
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**INDIVIDUAL REPRESENTATIVE
PAYEES FOR THE SOCIAL SECURITY
ADMINISTRATION
IN THE ATLANTA REGION**

May 2005 A-13-05-15051

**EVALUATION
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.**
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- 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.**

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- 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.**

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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.



SOCIAL SECURITY

MEMORANDUM

Date: May 20, 2005

Refer To:

To: Paul D. Barnes
Regional Commissioner
Atlanta

From: Inspector General

Subject: Individual Representative Payees for the Social Security Administration in the Atlanta Region (A-13-05-15051)

OBJECTIVE

Our objective was to confirm that beneficiaries in the care of representative payees existed; and, through personal observation and interviews, to determine whether the beneficiaries' food, clothing and shelter needs were being met.

BACKGROUND

Some individuals cannot manage or direct the management of their finances because of their youth or mental and/or physical impairments. Congress granted the Social Security Administration (SSA) the authority to appoint representative payees to receive and manage these beneficiaries' benefit payments.¹ A representative payee may be an individual or an organization. SSA selects representative payees for Old-Age, Survivors and Disability Insurance beneficiaries and Supplemental Security Income recipients when representative payments would serve the individual's interests.

SSA's primary concern is to select the payee who will best serve the beneficiary's interest; and preference is normally given to a parent, legal guardian, spouse or other relative of a beneficiary.² SSA considers that payments to a representative payee have been used for the use and benefit of the beneficiary if they are used for the beneficiary's current maintenance—which includes the costs incurred in "...obtaining food, shelter, clothing, medical care, and personal comfort items."³

We are conducting a nation-wide review of individual representative payees serving 14 or fewer beneficiaries (see Appendix A). There are approximately 4.3 million of

¹ Social Security Act §§ 205(j)(1)(A) and 1631(a)(2)(A)(ii), 42 U.S.C §§ 405(j)(1)(A) and 1383(a)(2)(A)(ii).

² 20 C.F.R. §§ 404.2021 and 416.621.

³ 20 C.F.R. §§ 404.2040(a) and 416.640(a).

these types of representative payees who serve approximately 5.5 million beneficiaries. To provide statistically valid nation-wide projections, we selected 275 individual representative payees for review, of which 75 were in the Atlanta Region.⁴ These 75 representative payees received and managed approximately \$50,760 in monthly benefits for 96 beneficiaries.

RESULTS OF REVIEW

We confirmed the existence of the 96 beneficiaries in the care of the 75 representative payees in the Atlanta Region. We also determined, through personal observation and interviews, 95 beneficiaries' food, clothing and shelter needs were being met.⁵ For these individuals, nothing came to our attention that would lead us to believe that the representative payees did not use the Social Security benefits received for the beneficiaries' needs. However, one beneficiary was incarcerated during our review and therefore we could not observe his living arrangements when he was not incarcerated. As a result, we could not determine whether his food, clothing and shelter needs were being met by the Representative Payment Program. We referred this case to SSA for review.

We also found inaccurate information was recorded in the Representative Payee System (see Appendix B).

Confirmed Beneficiaries' Existence and Their Needs Were Met

Of the 96 beneficiaries included in our review, we confirmed the existence of, and found the food, clothing and shelter needs were being met for, 95 beneficiaries (see Appendix B). Information related to some of those representative payee site visits is discussed below.

- We met with a representative payee residing in New Port Richey, Florida. The representative payee was receiving survivor benefits on behalf of his 16-year-old niece (beneficiary). The beneficiary's father died before her birth. Additionally, her mother died when she was 7 years old. At that time, she was placed in the representative payee's custody. During our visit, the representative payee expressed his gratitude for the concern SSA displayed regarding his niece's welfare.

⁴ Originally, there were 72 cases in the Atlanta Region. However, two cases originating in other SSA regions were replaced because one representative payee had died and one beneficiary had died. The replacement cases were located in the Atlanta Region. One representative payee was transferred as they received mail in one Region, but physically resided in the Atlanta Region.

⁵ Of the 95 beneficiaries, we determined that 1 beneficiary's shelter needs were met based upon interviews with the beneficiary and representative payee. In this case, we did not observe the beneficiary's residence because at the time of our interview, the beneficiary's residence was inaccessible due to flooding. We did not schedule a return visit to view the residence since during our review, nothing came to our attention that would lead us to believe the representative payee did not use the Social Security benefits received for this beneficiary's needs. Further, of the 75 representative payees, 54 payees were the beneficiaries' mother or father, and 21 payees were another relative.

