



Seniors Ride Free Fraud Audit Deceased Cardholders

Prepared by Research, Analysis & Policy Development Department

September 2010

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SUMMARY

This report summarizes the results of the RTA Department of Research, Analysis and Policy Development's audit of the Seniors Ride Free Program concerning a limited population – those cardholders that are now deceased. The audit disclosed 5.2% of the deceased cardholders that were contained in the sample continued to show usage on the CTA system following date of death. Of those cards used following death of the cardholder, the number of rides ranged from one ride to 1,411 rides per card, with the median being 40 rides per card and the mean 155 rides. Once such unauthorized use was found, the cards that were identified as having been used subsequent to death were deactivated. The audit recommends the RTA develop and implement a process that includes procedures to determine the status of current Seniors Ride Free cardholders, deactivate cards issued to cardholders that are now deceased and going forward, periodically review the status of cardholders for changes.

The RTA Planning and Regional Programs Department responded it agreed with the recommendations contained in the audit and will work to implement a program to identify cardholders that are deceased, and then to deactivate cards of deceased cardholders to prevent unauthorized use of such cards.

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Issue and Purpose

To determine whether there is fraud in the Seniors Ride Free Program (SRF) by the continued use of these cards subsequent to the cardholder's death, and, if so, the magnitude of such fraud and what additional controls are necessary to reduce such fraud. This particular population was chosen for initial testing due to the relative ease in accomplishing the task.

Testing of Deceased Seniors Rides Free Cardholders

Using the Social Security Death Index, the RTA identified 3,142 Seniors Ride Free cardholders that died within the past twelve months. These names represent only a portion of the approximately 400,000 names contained in the current RTA free fare database, and again, only a sample of those that died in the past twelve months. However, the sample size was determined by the University of Illinois at Chicago to be statistically significant.

The names of deceased cardholders were submitted to the CTA, of which 164 (5.2%) were found to have cards utilized after date of death on either the CTA or Pace systems. The 164 cards that were used following date of death represent 25,409 rides, ranging from one ride to 1,411 rides per card, with the median being 40 rides per card and the mean 155 rides. The number of fraudulent rides represents cardholders whose death ranged from just one month ago up to twelve months ago. Because Metra does not have an electronic fare collection system, Metra could not be included in this exercise.

Due to the limitations of the index, no cardholders deceased longer than twelve months ago were identified. However, cards issued to such deceased individuals remain active and could still be utilized today. Due care was taken in attempting to determine that the SRF cardholder and the individual identified as deceased were, in fact, the same individual. In addition to name (last, first and middle initial, when available) and date of birth match, we also utilized zip code as an identifier when available.

Conclusions / Recommendation

The cards we have identified as used after date of death were submitted to your staff and were recommended to be deactivated. Furthermore, no new cards should be issued in the names of the deceased cardholders. Although due care was given in attempting to determine the cardholder and the individual identified as deceased were the same individual, in the case of mistaken identification on our part, the RTA should require the cardholder to present

themselves to the RTA in person with proper identification prior to reissuance of another card.

Not all SRF cardholders were included in this exercise and it is assumed there may be other cards not included in the sample that are being fraudulently used in a similar manner. The RTA needs to review the current status of the remaining cardholders (approximately 400,000) and deactivate cards that are currently assigned to individuals that are deceased. Going forward, a similar review needs to be done on a periodic basis as the status of the cardholders' changes. Given the nature of the program, there will be a constant turnover of cardholders due to death. The size of the database requires such a review to be automated with the matching of the RTA SRF data against official death records. The RTA may wish to consider working on such a project with the Social Security Administration or another public entity (Illinois Department of Public Health) that retains death records. Special attention need to be given initially to removing cardholders that died more than twelve months ago. Further refinement and format consistency of the RTA SRF database will assist the RTA in matching SRF data to a secondary database.

Also during the course of this exercise it was noticed that in two instances next of kin had informed the RTA of the cardholder's death, yet the card remained active. RTA staff indicated going forward such cards would be immediately deactivated.

It is recommended the RTA develop and implement a process that includes procedures to determine the status of current SRF cardholders (deceased/non-deceased), deactivate cards issued to cardholders that are now deceased, and going forward, periodically again review the status of cardholders for changes.

The Research, Analysis and Policy Development Department wishes to thank you and your staff for the cooperation demonstrated throughout the conduct of the audit and for your efforts to bring this issue to closure. If you need any assistance in the implementation of the remaining recommendations, Carol Lampard, Division Manager of External Audit is available for consultation. We look forward to continuing to work with you.

Cc: Stephen E. Schlickman
Carol Lampard
Vickie Bradley



**Regional
Transportation
Authority**

Internal Memorandum

To: Grace Gallucci, Deputy Executive Director
Research, Analysis and Policy Development

From: Leanne Redden, Senior Deputy Executive Director
Planning & Regional Programs

Date: September 10, 2010

Re: **SENIORS RIDE FREE PROGRAM/DECEASED
CARDHOLDERS**

A handwritten signature in black ink, appearing to read 'LR', is positioned to the right of the 'From:' field.

The Customer Service Department has reviewed the audit conducted by the External Audit Division and agrees with the stated recommendations.

Following those recommendations, the Customer Service Management will work with the RTA IT Department on implementing a program utilizing data from the Social Security Administration to run reports to determine whether any Senior Ride Free cardholders have been reported deceased. We plan to model this new system after one currently in use by the State of Illinois Secretary of State's office.

Immediately upon notification of their death, the Customer Service Department will deactivate the cardholder's Senior Ride Free permit to prevent unauthorized use of the cards.

Once we have a process in place, formal procedures will be developed for use by the Customer Service Staff. A more detailed action plan will be shared with the External Audit Division once complete.

Cc: Carol Lampard
Vickie Bradley