

Audit Report

Beneficiaries Whose Payments Have
Been Suspended for No Child in Care
and Who Are Serving as
Representative Payees for Children

MEMORANDUM

Date: February 24, 2017

Refer To:

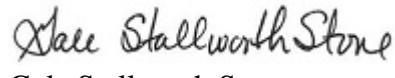
To: The Commissioner

From: Acting Inspector General

Subject: Beneficiaries Whose Payments Have Been Suspended for No Child in Care and Who Are Serving as Representative Payees for Children (A-09-17-50200)

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration had adequate controls to ensure it did not improperly suspend mother/father or spousal beneficiaries who had a child in their care.

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.



Gale Stallworth Stone

Attachment

Beneficiaries Whose Payments Have Been Suspended for No Child in Care and Who Are Serving as Representative Payees for Children

A-09-17-50200



February 2017

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) had adequate controls to ensure it did not improperly suspend mother/father or spousal beneficiaries who had a child in their care.

Background

A mother/father or spouse can be entitled to benefits under the child-in-care provisions of the *Social Security Act*. Entitlement to mother/father or spousal benefits requires that a wage earner's entitled child be in their care and under age 16 or disabled. SSA defines "in care" as exercising parental control and being responsible for the child's welfare and care.

For children under age 16, this generally means the parent must live in the same household as the child. If the child leaves the parent's care, SSA must suspend the mother/father or spousal benefits. However, a child may live in a separate household while mother/father or spousal benefits continue if the parent is still responsible for the child's welfare.

From SSA's Master Beneficiary Record (MBR), we identified 5,793 mother/father and spousal beneficiaries whose benefits SSA suspended for no child in care; however, they were serving as representative payees for 8,425 child beneficiaries.

Findings

SSA needs to improve its controls to ensure it does not improperly suspend mother/father and spousal beneficiaries who have a child in care. Based on our random sample, we estimate SSA improperly suspended 3,534 mother/father and spousal beneficiaries for no child in care. Of these, we estimate SSA underpaid 1,796 mother/father and spousal beneficiaries about \$40.2 million.

This occurred because SSA employees did not properly record the child-in-care data on the MBR to support payment to mother/father and spousal beneficiaries. Also, although SSA's automated system generated exceptions when there were no child-in-care data for the mother/father or spousal beneficiary, we found it did not generate exceptions when incorrect in-care data were on the MBR.

Recommendations

We recommend that SSA:

1. Take appropriate action for the remaining mother/father and spousal beneficiaries identified by our audit.
2. Evaluate the results of its actions for the mother/father and spousal beneficiaries in our sample and determine whether it should review the remaining population of 5,693 beneficiaries.
3. Remind employees to record and update child-in-care data on the MBR, as required, to support the suspension or payment of mother/father and spousal benefits.
4. Determine whether it should develop additional controls to ensure it does not improperly suspend mother/father and spousal beneficiaries who have a child in their care.

SSA agreed with our recommendations.

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ABBREVIATIONS

MBR	Master Beneficiary Record
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
U.S.C.	United States Code

OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) had adequate controls to ensure it did not improperly suspend mother/father or spousal beneficiaries who had a child in their care.

BACKGROUND

A mother/father or spouse can be entitled to benefits under the child-in-care provisions of the *Social Security Act*.¹ Entitlement to mother/father or spousal benefits requires that a wage earner's entitled child be in their care and under age 16 or disabled.² According to SSA policy, "in care" includes exercising parental control and being responsible for the child's welfare and care.³ For children under age 16, this generally means the parent must live in the same household as the child. If the child leaves the parent's care, SSA must suspend the mother/father or spousal benefits. However, a child may live in a separate household while mother/father or spousal benefits continue if the parent is still responsible for the child's welfare.⁴

Generally, the mother/father who is receiving benefits is the child-in-care's representative payee. SSA appoints representative payees to receive and manage the payments of those beneficiaries who cannot manage or direct the management of their benefits because of their youth or mental and/or physical impairments.⁵ Representative payees are responsible for using benefits in the beneficiary's best interests and providing for the beneficiary's care or welfare.⁶ When circumstances change or suggest a representative payee may no longer be suitable, SSA must determine whether it should select a new representative payee.⁷

