
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**INDIVIDUAL REPRESENTATIVE PAYEES
FOR THE
SOCIAL SECURITY ADMINISTRATION
IN THE KANSAS CITY REGION**

April 2005 A-07-05-15054

**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.

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.



SOCIAL SECURITY

MEMORANDUM

Date: April 11, 2005

Refer To:

To: Ramona Schuenemeyer
Acting Regional Commissioner
Kansas City

From: Inspector General

Subject: Individual Representative Payees for the Social Security Administration in the Kansas City Region (A-07-05-15054)

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 beneficiary's parent, legal guardian, spouse or other relative.² SSA considers payments to a representative payee to have been used for the 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).

We conducted a nation-wide review of individual representative payees serving 14 or fewer beneficiaries (see Appendices A and B for details). There are approximately 4.3 million of 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 14 were in the Kansas City Region.⁴ These 14 representative payees received and managed approximately \$11,299 in monthly benefits for 25 beneficiaries.

RESULTS OF REVIEW

We confirmed the existence of the 25 beneficiaries in the care of the 14 representative payees in the Kansas City Region; and, through personal observation and interviews, we found that the beneficiaries' food, clothing, and shelter needs were being met.⁵ For these individuals, 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. Furthermore, our contact with the payees provided the local SSA staff the opportunity to address other issues facing the payees and beneficiaries. Below is some information related to our representative payee site visits.

- Accompanied by an SSA field office employee, we visited a woman in Cedar Rapids, Iowa, who served as a representative payee for her 9-year-old son.⁶ The representative payee worked as a waitress to help support her son, who received Title XVI disability benefits for cerebral palsy. The beneficiary was unable to walk, so the representative payee had to carry the child because she could not afford to purchase a wheelchair. During our interview, the representative payee asked if an assistance program was available to help her obtain a wheelchair. The field office employee provided the representative payee with the name of an organization known for providing assistance to disabled children. The field office employee also answered the representative payee's question on receipt maintenance. The representative payee expressed gratitude for the information the field office employee provided.
- We met with a woman in St. Louis, Missouri, who served as the representative payee for her 16-year-old grandson, who received Title II survivor benefits. At the time of our interview, the representative payee stated she was moving to Florida. She had arranged for her grandson to stay with a family friend so he could finish his

⁴ Of the original 14 representative payee cases selected for review in the Kansas City Region, 1 case was transferred to our Philadelphia office for review since the representative payee had moved to Pennsylvania. One case was added to our review in the Kansas City Region because an individual selected for review in the New York Region no longer served as a representative payee, and the randomly chosen replacement was located in the Kansas City Region.

⁵ Of the 14 representative payees, 6 were the beneficiaries' father, 4 were the beneficiaries' mother, and 4 were another relative (son, grandmother, brother, wife).

⁶ Before the interview, the representative payee relocated in the Cedar Rapids area and did not report the change of address to SSA. SSA updated its records to reflect the change of address.

senior year of high school in St. Louis. The grandmother stated she would stay in frequent contact with her grandson and the adult with whom he would be living. In addition, she would provide her grandson instructions on how the benefits should be spent. We informed SSA of the representative payee's circumstances.

Subsequently, SSA determined that the grandmother would remain as the representative payee since she was most suitable.

- We visited a man in Martell, Nebraska, who served as representative payee for his nine children.^{7,8} The representative payee also received Title II disability benefits. The payee recently moved his family to a new town so his child, who received Title XVI benefits for autism, could receive better services through the new school district. The representative payee expressed his appreciation for the Social Security benefits because, without the benefits, the family would have difficulty meeting its needs.

Our other 11 representative payee interviews occurred without any problems identified. In addition, the beneficiaries' needs appeared to be met by the representative payees in all cases.

CONCLUSION

We determined that all 25 beneficiaries existed and were in the care of their representative payee. In addition, based on interviews and observations, the beneficiaries' food, clothing, and shelter needs appeared to be met. Further, our contact with the payees 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.

