

# KDC Income Management, a Fee-for-Service Representative Payee for the Social Security Administration

## A-13-13-13013



August 2013

Office of Audit Report Summary

### Objectives

To determine whether KDC Income Management (KDC) (1) had effective safeguards over the receipt and disbursement of Social Security benefits, (2) used and accounted for Social Security benefits in accordance with the Social Security Administration's (SSA) policies and procedures, and (3) adequately protected beneficiaries' personally identifiable information.

### Background

Some individuals cannot manage or direct the management of their finances because of their youth and/or mental or physical impairments. Congress granted SSA the authority to appoint representative payees to receive and manage these beneficiaries' payments. During our audit period, July 1, 2011 to June 30, 2012, KDC served as representative payee for 227 beneficiaries.

### Our Findings

Generally, KDC had effective safeguards over the receipt of Social Security benefits and used those benefits in accordance with SSA's policies and procedures, and adequately protected the beneficiaries' personally identifiable information. However, KDC did not (a) have adequate safeguards over all disbursements, and (b) report address changes to SSA. In addition, KDC had Social Security funds that it could not allocate to specific beneficiaries, and KDC operated as a conduit payee for one beneficiary.

### Our Recommendations

We recommend that SSA:

1. Instruct KDC to maintain sufficient documentation to support disbursements and assess KDC's compliance during its next site review.
2. Remind KDC to notify the Agency timely of changes of address and living arrangements and assess KDC's compliance during its next site review.
3. Instruct KDC on how to distribute approximately \$6,500 in Social Security payments to specific beneficiaries.
4. Determine whether a representative payee is necessary if the Agency reinstates the Old-Age, Survivors and Disability Insurance benefits for one beneficiary for whom KDC was operating as a conduit payee.

SSA agreed with our recommendations.