SSA employees record in-care data for each child on the Master Beneficiary Record (MBR) and update this information if a mother/father or spousal beneficiary becomes re-entitled to child-in-care benefits. When the youngest child in a mother/father's care turns age 16, SSA's automated system suspends or terminates mother/father or spousal benefits based on the in-care data on the MBR. If there are no in-care data for the mother/father or spousal beneficiary on the MBR, SSA's automated system generates an exception to notify its employees to resolve it.

¹ *Social Security Act* § 202 *et seq.*, 42 U.S.C. § 402 *et seq.*

² SSA, POMS, RS 01310.001.A (January 10, 2011).

³ SSA, POMS, RS 01310.001.D (January 10, 2011).

⁴ SSA, POMS, RS 01310.010 (July 24, 2002), RS 01310.030.B (April 30, 2008), RS 01310.035.B (September 10, 1998), and RS 01310.040.B (July 24, 2002).

⁵ *Social Security Act* § 205(j)(1)(A), 42 U.S.C. § 405(j)(1)(A).

⁶ SSA, POMS, GN 00502.020 (April 15, 2016) and GN 00502.114.A (February 27, 2014).

⁷ SSA, POMS, GN 00504.100.A (April 15, 2016).

From SSA's MBR, we identified 5,793 mother/father and spousal beneficiaries whose benefits SSA suspended for no child in care; however, they were serving as representative payees for 8,425 child beneficiaries. From this population, we selected a random sample of 100 beneficiaries for review (see Appendix A).

RESULTS OF REVIEW

SSA needs to improve its controls to ensure it does not improperly suspend mother/father and spousal beneficiaries who have a child in care. Based on our random sample, we estimate SSA improperly suspended 3,534 mother/father and spousal beneficiaries for no child in care. Of these, we estimate SSA underpaid 1,796 mother/father and spousal beneficiaries about \$40.2 million (see Appendix B).

This occurred because SSA employees did not properly record the child-in-care data on the MBR to support the payments to mother/father and spousal beneficiaries. Also, although SSA's automated system generated exceptions when there were no child-in-care data for the mother/father or spousal beneficiary, we found it did not generate exceptions when incorrect in-care data were on the MBR.

Improper Suspensions for No Child in Care

Entitlement to mother/father or spousal benefits requires that a wage earner's entitled child be in their care and under age 16 or disabled.⁸ According to SSA policy, "in care" includes exercising parental control and being responsible for the child's welfare and care.⁹ For children under age 16, this generally means the parent lives in the same household as the child. If the child leaves the parent's care, SSA must suspend the mother/father or spousal benefits. However, a child may live in a separate household while the mother/father continues to receive child-in-care benefits if the parent is still responsible for the child's welfare.¹⁰

Of the 100 mother/father and spousal beneficiaries in our sample, we found that SSA had improperly suspended the benefits of 61 for no child in care. Of these, SSA potentially underpaid 31 beneficiaries \$693,705 in mother/father and spousal benefits because, according to the MBR, they had a child under age 16 or a disabled child in their care. In addition, SSA underpaid 30 mother/father and spousal beneficiaries; however, their underpayments were offset by overpayments to other family members, who lived in the same household, because of the

