
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

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

February 2005

A-06-05-15053

**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.**
- 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.**

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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.**

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.



SOCIAL SECURITY

MEMORANDUM

Date: February 11, 2005

Refer To:

To: Horace Dickerson
Regional Commissioner
Dallas

From: Inspector General

Subject: Individual Representative Payees for the Social Security Administration in the Dallas Region (A-06-05-15053)

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 (OASDI) beneficiaries and Supplemental Security Income (SSI) 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 payments to a representative payee to have been used for benefit of the beneficiary if they were spent on the beneficiary's current maintenance—which includes the costs incurred in "...obtaining food, shelter, clothing, medical care, and personal comfort items."³

¹ The 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).

This review is part of a nation-wide review of individual representative payees serving 14 or fewer beneficiaries. There are approximately 4.3 million of these types of representative payees serving 5.5 million beneficiaries. To provide statistically valid nation-wide projections, we selected 275 representative payees for review, of which 36 were in the Dallas Region. These 36 representative payees received and managed approximately \$26,661 in monthly benefits for 51 beneficiaries. Appendix B contains the Scope and Methodology of our review.

RESULTS OF REVIEW

We confirmed the existence of the 51 beneficiaries in the care of the 36 representative payees in the Dallas Region. We also determined, through personal observation and interviews, that beneficiaries' food, clothing and shelter needs were being met.⁴ For the 51 beneficiaries, nothing came to our attention that would lead us to believe the representative payees did not use the Social Security benefits received for the beneficiaries' needs.

SSA staff accompanied us on our visits with the representative payees and beneficiaries. SSA staff participation provided them an opportunity to identify and address issues that had not been reported to SSA. In 7 of the 36 visits, issues surfaced for further review by SSA. For example, some beneficiaries failed to report sources of income. SSA staff took action to address these issues or stated they would follow up on all identified issues. These are discussed below.

Representative Payees Did Not Report Events to SSA that Affected Beneficiaries' Entitlement or Benefit Amount

One of a representative payee's primary responsibilities is to notify SSA of any event that would affect the amount of benefits the beneficiary receives or the beneficiary's right to receive benefits.⁵ We determined that five representative payees did not timely notify SSA of events that affected beneficiary eligibility or benefit amount; three may have involved overpayments, one may have involved an underpayment, and one may not have had an overall impact on the family's maximum benefit.

Case 1 - In Little Rock, Arkansas, a representative payee informed us that the recipient earned extra money baby-sitting. The additional income had not been reported to SSA and potentially resulted in some improper payments. Depending on the amount of extra money earned, the recipient's income could reduce payments by up to the total payment amount of \$564. The local field office is following up on the impact of the unreported income.

⁴ Of the 51 beneficiaries, 47 had representative payees whose relationship was mother, father, daughter, or spouse. Three beneficiaries had representative payees who were other relatives, and one beneficiary had a representative payee who was not a relative.

⁵ SSA Program Operations Manual System (POMS), GN 00502.113(C)(1). - *Interviewing the Payee Applicant* and SI 02301.005(B)(2). – *SSI Posteligibility - Recipient Reporting*.

Case 2 - In New Orleans, Louisiana, we met with a representative payee who was managing \$1,692 in monthly benefits for her three disabled children. It was determined that she had self-employment income that she had not reported to SSA. The representative payee told the SSA representative that she could not answer questions related to this income until she reviewed her records. This unreported income could affect benefit amounts or eligibility. The SSA field office is following up on this matter.

Case 3 - In Keithville, Louisiana, a representative payee (mother of a 2-year-old SSI recipient) did not disclose she was married to, and living with, the child's father. This previously undisclosed condition could reduce the \$391 per month paid to this recipient. An SSA representative from the Shreveport Field Office has initiated a redetermination of benefits based on this new information.

Case 4 - In Santa Domingo Pueblo, New Mexico, a representative payee (mother of a 13-year-old SSI recipient) did not report to SSA she had been unemployed for nearly 1 year. Wages from her previous employment resulted in a reduction of the child's monthly benefit amount from \$564 to \$376. Consequently, the child may have been underpaid during the period of her mother's unemployment. The SSA representative will follow up on this matter.

