



SOCIAL SECURITY

MEMORANDUM

Date: August 5, 2002

Refer To:

To: The Commissioner

From: Inspector General

Subject: Management Advisory Report: Summary of Financial-Related Audits of Representative Payees for the Social Security Administration (A-13-00-10065)

The attached final report presents the results of our review. Our objectives were to (1) summarize common findings and recommendations from the six Office of the Inspector General (OIG) financial-related audits of representative payees (Rep Payees), (2) identify significant issues related to the Social Security Administration's (SSA) oversight of Rep Payees, and (3) determine the status of SSA's corrective actions taken in response to the OIG's December 13, 2000 memorandum, *On-site Reviews of Representative Payees*.

Please comment within 60 days from the date of this memorandum on corrective action taken or planned on each recommendation. If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.



James G. Huse, Jr.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**SUMMARY OF FINANCIAL-RELATED
AUDITS OF REPRESENTATIVE
PAYEES FOR THE SOCIAL
SECURITY ADMINISTRATION**

August 2002 A-13-00-10065

**MANAGEMENT
ADVISORY REPORT**



Mission

We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

Vision

By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.

Executive Summary

OBJECTIVES

Our objectives were to (1) summarize common findings and recommendations from the six Office of the Inspector General (OIG) financial-related audits of representative payees (Rep Payees), (2) identify significant issues related to the Social Security Administration's (SSA) oversight of Rep Payees, and (3) determine the status of SSA's corrective actions taken in response to the OIG's December 13, 2000 memorandum, *On-site Reviews of Representative Payees*.

BACKGROUND

Some individuals cannot manage or direct the management of their finances because of their youth or mental and/or physical impairments. Congress granted SSA the authority to appoint Rep Payees to receive and manage these beneficiaries'¹ payments. A Rep Payee may be an individual or an organization. SSA selects Rep Payees for Old-Age, Survivors and Disability Insurance beneficiaries or Supplemental Security Income recipients when representative payments would serve the individual's interests. Rep Payees are responsible for using benefits in the beneficiary's best interests.

OIG Financial-Related Audits of Representative Payees

We performed six financial-related audits of Rep Payees (Appendix A). We audited the following three types of Rep Payees:

1. organizational Rep Payees (fee-for-service²),
2. organizational Rep Payees (non-fee-for-service), and
3. individual Rep Payees (serving more than 50 beneficiaries).

The objectives of the audits were to determine whether the Rep Payees (1) had effective safeguards over the receipt and disbursement of Social Security benefits and (2) ensured Social Security benefits were used and accounted for in accordance with SSA policies and procedures.

¹ The term "beneficiary" is used generically in this report to refer to both Old-Age, Survivors and Disability Insurance beneficiaries and Supplemental Security Income recipients.

² The Social Security Act permits some organizational Rep Payees to collect a fee for the services they perform. These organizations are called "fee-for-service" Rep Payees. The fee is compensation for providing Rep Payee services.

RESULTS OF REVIEW

Financial-Related Audits of Representative Payees Reveal Some Problematic Conditions

Of the six Rep Payees audited, we determined that four³ Rep Payees generally (1) had effective safeguards over the receipt and disbursement of Social Security benefits and (2) ensured that Social Security benefits were used and accounted for in accordance with SSA's policies and procedures. The two⁴ remaining Rep Payees had problems meeting both of these objectives.

Specifically, we found:

- Two Rep Payees had notable accounting system internal control weaknesses.
- Five Rep Payees failed to monitor and report changes that affected benefit eligibility, which resulted in about \$880,537 in benefit overpayments for 272 beneficiaries between September 1999 and August 2000.
- Two Rep Payees improperly handled beneficiaries' conserved funds. Conserved funds were either held in a non-interest bearing account or were not returned to SSA when the Rep Payee was no longer serving as the Rep Payee.
- Two Rep Payees improperly charged fees totaling \$874.

In addition, for five of the Rep Payees, SSA incorrectly recorded in its Representative Payee System (RPS) the number of beneficiaries in the Rep Payee's care and/or had listed the Rep Payee multiple times in the RPS.

Significant Issues Related to SSA's Oversight of the Representative Payment Program

We identified several issues related to SSA's oversight of Rep Payees that warrant the attention of Agency management. These issues concern the potential benefits of using stored value cards⁵ (SVC) or similar technology and problems associated with the annual Representative Payee Reports (RPR).

³ Hale Barnard Services, Appendix A-1; Individual Rep Payee, Georgia, Appendix A-2; Organizational Rep Payee, Michigan, Appendix A-3; Outreach, Inc., Appendix A-4

⁴ Baltimore City Department of Social Services, Appendix A-5, Individual Rep Payee, Oklahoma, Appendix A-6.

⁵ An SVC is a prepaid spending card that can be used everywhere a credit card is accepted. SVCs do not have a line of credit and can be used to make automated teller machine withdrawals.

Stored Value Cards – One of the key elements in the President’s Management and Performance Plan is “electronic government” (e-Government).⁶ The Office of Management and Budget (OMB) has established a task force to begin implementing the President’s initiative and is requesting agencies to identify areas where e-Government would be beneficial. We believe the use of SVCs or similar technology is an e-Government opportunity that SSA should consider for its Representative Payment Program. Other Federal agencies have used SVC technology for several years. For example, the U.S. Department of Agriculture is issuing over 80 percent of its food stamp benefits using this technology instead of coupon books. Also, the U.S. Army is using SVCs to disburse initial pay to basic trainees.

Given the nature of the problematic conditions we identified during our six audits, we believe SSA should consider the use of SVCs to provide improved safeguards over how Rep Payees spend and account for beneficiary payments. Specifically, SVCs could enable SSA to obtain spending information directly from the SVC/credit card company on the type and amount of expenses the Rep Payee incurred. This information could be available electronically and could be reviewed at various intervals (weekly, monthly, and annually).

Using SVCs could also result in significant administrative savings to SSA. SVCs could eliminate the need for about 7 million RPRs that are mailed annually and processed at a cost of about \$52 million. This could also eliminate the costs associated with storing and retrieving paper RPRs.

Representative Payee Reports – During our reviews, we found several completed RPRs that had questionable information (that is, no reported expenses or reported excess conserved funds). In addition, we found that SSA could not always retrieve completed RPRs. We requested the most recently completed RPRs for 167 beneficiaries. However, SSA only provided 67. Therefore, for the remaining 100, we could not determine whether the Rep Payees properly submitted RPRs.

Status of SSA’s Corrective Actions Taken in Response to OIG memorandum, On-site Reviews of Representative Payees

While planning our financial-related audits, we identified and reported two conditions to SSA on December 13, 2000 that warranted the immediate attention of SSA management. They involved:

1. SSA’s use of standardized interview questions during its on-site reviews of Rep Payees without approval from OMB.
2. Language on Rep Payee forms giving SSA the right to review the Rep Payees’ financial records when needed.

⁶ E-Government is the use of digital technologies to transform Government operations to improve effectiveness, efficiency, and service delivery.

We recommended that SSA:

1. Obtain OMB approval for beneficiary and Rep Payee interview forms it uses during its on-site reviews of Rep Payees.
2. Modify the *Request to be Selected as Payee* and the *Representative Payee Report* with language that clearly states the Rep Payee's acknowledgment of its obligation to provide SSA access to the Rep Payee's financial records.

SSA agreed with our first recommendation. It obtained OMB approval for the use of its on-site interview forms on May 29, 2001. With respect to our second recommendation, SSA revised the *Request to be Selected as Payee* to explicitly authorize SSA access to the Rep Payee's financial records. However, SSA has not revised the *Representative Payee Report* to state the Rep Payee agrees to allow SSA access to its financial records.

CONCLUSIONS AND RECOMMENDATIONS

Four of the Rep Payees we audited generally had effective safeguards over the receipt and disbursement of Social Security benefits and ensured that Social Security benefits were used and accounted for in accordance with SSA's policies and procedures. The two remaining Rep Payees had problems meeting both of these objectives.

Recommendations for improvement were made, most notably in monitoring and reporting changes in beneficiary circumstances to SSA. See Appendices A-1 through A-6 for the specific recommendations for each of the six audits. In addition, SSA needs to consider the use of SVCs or similar technology as an opportunity to realize significant administrative savings and to improve internal controls over Rep Payees. Finally, in response to our memorandum, *On-site Reviews of Representative Payees*, SSA has implemented the first recommendation and part of our second recommendation.

Summary of Previous OIG Recommendations

Below are selected recommendations we previously reported to the appropriate SSA Regional Commissioners and are presented here for informational purposes only.

We recommended that SSA require the affected Rep Payees to:

1. Implement internal accounting controls to ensure that all benefit receipts and disbursements are accurately recorded.
2. Implement controls to monitor and report to SSA events that would affect benefit eligibility or amount. Also, SSA should make sure Rep Payees take corrective action to repay all overpayments we identified during our audits.