AGENCY COMMENTS

In its comments to our draft report, SSA agreed with the results of our review. See Appendix C for the full text of SSA's comments.



Patrick P. O'Carroll, Jr.

⁷ The Master Beneficiary Record showed nine beneficiaries, and the Representative Payee System showed eight beneficiaries. We alerted SSA to the inconsistent information, and it was corrected in the Representative Payee System.

⁸ Three children received Title XVI disability benefits, and the other six received Title II benefits because of the father's disability.

Appendices

APPENDIX A –Scope and Methodology

APPENDIX B – Sampling Methodology

APPENDIX C – Agency Comments

APPENDIX D – OIG Contacts and Staff Acknowledgments

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 (see Appendix B).
- 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

Fourteen of the 275 representative payees were in the Kansas City Region. For the 14 representative payees, we:

- verified the identities of 14 representative payees and 25 beneficiaries they served;
- interviewed 14 representative payees;
- interviewed 25 beneficiaries;
- visited and observed the living conditions of 25 beneficiaries; and
- reviewed the Master Beneficiary Record, Supplemental Security Income Display System, Numident, Master Earnings File, Representative Payee System, and Prisoner Update Processing System records for each individual to confirm personal information and identify discrepancies.

We performed our review in Missouri, Iowa, Nebraska, and Kansas, and at the Office of Audit in Kansas City, Missouri, from July to November 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).

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 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 with 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. Our sample included 14 representative payees in the Kansas City Region.

Of the original 14 sample cases, 1 representative payee case was transferred, and 1 was a replacement case for this review:

- One case was transferred to the Philadelphia Region because the representative payee had moved to Pennsylvania.¹
- One case was added as a replacement when a representative payee from the New York Region was no longer serving as a representative payee. The randomly chosen replacement case was located in the Kansas City Region.

Accordingly, our review of the Kansas City Region consisted of 14 representative payees. Our findings in the Kansas City Region will be included in a national report, where statistical projections will be made.

¹ Social Security Administration records indicated this representative payee was located in Cedar Rapids, Iowa. However, when we tried to schedule the interview, we found the representative payee had moved to the Philadelphia Region. The SSA field office representative assisted us in locating the representative payee. SSA has updated its records to reflect this change.

Agency Comments

MEMORANDUM

Date: March 24, 2005

To: Patrick P. O'Carroll, Jr.
Office of the Inspector General

From: Acting Regional Commissioner
Kansas City

Subject: OIG Draft Report, Individual Rep Payees in Kansas City Region--Response

We appreciate the opportunity to review the draft report regarding Individual Rep Payees in Kansas City Region. We agree with the conclusions in the report and believe they reflect the diligent work being done in our field offices to select payees who will best serve our beneficiaries' needs and interests.

Staff with questions may contact Kathy Kazee in our Center for Programs Support at 816-936-5643.

/s/
Ramona Schuenemeyer

Appendix D

OIG Contacts and Staff Acknowledgments

OIG Contacts

Mark Bailey, Director, Central Audit Division (816) 936-5591

Ron Bussell, Audit Manager (816) 936-5577

Acknowledgments

In addition to those named above:

Carol Cockrell, Program Analyst

Kim Beauchamp, Writer Editor

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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) 965-3218. Refer to Common Identification Number A-07-05-15054.

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The Office of the Inspector General (OIG) is comprised of our Office of Investigations (OI), Office of Audit (OA), Office of the Chief Counsel to the Inspector General (OCCIG), and Office of Executive Operations (OEO). To ensure compliance with policies and procedures, internal controls, and professional standards, we also have a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts and/or supervises financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

Office of Investigations

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Chief Counsel to the Inspector General

OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Finally, OCCIG administers the Civil Monetary Penalty program.

Office of Executive Operations

OEO supports OIG by providing information resource management and systems security. OEO also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OEO is the focal point for OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act of 1993.