
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**THE DISTRICT OF COLUMBIA'S CHILD AND FAMILY
SERVICES AGENCY, AN ORGANIZATIONAL
REPRESENTATIVE PAYEE FOR THE
SOCIAL SECURITY ADMINISTRATION**

March 2012 A-13-11-11149

AUDIT REPORT



Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.

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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.**
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We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.



SOCIAL SECURITY

MEMORANDUM

Date: March 2, 2012

Refer To:

To: Frederick M. Maurin
Acting Regional Commissioner
Philadelphia

From: Inspector General

Subject: The District of Columbia's Child and Family Services Agency, an Organizational Representative Payee for the Social Security Administration (A-13-11-11149)

OBJECTIVE

Our objectives were to determine whether the District of Columbia's (DC) Child and Family Services Agency (CDSA), a representative payee for the Social Security Administration (SSA), (1) had effective safeguards over the receipt and disbursement of Social Security benefits and (2) used and accounted for Social Security benefits in accordance with SSA's policies and procedures.

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.¹ A representative payee may be an individual or an organization. SSA selects representative payees for Old-Age, Survivors and Disability Insurance (OASDI)² and/or Supplemental Security Income (SSI)³ beneficiaries⁴ when representative

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

² The OASDI program provides benefits to qualified retired and disabled workers and their dependents as well as to survivors of insured workers. Social Security Act § 201 et seq., 42 U.S.C. § 401 et seq.

³ The SSI program provides payments to individuals who have limited income and resources and who are age 65 or older, blind, or disabled. Social Security Act § 1601 et seq.; 42 U.S.C. 1381 et seq.

⁴ We use the term "beneficiary" generically in this report to refer to both OASDI beneficiaries and SSI recipients.

payments would serve the individual's interests.⁵ Representative payees are responsible for managing benefits in the beneficiary's best interest.⁶ See Appendix B for additional representative payee responsibilities.

CFSA is an organizational representative payee. A local government agency, CFSA is DC's public child welfare agency. CFSA is responsible for protecting child victims and children at risk of abuse and neglect and assisting their families.

During our audit period, October 1, 2009 to September 30, 2010, CFSA served as representative payee for 231 beneficiaries. Of the 231, we selected a sample of 50 beneficiaries for review. During our audit, we determined the payee received approximately \$236,700 in Social Security benefits for the 50 beneficiaries. See Appendix C for the scope and methodology of our review.

RESULTS OF REVIEW

CFSA had effective safeguards over the disbursement of Social Security benefits and used those benefits in accordance with SSA's policies and procedures. However, CFSA did not have adequate safeguards over benefit receipts, and it did not adequately account for Social Security receipts in accordance with SSA's policies and procedures. Specifically, we found CFSA did not

- promptly report changes in beneficiaries' circumstances to SSA (in some instances, CFSA did not return the related overpayments);
- apply to serve as representative payee timely;
- have adequate safeguards over beneficiary receipts; or
- have an appropriate bank account title.

REPORTING CHANGES TO SSA

CFSA did not promptly report changes regarding its beneficiaries to SSA. Specifically, CFSA did not notify SSA when (1) children were receiving concurrent SSI and Title IV-E benefits,⁷ (2) children in its care did not receive Social Security benefits, (3) children were no longer in its care, and (4) children were in a facility where Medicaid paid more than 50 percent of the cost of care.

According to Federal regulations, a representative payee has the responsibility of notifying SSA about any change that will affect its performance as a representative

⁵ 20 C.F.R. §§ 404.2001 and 416.601.

⁶ 20 C.F.R. §§ 404.2035(a) and 416.635(a).

⁷ 42 U.S.C. § 670 provides authorization for appropriations, in part for the purpose of enabling each state to provide foster care, in appropriate cases.

payee.⁸ Also, Federal regulations state a representative payee has a responsibility to notify SSA of any event or change that will affect the amount of benefits received, the right to receive benefits, or how benefits will be received.⁹

Children Who Received Concurrent SSI and Title IV-E Benefits

CFSA did not report to SSA that 29 beneficiaries for whom it served as payee during our audit period were also receiving Title IV-E benefits. Of the 50 beneficiaries in our sample, 8 were receiving concurrent SSI and Title IV-E benefits. We subsequently reviewed the remaining beneficiaries in CFSA's care and identified an additional 21 who were receiving concurrent SSI and Title IV-E during our audit period.