3. Survey banks to re-assess the feasibility of placing beneficiary conserved funds into an interest-bearing account and to take action to ensure all individuals earn interest on their conserved funds.
4. Return conserved funds to SSA or the new Rep Payee for individuals no longer in its care and to establish controls to determine when individuals no longer in its care have conserved funds and ensure these funds are returned in a timely manner.
5. Determine the accuracy of conserved funds due SSA beneficiaries who are no longer in the Rep Payee's care. As appropriate, return any conserved funds to the affected beneficiaries, new Rep Payees, or SSA.
6. Reimburse beneficiaries for improper fees charged. Also, SSA should provide guidance on the proper collection of fees for Rep Payee services.

In addition we recommended that SSA take corrective actions to:

7. Consolidate the multiple entries in RPS and update RPS to include all beneficiaries in a Rep Payee's care.

Current Recommendations

We recommend that SSA:

1. Take appropriate follow-up actions to ensure the Rep Payees implement the 29 OIG recommendations made from the 6 audits.
2. Pilot the use of SVC or similar technology for Rep Payees.

AGENCY COMMENTS

SSA agreed with Recommendation 1 but disagreed with Recommendation 2. In its response, SSA concluded that stored value cards would be time-consuming and labor-intensive for Rep Payees. SSA also stated that many landlords, small businesses and service providers had no means of processing SVCs. (See Appendix C for the full text of SSA's comments.)

OIG RESPONSE

We continue to believe SSA should conduct a pilot of SVC use for Rep Payees. A pilot on the use of SVCs supports the President's Management and Performance Plan for "electronic government" and the Paperwork Reduction Act of 1995. In addition, the success of similar initiatives in other agencies has significantly reduced operating expenses (U.S. Military) as well as program fraud (Department of Agriculture).

We believe SSA's conclusions about SVCs are premature. The purpose of performing the pilot is to determine the feasibility, any limitations, necessary modifications, costs, benefits, legal implications, etc., of SVCs. Given the problems our audits and investigations of Rep Payees continue to identify, as well as SSA's inability to retrieve over 50 percent of Representative Payee Reports, we believe SSA should determine whether such technology has limited or widespread potential use for SSA's Representative Payment Program.

Table of Contents

	Page
INTRODUCTION.....	1
RESULTS OF REVIEW	4
Financial-Related Audits of Representative Payees Reveal Some Problematic Conditions	4
Accounting Internal Control Weaknesses Existed	5
Changes Affecting Beneficiaries' Eligibility or Benefit Amounts Were Not Always Reported	5
Conserved Funds Were Improperly Handled	7
Rep Payees Improperly Charged Fees.....	7
Incorrect Data Recorded in RPS.....	8
Significant Issues Related to SSA's Oversight of the Representative Payment Program.....	9
Stored Value Cards: An e-Government Opportunity SSA Should Consider.....	10
Rep Payee Reports Contained Questionable Data, and SSA Could Not Always Retrieve Reports.....	12
Status of SSA's Corrective Actions Taken in Response to OIG Memorandum, <i>On-site Reviews of Representative Payees</i>	13
SSA Obtained OMB Approval for Use of Standardized Questions.....	14
SSA Modified Language for Access to Financial Records.....	14
CONCLUSIONS AND RECOMMENDATIONS	16
APPENDICES	
Appendix A – Office of the Inspector General Financial-Related Audits of Representative Payees	
A-1 Financial-Related Audit of Hale Barnard Services	

- A-2 Financial-Related Audit of an Individual Representative Payee in Georgia
- A-3 Financial-Related Audit of an Organizational Representative Payee in Michigan
- A-4 Financial-Related Audit of Outreach, Inc.
- A-5 Financial-Related Audit of the Baltimore City Department of Social Services
- A-6 Financial-Related Audit of an Individual Representative Payee in Oklahoma

Appendix B – OIG Memorandum, *On-site Reviews of Representative Payees*

Appendix C – Agency Comments

Appendix D – OIG Contacts and Staff Acknowledgment

Acronyms

BCDSS	Baltimore City Department of Social Services
EBT	Electronic Benefits Transfer
HBS	Hale Barnard Services
IG	Inspector General
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PRA	Paperwork Reduction Act
Rep Payee	Representative Payee
RPS	Representative Payee System
RPR	Representative Payee Reports
SSA	Social Security Administration
SSI	Supplemental Security Income
SVC	Stored Value Card
USDA	United States Department of Agriculture

Introduction

OBJECTIVES

Our objectives were to (1) summarize common findings and recommendations from the six Office of the Inspector General (OIG) financial-related audits of representative payees (Rep Payees), (2) identify significant issues related to the Social Security Administration's (SSA) oversight of Rep Payees, and (3) determine the status of SSA's corrective actions taken in response to the OIG's December 13, 2000 memorandum, *On-site Reviews of Representative Payees*.

BACKGROUND

Some individuals cannot manage or direct the management of their finances because of their youth or mental and/or physical impairments. Congress granted SSA the authority to appoint Rep Payees to receive and manage these beneficiaries' payments.⁷ A Rep Payee may be an individual or an organization. SSA selects Rep Payees for Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries or Supplemental Security Income (SSI) recipients when representative payments would serve the individual's interests.

Rep Payees are responsible for using benefits in the beneficiary's best interests.⁸ Their duties include:

- using benefits to meet the beneficiary's current and foreseeable needs;⁹
- conserving and investing benefits not needed to meet the beneficiary's current needs;¹⁰
- maintaining accounting records of how the benefits are received and used;¹¹
- reporting events to SSA that may affect the individual's entitlement or benefit payment amount;¹²
- reporting any changes in circumstances that would affect their performance as a Rep Payee;¹³ and

⁷ 42 U.S.C. §§ 405(j), 1383(a)(2)(A)(ii), 20 C.F.R. §§404.2035(a), 416.635(a).

⁸ 20 C.F.R. §§ 404.2035(a), 416.635.

⁹ 20 C.F.R. §§ 404.2040, 416.640(a).

¹⁰ 20 C.F.R. §§ 404.2045, 416.645.

¹¹ 20 C.F.R. §§ 404.2065, 416.665.

¹² 20 C.F.R. §§ 404.2035, 416.635.

¹³ 42 U.S.C. §§405(j)(3)(A), 1383(a)(2)(C), 20 C.F.R. §§ 404.2035(b), 416.635(b).

- providing SSA an annual Representative Payee Report (RPR) accounting for how benefits were spent and invested.

OIG Financial-Related Audits of Representative Payees

Since 1996, our audits have identified weaknesses in SSA's monitoring of and accounting for Rep Payees, and our investigative work provides examples of Rep Payees that have committed misuse. For example, our December 1996 evaluation report, *Monitoring Representative Payee Performance: Non-Responding Payees*, identified several problems with Rep Payees who do not respond to and complete the RPRs. As a result, we recommended that SSA determine why Rep Payees do not complete the RPRs; determine whether SSA staff are properly processing alerts for Rep Payees who do not complete the RPRs; and develop procedures to ensure Rep Payees complete the RPRs.

In May 2000, the Inspector General (IG) testified before Congress and expressed concern over the lack of accountability and oversight of SSA's Rep Payees. No case better exemplifies the weaknesses in SSA's monitoring of Rep Payees than the Aurora Foundation, in which the Rep Payee embezzled over \$300,000 in Social Security payments. The IG testified that, during the Aurora Foundation's final year in operation, SSA was only able to secure 12 of the required 140 RPRs. Missing RPRs reflect a lack of program oversight on behalf of SSA. After the hearings, Congress asked SSA to provide monthly status reports on its efforts to monitor and improve the Representative Payment Program.

For these reasons, we performed six financial-related audits of Rep Payees (Appendix A). We audited three types of Rep Payees:

- organizational payees (fee-for-service),
- organizational payees (non-fee-for-service), and
- individual payees (serving more than 50 beneficiaries).

The objectives of the audits were to determine whether Rep Payees (1) had effective safeguards over the receipt and disbursement of Social Security benefits and (2) ensured Social Security benefits were used and accounted for in accordance with SSA policies and procedures.

The six Rep Payees we audited were:

- Hale Barnard Services, a fee-for-service Rep Payee in Boston, Massachusetts;
- Baltimore City Department of Social Services (BCDSS), an organizational Rep Payee in Baltimore, Maryland;
- an individual Rep Payee in Decatur, Georgia;
- an organizational Rep Payee in Detroit, Michigan;
- an individual Rep Payee in Prague, Oklahoma; and
- Outreach, Inc., a fee-for-service Rep Payee in San Jose, California.

SCOPE AND METHODOLOGY

To accomplish our objectives, we reviewed and analyzed the results of the six OIG financial-related audits of Rep Payees to identify significant issues related to SSA oversight of Rep Payees. In addition, we researched the potential benefits of using stored value cards (SVC) in SSA's Rep Payee program. We also determined the status of SSA's corrective actions taken in response to our December 13, 2000 memorandum, *On-site Review of Representative Payees* (Appendix B).

We performed our review in Baltimore, Maryland, from July to November 2001.

Results of Review

These audits revealed the existence of some problematic conditions that needed corrective action. In addition, after reviewing the results of our six financial-related audits, we identified several issues related to SSA's oversight of Rep Payees that warrant the attention of Agency management. Furthermore, SSA has taken action in response to our memorandum concerning data collection and access to Rep Payees' financial information.

