death match by an outside vendor in lieu of the biennial match with the SSA Death Master File.

**VI—SECRETARY'S OFFICE COMMENTS**—Function has remained with IA due to resource constraints within the Department. The Secretary's Office is aware of constraints within the Division of Retirement Services to assume responsibility for matching the annuity file with the SSA monthly death report,

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supports exploration of other alternatives, and will carefully evaluate any such proposals for assumption of this activity. The Secretary's Office will review resource and cost requirements associated with the one-time death match by an outside vendor to determine its feasibility for identifying unreported deaths.