Case 5 - In Austin, Texas, a 2-year-old child in the household was eligible for OASDI benefits under the retired father's account. The other children in the household were receiving OASDI benefits; however, the 2-year old had never been established on the record. The two children receiving benefits were receiving a combined monthly total equal to the family maximum limit for auxiliaries of \$657 per month (\$328 each per month). With the third child's eligibility, each child would be entitled to one-third of the \$657 per month. The SSA representative will follow up on this issue.

Overdue Continuing Disability Reviews

After an individual is determined to be disabled, SSA is required by statute⁶ to periodically determine whether the individual is still disabled. To carry out this statutory requirement, a continuing disability review is conducted at selected intervals.⁷

In Baton Rouge, Louisiana, a woman was a representative payee for her two disabled children and was also an SSI recipient. During our interview, we determined the mother and one child were overdue for a continuing disability review. The SSA field office initiated continuing disability reviews for all three recipients. There is no monetary effect unless a recipient is deemed ineligible resulting from the continuing disability review.

Representative Payee No Longer Needed

During our interviews, we identified two instances (Little Rock, Arkansas, and Plaucheville, Louisiana) where, after discussion with the representative payees,

⁶ The Social Security Act §§ 221(i) and 1633, 42 U.S.C. §§ 421(i) and 1383b.

⁷ SSA POMS DI 28001.001(A) - *What is a Continuing Disability Review (CDR)?*

beneficiaries, and SSA field office representatives, it was determined the beneficiaries were capable of managing their own funds. Consequently, in both instances, SSA staff took action to remove the representative payees from the record.

CONCLUSION AND RECOMMENDATIONS

We determined that all 51 beneficiaries existed and were in the care of their representative payee. In addition, based on our observations, the individuals' food, clothing and shelter needs appeared to be met. Our visits with the payees and beneficiaries provided the local SSA staff the opportunity to address other issues facing the payees and beneficiaries—thus contributing to SSA's goal for delivering high quality, citizen-centered service. Some issues were identified for SSA's attention that may have had an impact on the benefit eligibility amounts. SSA initiated action on all identified issues. Accordingly, we recommend that the Dallas Regional Office:

1. Complete its determination of the impact of unreported income to beneficiary payments.
2. Complete its determination on whether the deemed income, if any, from the unreported marriage impacts the payment to the recipient.
3. Complete its determination of the impact to benefit amounts resulting from reduced income.
4. Complete its determination of whether a child should be added as an auxiliary beneficiary on the retired father's account.
5. Ensure CDRs for the Baton Rouge, Louisiana, case are completed.

AGENCY COMMENTS

SSA agreed with our recommendations and took action to address the issues raised in the report. See Appendix D for the full text of SSA's comments.

OTHER MATTERS

We found that seven addresses listed in SSA records were incorrect. Five of these addresses were wrong for both the representative payee and the beneficiary and the other two were wrong for the beneficiary only. We reported these errors to Dallas Region staff, who took action to correct SSA records.



Patrick P. O'Carroll, Jr.

Appendices

[**APPENDIX A**](#) – Acronyms

[**APPENDIX B**](#) – Scope and Methodology

[**APPENDIX C**](#) – Sampling Methodology

[**APPENDIX D**](#) – Agency Comments

[**APPENDIX E**](#) – OIG Contacts and Staff Acknowledgments

Appendix A

Acronyms

CDR	Continuing Disability Review
C.F.R.	Code of Federal Regulations
OASDI	Old-Age, Survivors and Disability Insurance
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code

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 the Social Security Administration's (SSA) 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 meeting our selection criteria.
- Selected a random sample of 275 representative payees nationwide. 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 36 representative payees in the Dallas Region, we

- verified the identities of 36 representative payees and 51 beneficiaries they served;
- interviewed 36 representative payees;
- interviewed and observed 50 beneficiaries; and
- visited and observed the living conditions of 51 beneficiaries.

We performed our review in Arkansas, Louisiana, New Mexico, and Texas from July to October 2004. We conducted our review in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

¹ SSA OIG, *Nationwide 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).

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 the population to 4,306,779 representative payees with 5,520,303 beneficiaries. From this population, we randomly selected 275 representative payees for review. Our sample included 36 representative payees in the Dallas Region. Findings reported in the Dallas Region report will be reported as part of the national roll-up report.