Financial-Related Audits of Representative Payees Reveal Some Problematic Conditions

Of the six Rep Payees audited, we determined that four¹⁴ Rep Payees generally (1) had effective safeguards over the receipt and disbursement of Social Security benefits and (2) ensured that Social Security benefits were used and accounted for in accordance with SSA's policies and procedures.

The two¹⁵ remaining Rep Payees had problems related to these objectives. Although one Rep Payee ensured that Social Security benefits were used and accounted for in accordance with SSA's policies and procedures, our audit showed that significant improvements were needed for its safeguards over the receipt and disbursement of Social Security benefits. Our work also indicated that the other Rep Payee did not have effective safeguards to properly account for beneficiary benefits. Further, this Rep Payee did not ensure that Social Security benefits were used and accounted for in accordance with SSA's policies and procedures.

Our audits found the following:

- two Rep Payees had notable accounting internal control weaknesses,
- five Rep Payees failed to monitor and report changes that affected benefit eligibility,
- two Rep Payees improperly handled beneficiaries' conserved funds, and
- two fee-for-service Rep Payees improperly charged fees.

In addition, for five of the Rep Payees, SSA incorrectly recorded the number of beneficiaries in the Rep Payee's care and/or had listed the Rep Payee multiple times in its Representative Payee System (RPS).

¹⁴ Hale Barnard Services, Appendix A-1; Individual Rep Payee, Georgia, Appendix A-2; Organizational Rep Payee, Michigan, Appendix A-3; Outreach, Inc., Appendix A-4.

¹⁵ Baltimore City Department of Social Services, Appendix A-5, Individual Rep Payee, Oklahoma, Appendix A-6.

**Accounting
Internal Control
Weaknesses
Existed**

Rep Payees are required to keep accurate and complete records to show how much they received in SSA benefits and how that money was used.¹⁶ Annually, a Rep Payee is required to report this information to SSA by completing and returning the RPR. Records must be kept for 2 years from the time the Rep Payee completes the RPR.¹⁷

Two Rep Payees¹⁸ did not have adequate accounting internal controls to ensure the accuracy and completeness of recorded benefit receipts and disbursements. Some of the reported weaknesses included (1) the subsidiary ledger was not reconciled to the general ledger; (2) bank statements were not reconciled to subsidiary ledgers; (3) beneficiary funds were commingled with Rep Payee's own operating funds; and (4) cash disbursements were not properly accounted for. The effect of these weaknesses for 1¹⁹ Rep Payee was a recorded error in benefit receipts and disbursements in 41 of 50 cases (82 percent) in our sample.

**Changes Affecting
Beneficiaries'
Eligibility or Benefit
Amounts Were Not
Always Reported**

One of a Rep Payee's primary responsibilities is to notify SSA of any change that will affect the amount of benefits the beneficiary receives or the beneficiary's right to receive benefits. The Rep Payee must report changes within 10 days after the month in which the change occurred. For example, some of the changes a Rep Payee must report to SSA are:

- receipt of other Government benefits,
- change of child custody,
- imprisonment or commitment to an institution,
- change in income or resources, and
- marriage.

Five of the six Rep Payees²⁰ we audited failed to report changes that affected benefit eligibility. These reportable events included (1) receipt of another Government benefit, (2) resources over \$2,000, (3) a change in living condition, and (4) the deaths of beneficiaries. The Rep Payees indicated they failed to report changes because they were unaware of their responsibility to notify SSA or the Rep Payee did not have

¹⁶ 20 C.F.R. §§ 404.2065, 416.665.

¹⁷ 20 C.F.R. §§ 404.2060, 416.660.

¹⁸ Baltimore City Department of Social Services, Appendix A-5, Individual Rep Payee, Oklahoma, Appendix A-6.

¹⁹ Baltimore City Department of Social Services, Appendix A-5.

²⁰ Hale Barnard Service, Appendix A-1; Individual Rep Payee, Georgia, Appendix A-2; Organizational Rep Payee, Michigan, Appendix A-3; Outreach, Inc., Appendix A-4; Baltimore City Dept. of Social Services, Appendix A-5.

procedures in place to identify reportable events. Not reporting these events resulted in an estimated \$880,537 in benefit overpayments for 272 beneficiaries between September 1999 and August 2000.

The chart below identifies the overpayment amount by program and reason for each Rep Payee.

Rep Payee	OASDI Overpayment	SSI Overpayment	Total Overpayment	Reason(s) for Overpayment(s)
Hale Barnard Services		\$ 22,774	\$ 22,774	- Resources over \$2,000
Baltimore City Department of Social Services	\$ 60,712	\$ 746,808	\$ 807,520	- Receipt of another Government benefit - Resources over \$2,000 - Changes in living conditions
Individual in Decatur Georgia		\$ 4,596	\$ 4,596	- Resources over \$2,000
Organization in Detroit Michigan		\$ 359	\$ 359	- Resources over \$2,000
Outreach, Inc.	\$10,320	\$34,968	\$45,288	- Resources over \$2,000 - Beneficiary deceased
Total	\$ 71,032	\$ 809,505	\$ 880,537	

**Conserved
Funds Were
Improperly
Handled**

Rep Payees are required to conserve or invest benefits not needed for the beneficiary's immediate or foreseeable needs. These funds may be deposited in an interest-bearing or dividend-bearing account in a bank, trust company, credit union, or savings and loan association that is insured under either Federal or State law. For each beneficiary, Rep Payees should place conserved funds in excess of \$150 in interest-yielding investments. In addition, a Rep Payee who is no longer serving as the Rep Payee must transfer the beneficiary's conserved funds to a successor Rep Payee, SSA, or the beneficiary.

Two Rep Payees²¹ improperly handled the beneficiary's conserved funds. For example, conserved funds were not properly titled, were held in a non-interest-bearing account, in an underinsured account, or were not returned to SSA when the Rep Payees were no longer serving as the Rep Payee. In our opinion, these problems were the result of a high turnover in Rep Payee personnel. One Rep Payee stated it had problems with its bank and therefore had not deposited beneficiaries' conserved funds into savings accounts.

One²² Rep Payee did not earn interest on beneficiaries' savings. The Rep Payee held \$665,062 in a non-interest-bearing checking account, and the account was not properly titled to show the fiduciary relationship between the Rep Payee and the beneficiaries in its care. Also, the Rep Payee held about \$53,052 for 28 individuals, including 7 who had died and 21 who were assigned to new Rep Payees or were no longer eligible for benefits. Another²³ Rep Payee did not invest \$1,665,400 of beneficiaries' conserved funds into savings accounts and did not return about \$864,000 in conserved funds to SSA when the Rep Payee was no longer serving as the Rep Payee. The conserved funds balances ranged from \$2 to over \$35,000.

**Rep Payees
Improperly
Charged Fees**

Some organizational Rep Payees may collect a fee from the individual's total Social Security benefits. To collect a fee, an organization must be a community-based, nonprofit social service agency, bonded or licensed, and serving at least five beneficiaries.

The organization cannot be a creditor of the beneficiary. The fee charged is the lesser of 10 percent of the monthly benefit amount or \$28. However, current benefits may not be used to collect fees for prior months. In addition, Rep Payees are prohibited from charging a fee if no SSA payment is received in the month.

²¹ Outreach, Inc., Appendix A-4, Baltimore City Dept. of Social Services, Appendix A-5.

²² Outreach, Inc., Appendix A-4.

²³ Baltimore City Dept. of Social Services, Appendix A-5.

For the two fee-for-service Rep Payees²⁴ audited, we found that both had improperly charged fees. For example, the Rep Payees charged fees during months in which no benefits were received, used current benefits to retroactively charge fees for prior months, collected fees when funds were not available for payment, and failed to charge the lesser of \$28 per month or 10 percent of benefits received. The improper fee charges totaled \$874 for 9 of the 113 individuals reviewed.

Incorrect Data Recorded In RPS

The Omnibus Budget Reconciliation Act of 1990²⁵ requires SSA to develop a system to maintain data about all Rep Payees and the individuals they serve. As a result, SSA established the RPS, which is an on-line system for entering and retrieving information about Rep Payees and those applying to be Rep Payees. The

RPS contains data about Rep Payee applicants; individuals in the Rep Payee's care; and the relationship between the Rep Payee and the individuals.

In addition, SSA uses the RPS to select Rep Payees for an on-site review. Specifically, SSA periodically selects from RPS all fee-for-service Rep Payees, all organizational Rep Payees serving more than 100 beneficiaries and individual Rep Payees serving more than 20 beneficiaries for on-site reviews. From the selected Rep Payees, SSA obtains a sample of beneficiaries for review.

We found that SSA had erroneous information in RPS for five of the Rep Payees²⁶ we audited. This included:

- beneficiaries in the Rep Payee's care were not recorded in RPS,
- Rep Payees were listed multiple times in RPS, and
- Rep Payees were improperly classified as a non-fee-for-service Rep Payee when in fact it was a fee-for-service Rep Payee or as an organizational Rep Payee when in fact it was an individual Rep Payee.