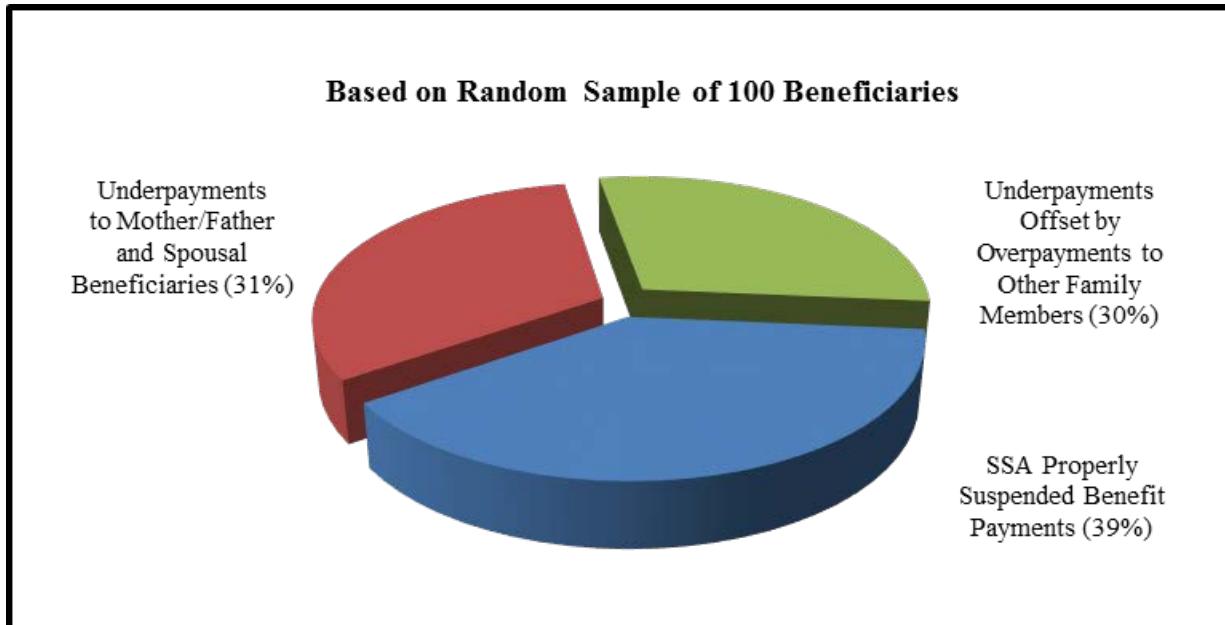
⁸ SSA, POMS, RS 01310.001.A (January 10, 2011).

⁹ SSA, POMS, RS 01310.001.C (January 10, 2011).

¹⁰ SSA, POMS, RS 01310.010 (July 24, 2002), RS 01310.030.B (April 30, 2008), RS 01310.035.B (September 10, 1998), and RS 01310.040.B (July 24, 2002).

family maximum provisions.¹¹ For the remaining 39 beneficiaries, SSA had properly suspended the benefit payments. Figure 1 summarizes the results of our review.

Figure 1: Beneficiaries Suspended for No Child in Care



The 61 beneficiaries included 29 who served as representative payee for a disabled adult child, 31 who served as a representative payee for a child under age 16, and 1 who served as a representative payee for both a disabled adult child and a child under age 16.

During our review, we provided SSA information for 31 of the mother/father and spousal beneficiaries in our sample so it could take corrective actions. As of September 2016, SSA had reviewed 15 of the 31 beneficiaries. For six, SSA released underpayments totaling \$1,803. For nine, SSA stated it had initiated, but not completed, actions to determine whether the child-in-care benefits were properly suspended.

Child-in-Care Data on the MBR

SSA employees record in-care data for each child on the MBR and update the information if a mother/father or spousal beneficiary becomes re-entitled to benefits. When the youngest child in a mother/father's care turns age 16, SSA's automated system suspends or terminates mother/father or spousal benefits based on the in-care data on the MBR. If there are no in-care data for the mother/father or spousal beneficiary on the MBR, SSA's automated system generates an exception to notify its employees to resolve it. In addition, SSA employees must

¹¹ The *Social Security Act* limits the amount of benefits payable to child and spousal beneficiaries on a Social Security record. If the total monthly benefits of all child and spousal beneficiaries exceed the maximum, SSA must reduce their payments to keep the total benefits within the family maximum provisions. The *Social Security Act* § 203(a), 42 U.S.C. § 403(a). SSA, POMS, RS 00615.754 (May 23, 2006).

record when a child has left the mother/father's care. If a child is no longer in a mother/father's care, SSA employees should record this information on the MBR and suspend benefits. SSA may reinstate mother/father or spousal benefits when a child returns to their care.