Agency policy states, "Title IV-E provides for Federal matching funds to States for foster care under certain circumstances."¹⁰ SSA policy also states that, if the source of payments for an individual's care is federally funded income based on need (for example, foster care under Title IV-E), the total payment is considered cash income to the individual, and the SSI payment is reduced dollar for dollar.¹¹

CFSA did not adequately monitor children receiving both benefits. We discussed with CFSA staff why it did not report the Title IV-E benefits to the Agency. On October 7, 2011, staff stated they developed a new internal process to identify Social Security beneficiaries who are also Title IV-E eligible. Staff further stated that if children received concurrent benefits, CFSA will repay the overpayments to SSA in a timely manner. SSA should verify that CFSA implemented this new process.

We provided information about the SSI overpayments to SSA, which had completed its reviews for 28 of the 29 beneficiaries we identified. SSA determined 1 beneficiary was not overpaid, and 27 beneficiaries were overpaid \$159,626 in SSI payments for our audit period. SSA did not provide information about its assessment of the remaining beneficiary. Agency staff explained that once overpayments are posted to the beneficiaries' records, SSA will perform due process¹² by providing beneficiaries the opportunity to dispute the overpayments. As noted above, CFSA plans to reimburse SSA for any overpayments. Furthermore, overpayments may have occurred before and after our audit period. On November 18, 2011, SSA staff reported the Agency intends to re-examine the 29 instances involving Title IV-E payments. As of December 1, 2011, SSA had not provided us any additional information on the 29 instances in which children were receiving concurrent Title IV-E and SSI payments.

⁸ 20 C.F.R. §§ 404.2035(f) and 416.635(f).

⁹ 20 C.F.R. §§ 404.2035(d) and 416.635(d).

¹⁰ SSA, POMS, SI 00830.410 B.2.a (July 31, 2003).

¹¹ SSA, POMS, SI 00835.706 C.5 (March 17, 2003).

¹² The Agency has long maintained a policy of protecting a beneficiary's right to due process before taking any adverse action affecting benefits. SSA, POMS, DI 40515.001 (February 26, 2010).

Social Security Payments Not Received

Although CFSA served as representative payee, it did not report to SSA that it did not receive benefit payments for eight beneficiaries. CFSA served as payee for eight child beneficiaries but did not receive the benefit payment for these children during our audit period. As a result, we estimate SSA paid \$27,115 from October 1, 2009 to September 30, 2010 to others¹³ instead of paying CFSA as the children's payee.

For one beneficiary in our sample, SSA did not timely update all its records to reflect CFSA's appointment as payee. SSA selected CFSA as representative payee for the beneficiary on October 21, 2009. SSA updated the beneficiary's OASDI record to reflect the new payee; however, SSA did not update the beneficiary's SSI record until May 26, 2010. As a result, we estimate SSA paid \$5,392 in SSI payments to the former payee from November 2009 through June 2010. CFSA completed an annual Representative Payee Report (RPR)¹⁴ for this beneficiary and showed how it used the OASDI and SSI benefits for the reporting period November 1, 2009 through October 31, 2010 despite not actually receiving the SSI payments. CFSA officials were not aware that they did not receive the SSI payments until we brought it to their attention.

We also found an additional seven beneficiaries outside our audit sample for whom CFSA did not receive Social Security benefits while serving as representative payee. For example, SSA selected CFSA as the representative payee for a beneficiary in September 2007; however, CFSA did not receive the child's disability or SSI benefits. Instead, SSA deposited the child's benefits into a bank account that did not belong to CFSA for at least 3 years. CFSA completed three RPRs¹⁵ for this beneficiary and reported how it used the OASDI and SSI benefit payments, even though it had not received the benefit payments. SSA paid \$5,016 in OASDI and SSI benefits for this beneficiary from October 1, 2009 to September 30, 2010. Again, CFSA officials were unaware that they did not receive the OASDI and SSI payments until we brought it to their attention. SSA subsequently referred this instance to our Office of Investigations for further review.

¹³ In six of eight instances, Social Security sent the benefits to the former payees; however, in two of eight instances SSA deposited the payments into bank accounts that did not belong to CFSA.

¹⁴ The RPR is intended to assist SSA in determining how the payee spent and/or saved benefits on a beneficiary's behalf, and identify situations where representative payment may no longer be appropriate or the payee may no longer be suitable. SSA, POMS, GN 00605.001 B.1. (November 7, 2008).