We found some errors occurred because several individuals had been with the Rep Payee before RPS was implemented. These individuals were omitted when RPS was initially established.

Erroneous information in RPS could result in a Rep Payee not being identified for an on-site review. For example, this could occur if a Rep Payee is listed multiple times in RPS and the listing indicates it is managing payments for beneficiaries less than the number of beneficiaries required for an on-site review. In addition, all beneficiaries in a Rep Payee's care may not be properly identified for review.

²⁴ Hale Barnard Services, Appendix A-1, Outreach, Inc., Appendix A-4.

²⁵ Public Law 101-508, Section 5105.

²⁶ Individual Rep Payee, Georgia, Appendix A-2; Organizational Rep Payee, Michigan, Appendix A-3; Outreach, Inc., Appendix A-4; Baltimore City Dept. of Social Services, Appendix A-5; Individual Rep Payee, Oklahoma, Appendix A-6.

Another problem occurs when fee-for-service Rep Payees are not properly classified in RPS. As a result, the Rep Payee does not receive information from SSA concerning fee increases.

The following chart identifies the beneficiaries not recorded in RPS, the number of multiple listings in RPS for each Rep Payee and the Rep Payees that were improperly classified.

Rep Payee	Beneficiaries not Recorded in RPS	Number of Times Rep Payee was Listed in RPS	Was the Rep Payee Properly Classified in RPS?
Baltimore City Department of Social Services	7	1	Yes
Individual – Georgia	3	2	Yes
Organization – Michigan		3	Yes
Individual – Oklahoma		3	No
Outreach, Inc.	30	3	No

Significant Issues Related to SSA's Oversight of the Representative Payment Program

We identified several issues related to SSA's oversight of Rep Payees that warrant the attention of Agency management. These issues concern the potential benefits of using SVCs²⁷ or similar technology and problems associated with the annual RPRs.

²⁷ An SVC is a prepaid spending card that can be used everywhere a credit card is accepted. Because it is a prepaid card, spending is limited to the amount of money transferred to the card. The SVC looks similar to a credit card, both would have the credit card mark and hologram; however, SVCs do not have a line of credit. To a merchant, the SVC functions like a credit card. Merchants process SVCs and credit card authorizations in the same manner. Also, SVCs can be used to make automated teller machine withdrawals.

**Stored
Value Cards: An
e-Government
Opportunity SSA
Should Consider**

One of the key elements in the President's Management and Performance Plan is "electronic Government" (e-Government). E-Government is the use of digital technologies to transform Government operations to improve effectiveness, efficiency, and service delivery. The Office of Management and Budget (OMB) has established a task force to begin implementing the President's initiative and is requesting agencies to identify high payoff e-Government opportunities.

We believe the use of SVCs is an e-Government opportunity that SSA should consider for its Representative Payment Program. SSA is already participating in a product similar to SVC through the Electronic Benefits Transfer (EBT) Program²⁸ sponsored by the Department of Treasury. About 50,000 beneficiaries/recipients are voluntarily participating in this Program. The EBT Program has reduced administrative costs by eliminating costs associated with printing and mailing benefit checks.

Other Federal agencies have also been using SVCs/EBT for several years. For example, the U.S. Department of Agriculture (USDA) issues over 80 percent of its food stamp benefits using EBT. EBT creates an electronic record of each food stamp transaction, making it easier to identify and document instances where food stamps are "trafficked,"²⁹ or exchanged for cash, drugs or other illegal goods. The use of EBT has made it easier for USDA to detect large-scale trafficking, a type of program fraud. The USDA reported a 19-percent decline in food stamp trafficking due in part to EBT.

In another example, the U.S. Army completed its 1 millionth SVC transaction in May 1999 as part of a recently completed project intended to provide a more efficient system to disburse initial pay to "basic trainees." About 125,000 cards had been issued totaling about \$40 million in SVC transactions. The use of SVCs reduced the administrative time required to pay trainees. In addition, the SVCs saved time by eliminating the need to cash checks, money orders and credit vouchers. The SVC program manager reported cardholder fraud at about 1 for every 10,000 cards issued.

Application of SVCs to SSA's Representative Payment Program – Given the nature of the problematic conditions we identified during our six audits, we believe SSA should consider the use of SVCs to safeguard how Rep Payees spend and account for beneficiary payments. Specifically, SVCs could replace the need for "paper checks" or direct deposit payments. SSA, in partnership with a given credit card company, could issue SVCs to Rep Payees. SSA could transfer or "load" the beneficiary's monthly benefit payment onto the SVC. The Rep Payee would then use the SVC to make

²⁸ The EBT program known as the Benefit Security Card (BSC) is part of a governmentwide effort to improve services to beneficiaries who do not have an account at a financial institution. Beneficiaries using the BSC access their benefits through automated teller machines and point-of-sale terminals.

²⁹ Trafficking is when individuals sell their food stamps for cash. It violates the spirit and intent of the Food Stamp Program as well as the law.

purchases on behalf of the beneficiary and would be able to use the automated teller machine feature to make cash withdrawals, if necessary.

Use of the SVCs could provide improved safeguards over Rep Payees' use of Social Security benefits. Specifically, SVCs could enable SSA to obtain spending information directly from the SVC/credit card company on the type and amount of expenses the Rep Payee incurred. This information could be available electronically and could be reviewed at various intervals (weekly, monthly, and annually). In addition, SVCs could provide SSA and Rep Payees the ability to monitor balances and purchases by reviewing on-line statements or by calling a voice response telephone line. Since balances and purchases are electronically captured, the RPR may no longer be needed.³⁰

Some potential benefits of using the SVC could include:

- Eliminating the RPR and providing significant administrative savings of costs for mailing and processing RPRs. Almost 7 million RPRs are mailed and processed annually at a cost of about \$52 million.
- Eliminating the costs and problems associated with storing and retrieving RPRs.
- Enabling SSA to obtain spending information directly from the SVC company on the type and amount of expenses the Rep Payee incurred. This information could be available electronically and be reviewed at various intervals (weekly, monthly, and annually).
- Allowing SSA to identify instances of questionable expenses, unusual spending patterns and establishing merchant blocking to prevent Rep Payees from making purchases with certain vendors.
- Tracking conserved fund balances and, as such, allowing SSA to quickly identify instances when SSI recipients have resources over \$2,000.
- Identifying conserved fund balances that should be returned to SSA.
- Supporting the Paperwork Reduction Act (PRA) of 1995³¹ by minimizing the paperwork burden for individuals, businesses, institutions, and other persons resulting from the collection of information by or for the Government.

³⁰ The elimination of the RPR would require a legislative amendment to the Social Security Act.

³¹ 44 U.S.C. §§ 3501et.seq.

Rep Payee Reports Contained Questionable Data, and SSA Could Not Always Retrieve Reports

One method SSA uses to monitor Rep Payees is the RPR. The RPR is intended to assist SSA in determining the (1) use of benefits during the proceeding 12-month reporting period, (2) continued suitability of the Rep Payee, and (3) continued need for representative payment.³² Depending on the Rep Payee's responses, SSA may contact the Rep Payees to determine their continued suitability. During our reviews, we found several

completed RPRs that had questionable information. We also found that SSA could not always retrieve completed RPRs.

Rep Payee Reports with no Reported Beneficiary Expenses - One Rep Payee³³ reported that, on three completed RPRs, it spent none of the benefits it received from SSA. We believe this information should have alerted SSA to potential problems. Similar information could cause problems if it pertains to SSI beneficiaries who are entitled to payments based on financial need. According to SSA's records, no follow-up actions were taken to determine why the Rep Payee was not spending money on the beneficiaries.

Rep Payee Reports with Reported Excess Conserved Funds - For three Rep Payees,³⁴ our analysis identified five completed RPRs where the Rep Payee reported to SSA conserved funds for SSI recipients over \$2,000. This information was also posted to the SSI record. For example, in one case, the Rep Payee reported \$12,562 in conserved funds. This information should have initiated a review by SSA to determine whether the beneficiary was still eligible for payments. However, SSA did not conduct such a review, and benefits continued uninterrupted.

Rep Payee Reports with Improperly Reported Expenses - For 1 Rep Payee,³⁵ 12 of the 18 RPRs did not show any reported expenses for food and housing. Instead, our review showed that all beneficiary expenses were reported as clothing, education, medical and dental expenses, and recreation or personal items. We asked the Rep Payee why it did not report food and housing expenses even though they were reflected in the beneficiaries' subsidiary ledger. The Rep Payee provided us a copy of an Internal Revenue Service Regulation,³⁶ which states, "The entire cost of nursing home care is deductible for a mentally incompetent person who is unsafe when left alone." The Rep Payee indicated it did not want to report one amount categorized as food and

³² SSA, *Program Operations Manual System*, GN 00605.066, GN 00605.067, GN 00605.090, GN 00605.221.

³³ Baltimore City Dept. of Social Services, Appendix A-5.