For 61 of the 100 mother/father and spousal beneficiaries in our sample, SSA's automated system suspended benefits based on the in-care data on the MBR. For 51 beneficiaries, SSA employees did not record any child-in-care data for 38 or update the in-care data for 13 to support entitlement to mother/father and spousal benefits.

For example, in February 2010, SSA suspended a mother's benefits when her youngest child turned age 16. In addition, another child in her care was entitled to disabled adult child's benefits. However, SSA did not record the child-in-care data on the MBR for the disabled adult child. As a result, the suspension was improper, and the mother was underpaid \$52,154 from February 2010 to September 2016.

For 10 beneficiaries, SSA employees should have removed data from the MBR that indicated the child was no longer in the mother/father's care. Although SSA employees recorded the correct child-in-care data for these beneficiaries on the MBR, they remained in suspense because the MBR had conflicting data indicating the children were not in their care.

For example, in October 2008, SSA suspended a mother's benefits when her youngest child turned age 16. In addition, another child in her care was entitled to disabled adult child's benefits. According to the MBR, the mother and disabled adult child lived in the same household, and the disabled adult child had left the mother's care even though they had the same address. Although SSA had updated the in-care data, it did not remove the left-care data for the disabled adult child. As a result, the suspension was improper, and the mother was underpaid \$87,066 from October 2008 to September 2016.

CONCLUSIONS

SSA needs to improve its controls to ensure it does not improperly suspend mother/father and spousal beneficiaries who have a child in care. Based on our random sample, we estimate SSA improperly suspended 3,534 mother/father and spousal beneficiaries for no child in care. Of these, we estimate SSA underpaid 1,796 mother/father and spousal beneficiaries about \$40.2 million (see Appendix B).

This occurred because SSA employees did not properly record the child-in-care data on the MBR to support the payments to mother/father and spousal beneficiaries. Also, although SSA's automated system generated exceptions when there were no child-in-care data for the mother/father or spousal beneficiary, we found it did not generate exceptions when incorrect in-care data were on the MBR.

RECOMMENDATIONS

We recommend that SSA:

1. Take appropriate action for the remaining mother/father and spousal beneficiaries identified by our audit.
2. Evaluate the results of its actions for the mother/father and spousal beneficiaries in our sample and determine whether it should review the remaining population of 5,693 beneficiaries.
3. Remind employees to record and update child-in-care data on the MBR, as required, to support the suspension or payment of mother/father and spousal benefits.
4. Determine whether it should develop additional controls to ensure it does not improperly suspend mother/father and spousal beneficiaries who have a child in their care.

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

From the Social Security Administration’s (SSA) Master Beneficiary Record (MBR), we obtained a data extract of 5,793 mother/father and spousal beneficiaries whose benefits SSA suspended for no child in care; however, as of July 2015, they were serving as representative payees for 8,425 child beneficiaries. From this population, we selected a random sample of 100 beneficiaries for review.

To accomplish our objective, we

- reviewed the applicable sections of the *Social Security Act* and SSA’s Program Operations Manual System;
- interviewed SSA employees from the Office of Operations;
- reviewed queries from SSA’s MBR and Representative Payee System;
- determined the underpayments to the beneficiaries, if any, after adjusting for the benefits payable to other family members; and
- referred a sample of 31 cases to SSA for corrective action and reviewed the corrective actions SSA had taken as of September 2016.

We determined whether the computer-processed data from the MBR were sufficiently reliable for our intended use. We conducted tests to determine the completeness and accuracy of the data. These tests allowed us to assess the reliability of the data and achieve our audit objective.

We conducted audit work in Richmond, California, and Baltimore, Maryland, between June and December 2016. The entity audited was the Office of Operations under the Office of the Deputy Commissioner for Operations.

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 objective. 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 obtained a data extract from the Social Security Administration's (SSA) Master Beneficiary Record (MBR) of 5,793 mother/father and spousal beneficiaries whose benefits SSA suspended for no child in care; however, as of July 2015, they were serving as representative payees for 8,425 child beneficiaries. From this population, we selected a random sample of 100 beneficiaries for review. Specifically, we determined the underpayments to the beneficiaries, if any, after adjusting for the benefits payable to other family members.