¹⁵ CFSA completed three RPRs for the reporting periods October 1, 2007 through September 30, 2010.

Table 1 shows the benefits we estimate SSA did not pay to CFSA while it served as representative payee.

Table 1: Benefits Not Paid to CFSA
(October 1, 2009 to September 30, 2010)

Months Benefits Not Paid to Payee	Number of Beneficiaries	SSI	OASDI	Benefits Not Paid to Payee
12	2	\$ 8,747	\$ 3,684	\$ 12,431
4 to 8	4	13,980	-	13,980
1	2	704	-	704
Totals	8	\$23,431	\$3,684	\$27,115

There may be additional benefits that should have been, but were not, paid to CFSA outside our audit period.

CFSA did not adequately coordinate the monitoring of receipts for each beneficiary. Monthly benefits SSA paid are recorded for each child beneficiary in a spreadsheet and in CFSA's automated accounting system. CFSA records monthly expenditures made on behalf of each child in FACES—the DC Statewide Automated Child Welfare Information System. Had CFSA compared receipts to disbursements recorded in these systems, it could have known it did not receive all Social Security payments.

We discussed the payments with CFSA staff. In October 2011, staff stated CFSA had developed and implemented a process to monitor Social Security payments. CFSA will alert SSA of instances when it does not receive Social Security payments. SSA should verify whether CFSA implemented this new process.

We discussed CFSA's not receiving payments with SSA staff. Of the eight beneficiaries we identified, SSA had stopped the payments for five before our review. SSA reported it was reviewing payments CFSA did not receive for these beneficiaries.

For the remaining three beneficiaries, we requested SSA stop sending payments to bank accounts that did not belong to CFSA. SSA subsequently suspended payments for two beneficiaries and referred the matter to our Office of Investigations for further review. On October 4, 2011, the Agency reported it was reviewing the payments for the remaining beneficiary. As of October 24, 2011, the Agency was not issuing the beneficiary's payments to CFSA—the payee serving the beneficiary.

Children No Longer in CFSA's Care

CFSA did not timely notify SSA when beneficiaries left its care. We identified 14 beneficiaries who had left CFSA's care. Based on CFSA's records, CFSA did not timely report these events to SSA for 11 of 14 beneficiaries. CFSA did not notify SSA that it was no longer serving as representative payee until 2 or more months after the 11 beneficiaries left its care. Also, in two instances, CFSA did not have any

documentation indicating when it notified SSA that the children were no longer in its care. Since SSA was unaware of these changes, it continued making payments to CFSA on behalf of these 14 children.

We estimated CFSA received about \$28,809 for the 14 children from October 1, 2009 to September 30, 2010 after they left its care. As of July 2011, CFSA returned the Social Security payments of 1 beneficiary to the Agency but not for the other 13.

We found 10 beneficiaries in our audit sample of 50 beneficiaries had left the payee's care. Of these, CFSA took 2 months or longer to notify SSA about this event for seven beneficiaries.

Also, CFSA received benefits for four more beneficiaries outside our audit sample who were no longer in its care. For example, SSA selected CFSA as representative payee for two siblings on February 1, 2002. The children were adopted and left CFSA's care on September 15, 2004. However, CFSA did not notify SSA of the event until October 8, 2010—approximately 6 years after the children left its care. As a result, we estimate CFSA was overpaid about \$6,000 in SSI payments during our audit period.

See Table 2 for more information about CFSA's reporting of beneficiaries who left its care.

Table 2: CFSA Notification to SSA About Beneficiaries Leaving Its Care
 (October 1, 2009 to September 30, 2010)

Months to Notify SSA After Child Left CFSA's Care ¹⁶	Number of Beneficiaries	OASDI Paid	SSI Paid	Estimated Payments Not Paid to New Payee
Less Than 2	1	-	\$ 674	\$ 674
2 to 4	5	\$ 484	5,257	5,741
6 to 24	2	-	8,627	8,627
48 to 72	4	6,834	2,487	9,321
No Record of Notification ¹⁷	2	-	4,446	4,446
Totals	14	\$7,318	\$21,491	\$28,809

More overpayments may have occurred outside our audit period.

¹⁶ Time calculations were based on CFSA's records.

¹⁷ Payee could not locate evidence it notified SSA about beneficiaries leaving its care. CFSA continued receiving one beneficiary's payments for 6 months; and the other beneficiary's payments for 1 month.