³⁴ Hale Barnard Services, Appendix A-1; Organizational Rep Payee, Michigan, Appendix A-3; Baltimore City Dept. of Social Services, Appendix A-5.

³⁵ Organizational Rep Payee, Michigan, Appendix A-3.

³⁶ 26 C.F.R. § 1.213-1.

housing to SSA and a different amount to the Internal Revenue Service. The Rep Payee should properly report the expenses regardless of Internal Revenue Service reporting requirements. SSA staff agreed that the Rep Payee should appropriately report the food and housing expenses on the RPR.

SSA Retrieval of Rep Payee Reports - As part of our six audits, we planned to review a sample of completed RPRs to determine whether the Rep Payee met its reporting responsibilities. We requested the most recently completed RPRs for 167 beneficiaries. However, SSA only provided 67 of the RPRs we requested. For the remaining 100, we could not determine whether the Rep Payee properly submitted RPRs. This problem was also discussed when the IG testified at May 2000 congressional hearings. At that time, the IG testified that, during the Aurora Foundation's final year in operation, SSA was only able to retrieve 12 of the required 140 RPRs.

The following table shows how many RPRs were and were not received received during our audits.

Rep Payee	RPRs Requested	RPRs Received	RPRs Not Received
Hale Barnard Services	30	13	17
Baltimore City Department of Social Services	26	15	11
Individual – Georgia	30	0	30
Organizational – Michigan	30	18	12
Individual – Oklahoma	21	14	7
Outreach, Inc.	30	7	23
Total	167	67	100

Status of SSA's Corrective Actions Taken in Response to OIG Memorandum, On-site Reviews of Representative Payees

In our December 13, 2000 memorandum, *On-site Reviews of Representative Payees* (Appendix B), we alerted SSA to two conditions we identified while we were planning our financial-related audits of Rep Payees. Those conditions pertained to SSA's use of standardized questions during on-site reviews and access to Rep Payees' financial records.

SSA Obtained OMB Approval for Use of Standardized Questions

OMB approval.

As part of our financial-related audits of Rep Payees, we interviewed a sample of beneficiaries. In developing our interview questions, we learned OMB had to approve the questionnaire we planned to use to collect information from the beneficiaries. These requirements are set forth in PRA.³⁷ The PRA minimizes the paperwork burden resulting from the collection of information by or for the Government. We proceeded accordingly and obtained

While planning the financial-related audits of Rep Payees, we determined that SSA did not receive OMB approval for collecting certain information while performing its on-site reviews of Rep Payees. On-site reviews consist of a visit with the Rep Payee, a review of the accounting records for a sample of beneficiaries, and interviews with beneficiaries to determine whether needs are being met. During these reviews, SSA uses standardized questions for collecting information from beneficiaries and Rep Payees. SSA did not submit the standardized questions to OMB for approval, in accordance with the PRA.

We were concerned that SSA undermined the PRA goals, objectives, and protections granted to the public by not obtaining OMB clearance for these interview questions. As a result, we recommended that SSA obtain OMB approval for the beneficiary and Rep Payee interview forms it uses during its on-site reviews of Rep Payees. SSA agreed with our recommendation and received clearance from OMB to use its standardized interview forms on May 29, 2001.

SSA Modified Language for Access to Financial Records

In planning our audits, we also anticipated that some Rep Payees might refuse to provide us their financial accounting records of benefits received and spent on behalf of beneficiaries. Therefore, we reviewed relevant legal criteria as well as SSA policies and procedures to determine whether Rep Payees are required to provide this information. Based on our review of these criteria, we found that there was no explicit language stating that a Rep Payee is obligated to allow SSA access to the Rep Payee's financial records of benefits received and spent on the beneficiary's behalf. Absent such language, there is an increased risk that Rep Payees may refuse SSA access to such records.

Consequently, we recommended that SSA modify language contained in its *Request to be Selected as Payee* and the *Social Security Administration Representative Payee Report* accordingly. We recommended that the language make it clear that a Rep Payee agrees to allow SSA access to the Rep Payee's financial records of benefits received and spent on a beneficiary's behalf.

³⁷ Pubic Law 104-13.

Our review found that SSA revised the *Request to be Selected as Payee* to explicitly authorize SSA access to the Rep Payee's financial records. However, SSA has not revised the RPR to state the Rep Payee agrees to allow SSA access to its financial records.

Conclusions and Recommendations

Four of the Rep Payees we audited generally had effective safeguards over the receipt and disbursement of Social Security benefits and ensured that Social Security benefits were used and accounted for in accordance with SSA's policies and procedures. However, the two remaining Rep Payees had problems related to these objectives. Although one Rep Payee ensured that Social Security benefits were used and accounted for in accordance with SSA's policies and procedures, our audit showed that significant improvements were needed for its safeguards over the receipt and disbursement of Social Security benefits. The other Rep Payee did not have effective safeguards over the receipt and disbursement of Social Security benefits and did not ensure that Social Security benefits were used and accounted for in accordance with SSA's policies and procedures. Recommendations for improvement were made, most notably in monitoring and reporting changes in beneficiary circumstances to SSA. See Appendices A-1 through A-6 for the specific recommendations for each of the six audits. Also, SSA should consider the use of SVCs or similar technology as an opportunity to realize significant administrative savings and improve internal controls over Rep Payees. Finally, in response to our memorandum, *On-site Reviews of Representative Payees*, SSA has implemented the first recommendation and part of our second recommendation.

Summary of Previous OIG Recommendations

Below are selected recommendations we previously reported to the appropriate SSA Regional Commissioners and are presented here for informational purposes only.

We recommended that SSA require the affected Rep Payees to:

1. Implement internal accounting controls to ensure that all benefit receipts and disbursements are accurately recorded.
2. Implement controls to monitor and report to SSA events that would affect benefit eligibility or amount. Also, SSA should make sure Rep Payees take corrective action to repay all overpayments we identified during our audits.
3. Survey banks to re-assess the feasibility of placing beneficiary conserved funds into an interest-bearing account and to take action to ensure all individuals earn interest on their conserved funds.
4. Return conserved funds to SSA or the new Rep Payee for individuals no longer in its care and to establish controls to determine when individuals no longer in its care have conserved funds and ensure these funds are returned in a timely manner.

5. Determine the accuracy of conserved funds due SSA beneficiaries who are no longer in the rep payee's care. As appropriate, return any conserved funds to the affected beneficiaries, new Rep Payees, or SSA.
6. Reimburse beneficiaries for improper fees charged. Also, SSA should provide guidance on the proper collection of fees for Rep Payee services.

In addition, we recommended that SSA take corrective actions to:

7. Consolidate the multiple entries in RPS and update RPS to include all beneficiaries in a Rep Payee's care.

Current Recommendations

We recommend that SSA:

1. Take appropriate follow-up actions to ensure the Rep Payees implement the 29 OIG recommendations made from the 6 audits.
2. Pilot the use of SVC or similar technology for Rep Payees.

AGENCY COMMENTS

SSA agreed with Recommendation 1 but disagreed with Recommendation 2. In its response, SSA concluded that stored value cards would be time-consuming and labor-intensive for Rep Payees. SSA also stated that many landlords, small businesses and service providers had no means of processing SVCs. (See Appendix C for the full text of SSA's comments.)

OIG RESPONSE

We continue to believe SSA should conduct a pilot of SVC use for Rep Payees. A pilot on the use of SVCs supports the President's Management and Performance Plan for "electronic government" and the Paperwork Reduction Act of 1995. In addition, the success of similar initiatives in other agencies has significantly reduced operating expenses (U.S. Military) as well as program fraud (Department of Agriculture).

We believe SSA's conclusions about SVCs are premature. The purpose of performing the pilot is to determine the feasibility, any limitations, necessary modifications, costs, benefits, legal implications, etc., of SVCs. Given the problems our audits and investigations of Rep Payees continue to identify, as well as SSA's inability to retrieve over 50 percent of Representative Payee Reports, we believe SSA should determine whether such technology has limited or widespread potential use for SSA's Representative Payment Program.

Appendices

Appendix A

Office of the Inspector General Financial-Related Audits of Representative Payees

- A-1 *Financial-Related Audit of Hale Barnard Services A Fee-for-Service Representative Payee for the Social Security Administration* (A-01-00-10060) Issued May 2001
- A-2 *Financial-Related Audit of an Individual Representative Payee in Georgia for the Social Security Administration* (A-03-00-10064) Issued July 2001
- A-3 *Financial-Related Audit of an Organizational Representative Payee in Michigan for the Social Security Administration* (A-05-00-10067) Issued August 2001
- A-4 *Financial-Related Audit of Outreach, Inc. – A Fee-for-Service Representative Payee for the Social Security Administration* (A-09-00-10068) Issued September 2001
- A-5 *Financial-Related Audit of the Baltimore City Department of Social Services – an Organizational Representative Payee for the Social Security Administration* (A-13-00-10066) Issued September 2001
- A-6 *Financial-Related Audit of an Individual Representative Payee in Oklahoma for the Social Security Administration* (A-06-00-10063) Issued October 2001

Appendix A-1

Financial-Related Audit of Hale Barnard Services – A Fee-for-Service Representative Payee for the Social Security Administration (A-01-00-10060), Issued May 2001

Background

Hale Barnard Services (HBS) is a non-profit, non-sectarian organization headed by a volunteer Board of Directors. Through its disability program, HBS serves individuals of all ages, backgrounds and disabilities who are eligible for benefits from the Social Security Administration (SSA). HBS received benefit payments of \$397,733 from September 1, 1999 through August 31, 2000 for 63 SSA beneficiaries.