- Accompanied by SSA personnel, we visited a representative payee in Asheboro, North Carolina. The representative payee was the beneficiary's father and, because of illness, the representative payee had been living with another son for 2 years. Since the representative payee was ill and being cared for by his son, the SSA employee stated an assessment would be done to determine whether a new payee should be appointed. After we completed our field work, the Agency notified us that the beneficiary's representative payee had been changed.
- We visited a representative payee in Miami, Florida, who was receiving benefits for her two nieces. The representative payee explained her two nieces had a prior representative payee. The representative payee explained she was given legal custody of her nieces because her nieces' previous representative payee was abusive. According to the representative payee, SSA was reviewing the prior payee for possible misuse of Social Security benefit payments. In March 2005, a field office staff member advised us that the Agency completed its review and determined the prior representative payee did not misuse the funds.
- We met with a representative payee in Memphis, Tennessee, who was receiving Supplemental Security Income payments on behalf of his stepdaughter (beneficiary). The representative payee stated when he received the beneficiary's monthly payments, he passed the full amount of the payments to the beneficiary with instructions on how to spend the funds. The representative payee also stated that, since they resided together, he maintained control of how the money was spent.

Representative Payee Did Not Meet Responsibilities

Although we determined the existence of all 96 beneficiaries in the care of the 75 representative payees included in our review, through personal observation and interviews, we could not determine whether the needs were being met for 1 beneficiary. One of a representative payee's primary responsibilities is to ensure the beneficiary's day-to-day needs are met. This includes costs incurred in obtaining food, shelter, clothing, medical care, and personal comfort items. It also includes, but is not limited to, regularly meeting with the beneficiary to ascertain his/her current and foreseeable needs.⁶

In the instance where we could not determine if the beneficiary's needs were being met, the representative payee explained the beneficiary was her 44-year-old son. Additionally, the representative payee stated the beneficiary was a slow learner and had mental, drug, and health problems. The representative payee acknowledged the beneficiary had not lived with her for approximately 2 years; did not have a steady living arrangement; may have resided in various apartments, shelters, and missions; and was often homeless.

When we interviewed the beneficiary, he was incarcerated. The beneficiary was incarcerated for a misdemeanor for 2 weeks. Since the beneficiary's incarceration did not include a full calendar month, his benefits were not affected.

⁶ SSA POMS, GN 00502.113.

During the interview, the beneficiary advised us that, when not incarcerated, he lived in various places and was often homeless. Further, the beneficiary indicated a preference that another representative payee manage his benefit payments.

In addition, we determined that the representative payee managed the monthly benefit payment as a conduit payee. SSA defines a conduit payee⁷ as a representative payee who turns over the full amount of the benefits to the beneficiary or to another person without giving any direction or instruction about how to use the funds. Further, SSA policy⁸ states these representative payees do not exercise control over the funds and cannot accurately account for how the funds are spent. SSA is required to determine whether a new payee is needed or if the beneficiary is capable of receiving direct payment.

This representative payee was appointed for the beneficiary in February 2003 and managed a monthly benefit of \$527.⁹ During our interview, the representative payee stated the beneficiary's payment was electronically deposited into a bank account. Further, the representative payee stated the entire amount of the benefit payment was withdrawn and provided to the beneficiary without direction or instruction about how to use the funds. Given this situation, the representative payee was not ensuring benefit payments were being used to meet the beneficiary's food, clothing and shelter needs.

We could not observe the beneficiary's living arrangements since he was incarcerated at the time we interviewed him. Therefore, we could not fulfill our review objective to determine through personal observation whether his food, clothing and shelter needs were being met. However, the beneficiary and the representative payee's comments raised concerns as to whether those needs were being met. As a result, we referred this case to SSA's Regional Office staff.

Subsequent to our review, Regional Office staff advised "...Based on information provided by this beneficiary and his payee, the SSA Field Office investigated whether a new payee should be appointed. After careful review of the situation, the office concluded that the beneficiary should be made his own payee. This action was processed and the checks are now sent directly to the beneficiary."

⁷ SSA POMS, GN 00605.066B.

⁸ SSA POMS, GN 00605.067D.