Of the 100 mother/father and spousal beneficiaries in our sample, we found SSA had suspended the benefits of 61 for no child in care, but they were serving as representative payees for 68 children. SSA potentially underpaid 31 beneficiaries \$693,705 in mother/father and spousal benefits because it should not have suspended their benefits. The remaining 30 beneficiaries had underpayments that were offset against overpayments to other family members, who lived in the same household, because of the family maximum provisions.¹ Projecting our sample result to the population of 5,793 beneficiaries, we estimate that 1,796 beneficiaries were underpaid about \$40.2 million in mother/father and spousal benefits.

The following tables provide the details of our sample results and statistical projections.

Table B–1: Population and Sample Size

Description	Beneficiaries
Population Size	5,793
Sample Size	100

Table B–2: Mother/Father and Spousal Beneficiaries Suspended for No Child in Care

Description	Beneficiaries
Sample Results	61
Point Estimate	3,534
Projection – Lower Limit	3,035
Projection – Upper Limit	4,004

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

¹ The *Social Security Act* limits the amount of benefits payable to child and spousal beneficiaries on a Social Security record. If the total monthly benefits of all child and spousal beneficiaries exceed the maximum, SSA must reduce their payments to keep the total benefits within the family maximum provisions. The *Social Security Act* § 203(a), 42 U.S.C. § 403(a). SSA, POMS, RS 00615.754 (May 23, 2006).

Table B–3: Underpayments to Mother/Father and Spousal Beneficiaries

Description	Beneficiaries	Underpayments
Sample Results	31	\$693,705
Point Estimate	1,796	\$40,186,302
Projection – Lower Limit	1,360	\$22,968,202
Projection – Upper Limit	2,282	\$57,404,401

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

Appendix C – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: February 15, 2017 **Refer To:** S1J-3

To: Gale S. Stone
Acting Inspector General

From: Stephanie Hall /s/
Acting Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, “Beneficiaries Whose Payments Have Been Suspended for No Child in Care and Who Are Serving as Representative Payees for Children”
(A-09-17-50200)--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 DRAFT REPORT,
“BENEFICIARIES WHOSE PAYMENTS HAVE BEEN SUSPENDED FOR NO CHILD
IN CARE AND WHO ARE SERVING AS REPRESENTATIVE PAYEES FOR
CHILDREN” (A-09-17-50200)**

GENERAL COMMENTS

We strive to process cases and pay benefits accurately. However, given the complexities of the child-in-care provisions where there are multiple children in care involved, these cases are often more error-prone. We note that the entire population for this review (5,793 mother/father and spousal beneficiaries) represents less than 0.3 percent of the 2 million dependents we serve.

While OIG found we incorrectly suspended benefits for no child-in-care, our review of case samples found that, in general, the suspensions processed were proper. Our review revealed beneficiaries were either due less than a full benefit payment or not due any benefits for the suspension periods. We found the suspensions were proper for several reasons. For example, in some instances, the beneficiary's earnings exceeded the annual earnings test limitations; beneficiaries had ongoing work suspensions; beneficiaries had remarried; and that we paid all the total family benefits due. We will provide information to refine the cost estimates associated with this review based on our actual case reviews during the recommendation tracking process.

OIG made four recommendations.

Recommendation 1

Take appropriate action for the remaining mother/father and spousal beneficiaries identified by our audit.

Response

We agree.

Recommendation 2

Evaluate the results of its actions for the mother/father and spousal beneficiaries in our sample and determine whether it should review the remaining population of 5,693 beneficiaries.

Response

We agree.

Recommendation 3

Remind employees to record and update child-in-care data on the MBR, as required, to support the suspension or payment of mother/father and spousal benefits.

Response

We agree.

Recommendation 4

Determine whether it should develop additional controls to ensure it does not improperly suspend mother/father and spousal beneficiaries who have a child in their care.

Response

We agree.

MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

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