Results of Review

We found that HBS:

- Had effective safeguards over the receipt and disbursement of Social Security benefits, and ensured that Social Security benefits were used and accounted for in accordance with SSA policies and procedures.
- Needed to improve procedures in notifying SSA when Supplemental Security Income (SSI) recipients exceed \$2,000 in conserved funds—the resource limit under the SSI program.

Recommendations

We recommended that SSA:

1. Ensure that HBS returns funds paid for recipients who were ineligible due to excess resources.
2. Re-emphasize procedures with HBS for notifying SSA when events occur that affects the eligibility or the amount of monthly benefits for individuals in its care.

Agency Comments

SSA agreed with our recommendations and stated that corrective actions had already been taken. Specifically, SSA staff began recovery of the overpayments identified, and held a meeting with HBS representatives where they reviewed HBS' reporting responsibilities as a Rep Payee.

Appendix A-2

Financial-Related Audit of an Individual Representative Payee in Georgia for the Social Security Administration (A-03-00-10064), Issued July 2001

Background

This representative payee (Rep Payee) is the guardian for most of the individuals in our audit. A guardian ensures an individual's physical needs are met. Other guardians for the beneficiaries in our audit included family members, caregivers, and Government agencies, such as the Department of Veterans Affairs and the Dekalb County's Division of Family and Children Services. The Rep Payee received benefit payments of \$352,051 from September 1, 1999 through August 31, 2000 for 53 SSA beneficiaries.

Results of Review

We found that the Rep Payee:

- Had effective safeguards over the receipt and disbursement of Social Security benefits, and ensured that Social Security benefits were used and accounted for in accordance with SSA's policies and procedures.
- Did not notify SSA of changes in an individual's eligibility due to excess resources, leading to an overpayment of \$8,092 in SSI payments, including \$4,596 in our audit period and \$3,496 outside the audit period. We also found two cases where disabled beneficiaries had significant earnings that were never reported by the Rep Payee.

We found that SSA:

- Incorrectly recorded the number of beneficiaries in the Rep Payee's care and listed the Rep Payee multiple times in its Representative Payee System (RPS).
- Needed to improve communications with other Government agencies, such as the Department of Veterans Affairs and the local county, who are also involved with individuals under the Rep Payee's care.

Recommendations

We recommended that SSA:

1. Ensure that the Rep Payee returns funds paid for recipients who were ineligible due to excess resources.

2. Re-emphasize procedures with Rep Payee for notifying SSA when events occur that affects the eligibility of individuals in its care.
3. Update the RPS to consolidate the multiple entries for this Rep Payee and include individuals for whom this Rep Payee was selected. In Addition, ensure that all individuals assigned a Rep Payee have only one Rep Payee for all SSA benefits received.
4. Take timely action on program-related issues reported to SSA by the Rep Payee, such as excessive resources and dual Rep Payees.
5. Consider changing its method of communication and information sharing with other Government agencies, such as assigning a point of contact between SSA and other agencies assisting the individuals under the Rep Payee's care.

Agency Comments

SSA agreed with our recommendations and stated it had already initiated corrective actions.

Appendix A-3

Financial-Related Audit of an Organizational Representative Payee in Michigan for the Social Security Administration (A-05-00-10067), Issued August 2001

Background

The organizational Rep Payee is an attorney who is acting as guardian for individuals who have no one else to care for them. As a guardian, the Rep Payee is responsible for the individual's living conditions and medical treatment. Often, the court will designate the Rep Payee the individual's conservator as well as their guardian. As a conservator, the Rep Payee is responsible for the financial matters.

Results of Review

We found that the Rep Payee:

- Generally, had effective safeguards over the receipt and disbursement of Social Security benefits, and ensured Social Security benefits were used and accounted for in accordance with SSA's policies and procedures.
- Did not notify SSA of changes in an individual's eligibility due to excess resources, which resulted in a SSI overpayment of \$359 for one individual. This occurred because the Rep Payee improperly monitored the recipient's conserved fund balances.
- We found that SSA incorrectly listed the Rep Payee multiple times in its RPS.

Recommendations

We recommended that SSA update the RPS to consolidate the multiple entries for this Rep Payee and include all individuals for whom this Rep Payee was selected. In addition, SSA should ensure that all individuals assigned a Rep Payee have only one Rep Payee for all SSA benefits received.

AGENCY COMMENTS

SSA agreed with our recommendation. The Agency added that the multiple listings for this Rep Payee have been consolidated.

Appendix A-4

Financial-Related Audit of Outreach, Inc. – A Fee-for-Service Representative Payee for the Social Security Administration (A-09-00-10068), Issued September 2001

Background

Outreach, Inc., is a nonprofit, organizational Rep Payee located in San Jose, California. Incorporated in 1979, the Rep Payee provides transportation, financial and social services to elderly, disabled, and low-income individuals and families in Santa Clara County, California. Since 1990, Outreach, Inc., has operated as a fee-for-service Rep Payee to individuals who receive payments under the Old-Age Survivors Disability Insurance and Supplement Security Income programs. Outreach Inc., received benefit payments of about \$3.5 million from September 1, 1999 through August 31, 2000 for 495 SSA beneficiaries.

Results of Review

We found that Outreach Inc.:

- Generally, had effective safeguards over the receipt and disbursement of Social Security benefits, and ensured that Social Security benefits were used and accounted for in accordance with SSA's policies and procedures.
- Held \$632,894 in conserved funds that were uninsured, and \$665,062 was in a non-interest-bearing account.
- Did not return \$53,052 of conserved funds timely for 28 individuals who were no longer in its care.
- Did not report to SSA that 24 recipients had conserved funds in excess of the SSI resource limit of \$2,000, resulting in overpayments totaling \$34,968.
- Received incorrect payments totaling \$10,320 after the death of three individuals.
- Commingled burial and nonburial funds for 38 SSI recipients and did not report the use of burial funds for nonburial purposes for 15 recipients. This resulted in three recipients being subject to penalties totaling \$3,500.
- Issued payments in excess of conserved funds for 87 individuals, resulting in a deficit of \$1,423 as of August 31, 2000.

- Charged excessive Rep Payee fees totaling \$790 for 8 of the 50 individuals in our sample.
- We found that SSA recorded incorrect information in its RPS for Outreach, Inc., including the number of times listed in RPS, type of Rep Payee, and number of individuals in its care.

Recommendations

We recommended that SSA direct Outreach, Inc.:

1. To amend the title of its checking account to obtain Federal Deposit Insurance Corporation coverage of \$100,000 for each individual.
2. To take action to ensure (1) any individuals with conserved funds in excess of \$100,000 are fully protected against loss and (2) all individuals earn interest on their conserved funds in accordance with SSA policy.
3. To return conserved funds to the affected beneficiary, SSA or the new Rep Payee for individuals no longer in its care.
4. To establish controls to determine when individuals no longer in its care have conserved funds and ensure these funds are returned in a timely manner.
5. To return SSI payments for recipients who were ineligible due to excess resources.
6. To develop procedures for identifying SSI recipients with excess resources and reporting them to SSA.
7. To return incorrect payments received on behalf of deceased individuals.
8. To develop procedures for identifying erroneous payments to deceased individuals and returning these funds in a timely manner.
9. To obtain a separate bank account for SSI recipients with burial funds and report withdrawals from these funds to the Agency. Also, assess penalties for withdrawal of burial funds used for other purposes.
10. To reimburse individuals with negative balances for conserved funds and establish controls to ensure payments to individuals do not exceed their conserved fund balances.
11. To reimburse individuals for excessive Rep Payee fees and provide guidance to Outreach on the proper collection of fees for payee services.

12. To update RPS to consolidate the multiple entries for Outreach and include all individuals for whom Outreach was selected as Rep Payee.

Agency Comments

SSA agreed with all of our recommendations.

Appendix A-5

Financial-Related Audit of the Baltimore City Department of Social Services – An Organizational Representative Payee for the Social Security Administration (A-13-00-10066), Issued September 2001

Background

The Social Services Administration of the State of Maryland Department of Human Resources administers social services in each of Maryland's 23 counties and Baltimore City through local departments of social services. The Baltimore City Department of Social Services (BCDSS) provides such services as adoption, foster care, protective services to children and families, and services to families with children. BCDSS received benefit payments of about \$1.8 million from September 1, 1999 through August 31, 2000 for 481 SSA beneficiaries. All of the beneficiaries are children who either live in a foster care home, a group home, or an institution.