⁹ The monthly amount of \$527 began April 2004 including both Old-Age, Survivor and Disability Insurance and Supplemental Security Income monthly benefit payments.

CONCLUSIONS

The 96 beneficiaries in the care of 75 representative payees in the Atlanta Region existed; and, through personal observation and interviews, we found that 95 of the beneficiaries' food, clothing and shelter needs appeared to be met. However, for one beneficiary, we could not determine whether his needs were being met. We referred this case to SSA for review based on the information obtained from the beneficiary and representative payee. SSA advised us it reviewed the case and appointed the beneficiary as his own payee.

AGENCY COMMENTS

In its comments to our draft report, SSA agreed with the results of our review. In addition, the Agency requested us to provide information concerning the five representative payees identified in the "Other Matter" section. The Agency will use this information to correct the addresses in its Representative Payee System. See Appendix D for full text of the Agency's comments.

OIG COMMENTS

We provided the sample item number, name, and Social Security numbers of the five representative payees identified in the "Other Matter" section to the Agency.



Patrick P. O'Carroll, Jr.

Appendices

APPENDIX A – Scope and Methodology

APPENDIX B – Other Matter

APPENDIX C – Sampling Methodology

APPENDIX D – Agency Comments

APPENDIX E – OIG Contacts and Staff Acknowledgments

Appendix A

Scope and Methodology

Our population included all individual representative payees within the contiguous 48 states serving 14 or fewer beneficiaries as of May 20, 2004. To accomplish our objective, we:

- Reviewed applicable Federal laws and the Social Security Administration's policies and procedures for monitoring representative payees and their responsibilities for the beneficiaries in their care.
- Obtained a data extract of representative payees from the Representative Payee System as of May 2004.
- Selected a national random sample of 275 representative payees nation-wide. We are issuing a separate report on the nation-wide results, as well as separate reports for each of the 10 SSA regions.¹

For the 75 representative payees in the Atlanta Region, we:

- verified the identities of 75 representative payees and 96 beneficiaries they served;
- interviewed 75 representative payees;
- interviewed 96 beneficiaries; and
- visited and observed the living conditions of 96 beneficiaries.²

We performed our review in Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina and Tennessee from July to October 2004. We conducted our review in accordance with *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

¹ SSA OIG, *Nation-Wide Survey of Individual Representative Payees for the Social Security Administration* (A-13-05-25006), *Individual Representative Payees for the Social Security Administration in the Boston Region* (A-01-05-15048), *Individual Representative Payees for the Social Security Administration in the New York Region* (A-02-05-15049), *Individual Representative Payees for the Social Security Administration in the Philadelphia Region* (A-14-05-15050), *Individual Representative Payees for the Social Security Administration in the Atlanta Region* (A-13-05-15051), *Individual Representative Payees for the Social Security Administration in the Chicago Region* (A-05-05-15052), *Individual Representative Payees for the Social Security Administration in the Dallas Region* (A-06-05-15053), *Individual Representative Payees for the Social Security Administration in the Kansas City Region* (A-07-05-15054), *Individual Representative Payees for the Social Security Administration in the Denver Region* (A-07-05-15055), *Individual Representative Payees for the Social Security Administration in the San Francisco Region* (A-09-05-15056), and *Individual Representative Payees for the Social Security Administration in the Seattle Region* (A-09-05-15057).

² Of the 96 beneficiaries, we determined that 1 beneficiary's shelter needs were met based on interviews with the beneficiary and representative payee because, at the time of our interview, the beneficiary's residence was flooded. In addition, for another beneficiary, who was incarcerated during our review period, we could not observe his living arrangements when he was not incarcerated.

Other Matter

REPRESENTATIVE PAYEE SYSTEM

The Social Security Act requires that the Social Security Administration (SSA) develop a system to maintain data about all representative payees and the individuals they serve.¹ As a result, SSA established the Representative Payee System, which is a system that contains data about representative payee applicants; individuals in the representative payee's care; and the relationship between the representative payee and the beneficiaries they serve.

Within the Representative Payee System, a data collection screen² collects the following information pertaining to an individual representative payee applicant:

- name legend preference,
- telephone number,
- mailing address,
- whether the residence address is the same as the mailing address, and
- whether the applicant has ever been convicted of a felony.

An additional screen³ captures the residence address⁴ information and the date of the current residence address for the applicant/representative payee. The screen requests prior address information if the applicant/representative payee has resided at their current residence address for less than 1 year.