Appendix D

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: February 1, 2005

To: Office of Inspector General

From: Horace Dickerson
Dallas Regional Commissioner

Subject: Individual Representative Payees for the Social Security Administration in the Dallas Region
(A-06-05-15053) - INFORMATION

We appreciate the Office of Inspector General's efforts in conducting this review and the opportunity to comment on the report content and provide recommendations.

Please let us know if we can be of further assistance.

If you have any questions, please call Lottie Dotson at 214-767-4224, in Management and Operations Support, Center for Programs Support.

Attachment:
Dallas Region Response

**COMMENTS OF THE DALLAS REGION SOCIAL SECURITY ADMINISTRATION
(SSA) ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT,
“REVIEW OF INDIVIDUAL REPRESENTATIVE PAYEES FOR THE SOCIAL
SECURITY ADMINISTRATION IN THE DALLAS REGION (A-06-05-15053)”**

Thank you for the opportunity to review and comment on the subject draft report. Our responses to the specific recommendations are provided below.

The objective of the review 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.

The review was part of a nation-wide review of individual representative payees serving 14 or fewer beneficiaries. To provide statistically valid nation-wide projections, 275 representative payees were selected for review, of which 36 were in the Dallas Region. These 36 representative payees received and managed approximately \$26,661 in monthly benefits for 51 beneficiaries.

During the review, OIG confirmed the existence of all 51 beneficiaries in the care of the 36 representative payees. Through personal observation, they determined that all 51 beneficiaries' food, clothing and shelter needs were being met and nothing came to their attention to indicate the representative payees did not use the Social Security benefits for the beneficiaries' needs. SSA staff accompanied OIG on the visits with the representative payees and beneficiaries to identify and address issues that had not been reported to SSA.

Recommendation 1

Complete its determination of the impact of unreported income to beneficiary payments.

Dallas Region Comment

Corrective action has been completed. In Little Rock, AR, the representative payee informed OIG that the SSI recipient earned extra money by baby-sitting. The SSR for XXX-XX-XXXX was updated 09/28/04 to reflect this income.

Recommendation 2

Complete its determination on whether the deemed income, if any, from the unreported marriage impacts the payment to the recipient.

Dallas Region Comment

In Keithville, LA, the representative payee did not disclose she was married to and living with the child's father. The representative payee was interviewed in August 2004 and the field office determined that the child's father does not live in the household. No further action is required.

Recommendation 3

Complete its determination of the impact to benefit amounts resulting from reduced income.

Dallas Region Comment

Corrective action has been completed. In Santa Domingo Pueblo, NM, the representative payee did not report that she had been unemployed for nearly a year. The SSR for XXX-XX-XXXX was updated 12/2004 to increase the benefit amount for the recipient effective 01/2005 and to issue an underpayment in the amount of \$4645.66 for the retroactive period.

Recommendation 4

Complete its determination of whether a child should be added as an auxiliary beneficiary on the retired father's account.

Dallas Region Comment

Corrective action has been completed. In Austin, TX, an application for child's benefits for a 2-year old child in the household had not been filed. An auxiliary application was processed via EC 12/07/04 on claim number XXX-XX-XXXX.

Recommendation 5

Ensure CDRs for the Baton Rouge, Louisiana case are completed.

Dallas Region Comment

All necessary actions have been completed. In Baton Rouge, LA, an SSI recipient and her two disabled children were overdue for a Continuing Disability Review (CDR). The CDR for the representative payee (XXX-XX-XXXX) and one child (XXX-XX-XXXX) was cleared to DDS 01/24/05. The record shows the other disabled child (XXX-XX-XXXX) is not scheduled for a CDR until 08/2006.

[Social Security numbers were included in the comments above. For privacy reasons, we deleted them from the text.]

Appendix E

OIG Contacts and Staff Acknowledgments

OIG Contacts

Paul Davila, Director, (214) 767-6317

Ron Gunia, Audit Manager, (214) 767-6620

Acknowledgments

In addition to those named above:

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Joshua Campos, Auditor

Wanda Renteria, Auditor

Clara Soto, Auditor

Brennan Kraje, Statistician

Kimberly Beauchamp, Writer-Editor

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