Results of Review

We found that BCDSS:

- Did not have effective safeguards over the receipt and disbursement of Social Security benefits and did not ensure that Social Security benefits were used and accounted for in accordance with SSA's policies and procedures.
- Did not have adequate financial accounting controls to ensure the accuracy and completeness of recorded benefit receipts and disbursements. BCDSS did not record, or incorrectly recorded, benefit receipts and/or disbursements in 41 (82 percent) of the 50 beneficiary records we reviewed.
- Needed improved safeguards over benefit receipts – Our review showed that BCDSS received approximately 481 monthly benefit payments by check, and those checks were vulnerable to theft and/or loss.
- Did not adequately monitor and report to SSA changes in beneficiaries' circumstances that could have affected their eligibility. Our audit tests identified an estimated 236 changes in beneficiary circumstances BCDSS did not report to SSA. As a result, we estimated beneficiary overpayments of \$807,520 between September 1999 through August 2000.
- Did not always respond to SSA marriage questionnaires concerning children's entitlement to benefits. As a result, 18 children may have had their benefits incorrectly terminated. We estimated these children were underpaid a total of about \$35,000 between September 1999 through August 2000.

- May have improperly spent about \$1.6 million in beneficiary conserved funds on other foster children. This was because BCDSS had not updated its subsidiary ledger for the last 3 years.
- Did not return conserved funds to SSA beneficiaries who were no longer in their care. BCDSS' financial records showed \$864,000 in conserved funds due to former SSA beneficiaries. However, BCDSS had taken no action to pay the affected beneficiaries, new Rep Payees, or SSA, as required.

We found that SSA incorrectly recorded in its RPS the number of beneficiaries in BCDSS' care.

Recommendations

We recommended that SSA require BCDSS to:

1. Implement accounting controls to ensure that all benefit receipts and disbursements are accurately recorded.
2. Establish direct deposit for all beneficiaries in BCDSS' care.
3. Ensure that it implements controls to monitor and report to SSA all changes in circumstances that affect the amount of benefits beneficiaries receive or the right of beneficiaries to receive benefits. In addition, BCDSS should take corrective action to identify and repay all overpayments due to changes in beneficiaries' circumstances.
4. Determine the entitlement status of all beneficiaries who may have had their benefits incorrectly terminated because BCDSS did not return a questionnaire. Ensure BCDSS establishes controls to receive and respond to all SSA questionnaires.
5. Determine the accuracy of its estimated \$1.6 million in beneficiary conserved funds. Thereafter, SSA should determine the impact on the affected beneficiaries' eligibility for benefits and take appropriate corrective actions.
6. Implement controls to ensure it transfers conserved funds for beneficiaries who are no longer in its care to new Rep Payees, SSA, or the beneficiaries. In addition, BCDSS should determine the accuracy of the \$864,000 of conserved funds due SSA beneficiaries who are no longer in its care. As appropriate, pay any conserved funds to the affected beneficiaries, new Rep Payees, or SSA.

We recommended that SSA:

7. Update RPS to include all beneficiaries in BCDSS's care.

AGENCY COMMENTS

SSA agreed with or will consider all of our recommendations and provided additional technical comments on the audit methodology, findings, and recommendations.

Appendix A-6

Financial-Related Audit of an Individual Representative Payee in Oklahoma for the Social Security Administration (A-06-00-10063), Issued October 2001

Background

The Rep Payee is a Residential Care Facility licensed by the Oklahoma State Department of Health to have a maximum of 37 beds. According to the Rep Payee, all residents have some type of mental disorder. The Rep Payee received benefit payments of \$188,927 from September 1, 1999 through August 31, 2000 for 51 SSA beneficiaries.

Results of Review

We found that the Rep Payee:

- Ensured that Social Security benefits were used and accounted for in accordance with SSA's policies and procedures; however, the Rep Payee lacked documentation to fully account for the receipt and disbursement of SSA benefits in accordance with SSA's policies and procedures. The lack of documentation was mitigated by the fact that the majority of the benefit payments received by the Rep Payee consisted of funds that the Rep Payee was entitled to monthly room-and-board fees.
- The Rep Payee did not follow policies and procedures SSA recommended for tracking and accounting for beneficiary and recipient funds. Our review showed that the Rep Payee did not (1) use separate bank accounts for individual funds; (2) have procedures in place that allowed her to provide beneficiaries and recipients with an up-to-date reporting of how their funds were spent; and (3) adequately account for cash disbursements.
- We found that SSA incorrectly listed the Rep Payee multiple times in its RPS.

Recommendations

We recommended that SSA:

1. Work with the Rep Payee to determine the appropriate level of documentation to account for and report on the receipt and disbursement of SSA benefits in accordance with SSA's policies and procedures, including procedures to properly account for and safeguard individual funds and accurately complete RPRs. These procedures should clearly address the need for timely, accurate cash logs as well as the need to establish and maintain individual ledger sheets as deemed appropriate.

2. Ensure that multiple identities are not used for this Rep Payee in RPS.

AGENCY COMMENTS

SSA agreed with both of our recommendations. Specifically, SSA will ask its local field office to (1) work with the Payee to ensure proper recordkeeping and accurate RPRs and (2) consolidate the RPS entries and classify this Rep Payee as an organization.

Appendix B

OIG Memorandum, On-Site Reviews of Representative Payees



SOCIAL SECURITY

MEMORANDUM

Date: December 13, 2000

To: Fritz Streckewald
Associate Commissioner, Office of Program Benefits

From: Assistant Inspector General for Audit

Subject: On-site Reviews of Representative Payees (A-13-01-31020)

When the Social Security Administration (SSA) determines a beneficiary cannot manage his/her benefits, SSA has the authority to certify benefits to another person or entity as a representative payee. Payments made to a representative payee must be used for the beneficiary's benefit. There are about 6.5 million Social Security and Supplemental Security Income (SSI) beneficiaries who rely on representative payees to manage their monthly payments. While representative payees provide a valuable service for beneficiaries, SSA has provided some basic safeguards to ensure they meet their responsibilities to the beneficiaries they serve.

This memorandum is to alert you to two conditions we identified as part of our financial-related audits of the SSA's representative payee program. The objectives of the financial-audits are to determine whether:

- Representative payees have effective safeguards over the receipt and disbursement of benefits; and
- Benefits are used and accounted for in accordance with SSA policies and procedures.

During our initial planning phases for these audits, we identified the following conditions, and we offer recommendations to correct them.

Office of Management and Budget Clearance under the Paperwork Reduction Act of 1995

In recent hearings, Congress expressed concerns over representative payees who have taken advantage of vulnerable beneficiaries and SSA's lack of oversight of representative payees. To address these concerns, SSA has initiated an increased monitoring plan for representative payees. Included in this effort are *on-site reviews* of representative payees. On-site reviews consist of a visit with the representative payee, a review of the accounting records for a sample of beneficiaries, and interviews with beneficiaries to determine whether their needs are being met. These reviews will enable SSA to take a closer look at how representative payees handle beneficiaries' funds, with the objectives of educating the representative payees and detecting and

deterring fraud. Under this initiative, SSA plans to contact thousands of beneficiaries and representative payees.

As part of our financial-related audits of representative payees, we also plan to interview a sample of Social Security and SSI beneficiaries who have a representative payee. In developing our interview questions, we learned we need the Office of Management and Budget's (OMB) clearance of forms used to collect information from the public, and have proceeded accordingly. These requirements are set forth in the Paperwork Reduction Act (PRA) of 1995 (44 USC 3501 et.seq.). The PRA minimizes the paperwork burden for individuals, businesses, institutions, and other persons resulting from the collection of information by or for the Government. In addition, the PRA ensures the collection of information is consistent with applicable laws, including those related to privacy and confidentiality. The PRA covers identical questions posed to 10 or more members of the public, whether voluntary or mandatory, whether written, electronic, or oral. The PRA states that Federal agencies shall not conduct or sponsor the collection of information unless they have been submitted to and approved by OMB. Also, individuals can refuse to comply with the collection of information, without any penalty, if OMB approval has not been obtained in accordance with the PRA.

During our review of SSA's on-site review procedures, we found that SSA uses a set of standardized questions to interview beneficiaries, and another set of standardized questions to interview representative payees. However, SSA has not submitted these information collection instruments to OMB for approval in accordance with the PRA. We are concerned that SSA has not obtained OMB clearance for these interview questions, thereby undermining the PRA goals, objectives, and protections granted to the public.

Recommendation:

- SSA should obtain OMB approval for the beneficiary and representative payee interview forms it uses during its on-site reviews of representative payees.

Access to Representative Payees' Financial Records

In planning our audits, we anticipated that some representative payees might refuse to provide us their financial accounting records of benefits received and spent on behalf of Social Security and SSI beneficiaries. Therefore, we reviewed relevant legal criteria as well as SSA policies and procedures to determine whether representative payees are required to provide this information. This included a review of:

- The *Social Security Act* and related regulations;
- Social Security publication – *A Guide for Representative Payees*;
- Application entitled, *Request to be Selected as Payee*, Form SSA-11-BK; and
- The *Social Security Administration Representative Payee Report*, Form SSA-623.