During our review, we identified instances where inaccurate information was recorded in the Representative Payee System. For five representative payees, Post Office boxes were identified as mailing addresses for these individuals. However, these same Post Office boxes were incorrectly identified as the residence address of the representative payee.

¹ Social Security Act § 205(j)(3)(F), 42 U.S.C. § 405(j)(3)(F).

² Modernized Systems Operations Manual (MSOM), Chapter 239, *Representative Payee Application*, Section 239-D, *Individual Applicant/Rep Payee Address (RPAD)*.

³ MSOM, Chapter 239, *Representative Payee Application*, Section 239-E, *Individual Applicant/Rep Payee Residence Address (RPAI)*.

⁴ Representative Payee's physical location.

Appendix C

Sampling Methodology

To identify the nation-wide population, we obtained a data extract from the Social Security Administration's Representative Payee System of all individual representative payees who had 14 or fewer beneficiaries in their care as of May 20, 2004. This population was 5,380,635 representative payees who served 6,818,696 beneficiaries.

From this population, we excluded representative payees who had any of the following characteristics:

- resided outside of the 48 contiguous States;
- served only as their own representative payee, as reflected in the Representative Payee System;
- had only beneficiaries who were in non-current pay status;
- had an invalid State code or military address; or
- managed total funds of \$50 or less each month.

This reduced our sample population to 4,306,779 representative payees serving 5,520,303 beneficiaries. From this population, we randomly selected 275 representative payees for review. Twenty-five additional representative payees were chosen to serve as replacements, as needed.

Atlanta Region Sample Cases

Initially, 72 of the 275 sample cases chosen were located in the Atlanta Region. However, three representative payees were added to our Region:

- One representative payee was transferred from the Chicago Region because SSA records showed the representative payee had a Michigan address when the representative payee and beneficiary actually lived in North Carolina.
- One representative payee was added to our Region for review because a representative payee in the Seattle Region was deceased, and the replacement sample case randomly chosen was located in the Atlanta Region.
- One representative payee was added to our Region for review because a beneficiary in the New York Region was deceased, and the replacement sample case randomly chosen was located in the Atlanta Region.

Accordingly, our review of the Atlanta Region consisted of 75 representative payees. Our findings in the Atlanta Region will be included in a nation-wide report, where statistical projections will be made.

Agency Comments

SOCIAL SECURITY

MEMORANDUM

Date: April 20, 2005

Refer To: Bluke21322

To: Inspector General

Atlanta Regional Office

From: Regional Commissioner
Atlanta

Subject: Reply: Individual Representative Payees for the Social Security Administration in the Atlanta Region (A-13-05-15051)

We appreciate the time and effort put forth in the audit conducted involving individuals serving as representative payees. There were no findings or recommendations specifically outlined in the draft. However, we have the following comments in reference to the draft report submitted for review:

Conclusion- We are pleased that OIG confirmed that food, clothing and shelter needs are being met by payees representing 95 of the 96 beneficiaries selected for review. The one remaining beneficiary was incarcerated at the time of the review, and therefore documentation of the payee meeting his needs was not possible. Based on information provided by this beneficiary and his payee, the SSA Field Office investigated whether a new payee should be appointed. After careful review of the situation, the office concluded that the beneficiary should be made his own payee. This action was processed and the checks are now sent directly to the beneficiary.

Other matter- OIG identified five representative payees with Post Office Boxes recorded as their residence address in the Representative Payee System (RPS). SSA will take corrective action in RPS when case specific information (e.g., names, SSNs, etc) is provided.

In addition, we are issuing a reminder to field offices to always obtain and properly record residence addresses for individual payees and location addresses for organizational payees per SSA operating instructions.

We are pleased with OIG's overall conclusion that the individual payees reviewed are performing their payee duties satisfactorily. The Agency strives to ensure that proper payee selections are made for all individuals requiring payee services. This review concluded that SSA and SSI benefits were used in accordance with SSA's policies and procedures.

The representative payee program is an ongoing priority. We are committed to continue improving our service to all beneficiaries and recipients. We are especially attentive to our most vulnerable citizens, those requiring the services of a representative payee.

Questions concerning these comments should be directed to Barbara Luke at 404-562-1322.

/s/
Paul D. Barnes

Appendix E

OIG Contacts and Staff Acknowledgments

OIG Contacts

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Acknowledgments

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