Based on our review of these criteria, we found that there is no explicit language stating that a representative payee is obligated to allow SSA access to the representative payee's financial

records of benefits received and spent on the beneficiary's behalf. Absent such language, there is an increased risk that representative payees may refuse SSA access to such records. Also, we believe this additional language may help to make representative payees more aware of the need to keep better financial records of beneficiary receipts and expenditures because they are subject to review by SSA. Consequently, SSA should modify the *Request to be Selected as Payee* (SSA-11-BK) and the *Social Security Administration Representative Payee Report* (SSA-623) forms accordingly. The language should make it clear that a representative payee agrees to allow SSA access to the representative payee's financial records of benefits received and spent on a beneficiary's behalf.

Recommendation:

SSA should modify the *Request to be Selected as Payee* and the *Social Security Administration Representative Payee Report* with the following language:

"In consideration of being a representative payee, I hereby agree to make all records of any kind related to the receipt and use of Social Security benefits for which I am representative payee available to SSA employees or their authorized agents for inspection and copying."

This language should be inserted in both forms immediately above the representative payee's signature line. This will reinforce the representative payee's acknowledgment of the obligation to provide access to records and provide additional support for SSA to enforce the obligation to provide access to records.

We believe these recommendations will improve SSA's oversight of the representative payee program. We welcome your comments and request that you report to us any actions taken or planned within 30 days. If you have any questions, please call me on extension 59700 or have your staff contact Jim Klein on extension 59739.

/s/

Steven L. Shaeffer

Appendix C

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: May 28, 2002 **Refer To:** S1J-3

To: James G. Huse, Jr.
Inspector General

From: Larry Dye /s/
Chief of Staff

Subject: Office of the Inspector General Draft Management Advisory Report, "Summary of Financial-Related Audits of Representative Payees for the Social Security Administration" (A-13-00-10065)—INFORMATION

We appreciate OIG's efforts in conducting this review. Our comments on the report content and recommendations are attached.

Please let us know if we can be of further assistance. Staff questions can be referred to Dan Sweeney on extension 51957.

Attachment: SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT
MANAGEMENT ADVISORY REPORT, "SUMMARY OF FINANCIAL-RELATED AUDITS
OF REPRESENTATIVE PAYEES FOR THE SOCIAL SECURITY ADMINISTRATION"
(A-13-00-10065)

Recommendation 1

Take appropriate follow-up actions to ensure the Rep Payees implement the 29 OIG recommendations made from the 6 audits.

Comment

We agree. As reflected in the Agency's October 2001 and December 2001 Quarterly Recommendation Reports (released November 1, 2001 and February 21, 2002, respectively), the regions involved in the individual reviews have already taken the necessary actions to resolve most of the identified issues. We are continuing to monitor implementation of the remaining recommendations through the Agency's recommendation tracking process. We expect to release the next update on implementation activities in the March 2002 Quarterly Recommendation Report by the end of May 2002.

Recommendation 2

Pilot the use of stored value cards (SVC) or similar technology for Rep Payees.

Comment

We disagree, as we believe the use of SVCs would be very time-consuming and labor-intensive for both large payee organizations and individuals serving multiple beneficiaries and for representative payees serving only a small number of beneficiaries.

High-volume payees need to have cash or checks on hand to disburse to beneficiaries on a daily, weekly or monthly basis for food and incidental needs. The use of SVCs would not be feasible for these payees, since the payee is the only authorized individual or entity to use the card, and the payees would have the burden of maintaining a large number of cards.

Additionally, many providers of services, such as landlords and small businesses, have no means available to process SVC purchases. The payees would have to make ATM withdrawals from the SVC account and deposit the funds into a separate account in order to write a check to the provider.

Although OIG envisions an improved audit trail through the use of SVCs, such use may provide less of an actual audit trail than now exists due to the payee's need to obtain cash for the

beneficiaries' personal needs and for the vendors that would/could not accept payment from the SVC.

We believe the OIG's projected savings of \$52 million (page 11) is overstated, as \$52 million is about the amount that the Agency spends, in total, on the entire representative payee accounting process. Administratively, SSA would have a cost for issuing and mailing the cards, for reviewing the reports to see if purchases are appropriate and for reconciling expenses that couldn't be charged on the SVC against the cash withdrawals. It is also unlikely that the SVC would cover all of the costs for all payees or charges to the beneficiaries (e.g., cash withdrawals and credit charges that are not detailed/specific would still have to be accounted for, some costs such as shared household costs would not be charged on the SVC, etc.).

As noted by OIG in the report, the elimination of the Representative Payee Report would require a legislative amendment to the Social Security Act. Without this change and a provision mandating the use of SVCs by all representative payees, the Administration would, in effect, have two accounting processes to maintain.

Other Matters

As indicated in the report, we have revised the Request to be Selected Payee to include the payee's agreement to explicitly authorize SSA access to the representative payee's financial records. With the revision to the Request to be Selected Payee, the payee agrees explicitly to a requirement implicit in our regulations. SSA has also told the payee in instructional material to keep records and that SSA may inspect those records. Consequently, we do not believe a corresponding change to the Representative Payee Report is necessary. We think the limited space available on the Representative Payee Report can be better used to provide instructions on how to complete the report.

On the issue of conserved funds, we are changing our instructions to require return of all conserved funds to SSA. We expect to release the revised instructions by the end of June 2002.

Additionally, we are taking action to consolidate multiple entries in the Representative Payee System (RPS). We expect to implement changes to RPS later this year that will prevent the erroneous establishment of multiple entries for the same organization. After the RPS changes are made, we will perform a match of potential problem entries and send alerts to the appropriate field office for manual review and any necessary corrective action.

Appendix D

OIG Contacts and Staff Acknowledgments

OIG Contacts

Shirley E. Todd, Director, General Management Audit Division, (410) 966-9365

Jim Klein, Audit Manager, (410) 965-9739

Acknowledgments

In addition to the persons named above:

Randy Townsley, Senior Auditor

Kimberly Beauchamp, Writer-Editor

For additional copies of this report, please visit our web site at www.ssa.gov/oig or contact the Office of the Inspector General's Public Affairs Specialist at (410) 966-1375. Refer to Common Identification Number A-13-00-10065.

DISTRIBUTION SCHEDULE

	<u>No. of Copies</u>
Commissioner of Social Security	1
Management Analysis and Audit Program Support Staff, OFAM	10
Inspector General	1
Assistant Inspector General for Investigations	1
Assistant Inspector General for Executive Operations	3
Assistant Inspector General for Audit	1
Deputy Assistant Inspector General for Audit	1
Director, Southern Audit Division	1
Director, Financial Audit Division	1
Director, Northern Audit Division	1
Director, Western Audit Division	1
Director, Data Analysis and Technology Audit Division	1
Director, General Management Audit Division	1
Team Leaders	25
Income Maintenance Branch, Office of Management and Budget	1
Chairman, Committee on Ways and Means	1
Ranking Minority Member, Committee on Ways and Means	1
Chief of Staff, Committee on Ways and Means	1
Chairman, Subcommittee on Social Security	2
Ranking Minority Member, Subcommittee on Social Security	1
Majority Staff Director, Subcommittee on Social Security	2
Minority Staff Director, Subcommittee on Social Security	2
Chairman, Subcommittee on Human Resources	1
Ranking Minority Member, Subcommittee on Human Resources	1
Chairman, Committee on Budget, House of Representatives	1
Ranking Minority Member, Committee on Budget, House of Representatives	1
Chairman, Committee on Government Reform and Oversight	1
Ranking Minority Member, Committee on Government Reform and Oversight	1
Chairman, Committee on Governmental Affairs	1

Ranking Minority Member, Committee on Governmental Affairs	1
Chairman, Committee on Appropriations, House of Representatives	1
Ranking Minority Member, Committee on Appropriations, House of Representatives	1
Chairman, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives	1
Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives	1
Chairman, Committee on Appropriations, U.S. Senate	1
Ranking Minority Member, Committee on Appropriations, U.S. Senate	1
Chairman, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate	1
Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate	1
Chairman, Committee on Finance	1
Ranking Minority Member, Committee on Finance	1
Chairman, Subcommittee on Social Security and Family Policy	1
Ranking Minority Member, Subcommittee on Social Security and Family Policy	1
Chairman, Senate Special Committee on Aging	1
Ranking Minority Member, Senate Special Committee on Aging	1
President, National Council of Social Security Management Associations, Incorporated	1
Treasurer, National Council of Social Security Management Associations, Incorporated	1
Social Security Advisory Board	1
AFGE General Committee	9
President, Federal Managers Association	1
Regional Public Affairs Officer	1
Total	96

Overview of the Office of the Inspector General

Office of Audit

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency.

Office of Executive Operations

OEO supports the OIG by providing information resource management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the *Government Performance and Results Act*. OEO is also responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from SSA, as well as conducting investigations of OIG employees, when necessary. Finally, OEO administers OIG's public affairs, media, and interagency activities, coordinates responses to Congressional requests for information, and also communicates OIG's planned and current activities and their results to the Commissioner and Congress.

Office of Investigations

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Counsel to the Inspector General

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.