In March 2011, CFSA had repaid SSA \$2,696 it had received for one beneficiary in our sample. As of July 2011, we estimated \$26,113 in overpayments for 13 beneficiaries was outstanding. During our review, we asked CFSA why it had not repaid the remaining overpayments. CFSA staff stated the payee was waiting for SSA to provide the final overpayment amount due for the beneficiaries before reimbursing SSA.

CFSA did not have an adequate process in place for returning overpayments to SSA. As a result, CFSA generally did not return Social Security benefits. SSA's policy states that the representative payee should turn over any conserved funds or unused benefits to SSA when services as a payee terminate.¹⁸

In October 2011, CFSA staff stated that the payee developed and implemented a process to periodically review the status of each beneficiary in its care. In addition, the official stated that CFSA would review payments for children no longer in its care and return overpayments to SSA in a timely manner. On October 4, 2011, SSA staff stated they were reviewing payments for the 13 beneficiaries no longer in the care of the payee for whom CFSA had not returned the Social Security payments.

In addition to these 14 instances, SSA previously found 2 instances in which CFSA did not notify SSA timely when the children left its care. Specifically, two children left CFSA's care in 2001 and 2003, respectively. However, SSA was not notified until 2007 and 2008, respectively. SSA recorded these two instances as misuse in its Representative Payee System (RPS).¹⁹ SSA policy requires that misuse be reported to the Office of the Inspector General. As of September 22, 2011, SSA records indicated the misuse of \$47,066 in payments that remained payable for these two children. On October 4, 2011, SSA staff stated they were determining the appropriate classification for these two situations.

Children in Facilities Paid for by Medicaid

The payee did not report to SSA that two beneficiaries it served had Medicaid²⁰ paying more than 50 percent of the cost of services provided to the individuals. CFSA had minimal expenses recorded for the same period the two children were in a treatment facility.²¹ Upon further review, we found both beneficiaries received SSI payments for these periods and were in the facility for a period of longer than 30 days. CFSA informed us that Medicaid paid more than 50 percent of the cost of services provided to

¹⁸ SSA, POMS, GN 00502.113 C.1. (January 30, 2009, updated October 13, 2011).

¹⁹ RPS is the integrated system used to process payee applications, query payee performance, process mass change actions, document misuse determinations, document any significant information about the payee, and document reasons for payee appointment or non-appointment. SSA, POMS, GN 00502.120 (November 21, 2005).

²⁰ Title XIX of *Social Security Act*, known as Medicaid in most States, provides Federal cost sharing for each State's medical assistance program. SSA, POMS, SI 01715.001 B. (November 15, 2001)

²¹ According to CFSA, these beneficiaries were in residential treatment facilities.

the children. SSA's policy states if Medicaid is paying more than 50 percent of the cost of services provided, the maximum Federal payment is reduced to \$30 per month.²² CFSA did not adequately monitor the SSI payments for beneficiaries for whom it served as payee who were in facilities for longer than 30 days and for whom Medicaid had paid more than 50 percent of the cost of services. As a result, we estimate CFSA was overpaid approximately \$4,748 between October 1, 2009 and September 30, 2010. In addition, the beneficiaries were in the facilities for periods outside our audit period. Therefore, additional overpayments may have occurred.

We discussed the two beneficiaries in facilities paid by Medicaid with SSA and CFSA staff. As of October 4, 2011, SSA staff reported it was reviewing the two instances we identified. On October 7, 2011, CFSA staff stated CFSA had developed and implemented a placement change reporting process that allowed CFSA to report changes to SSA in a timely manner, including the placement of beneficiaries in facilities. In addition, CFSA is to alert its Fiscal Office about the status of SSA beneficiaries placed in facilities to ensure the appropriate adjustment of beneficiaries' payments. SSA should verify that CFSA implemented these changes.

SELECTION AS PAYEE

During our review, we found that in 10 instances, children were in CFSA's care several months before its selection as representative payee. As a result, the former payees received the Social Security benefit payments while the children were in CFSA's care.

We estimate that during our audit period, approximately \$17,421 was paid to former payees for 8 of the 10 children who were in CFSA's care before its appointment as representative payee. Of the eight children, four had been in CFSA's care for at least 8 months. In one instance, the child was in CFSA's care for 6 years before it was selected as representative payee. Table 3 shows the amount of benefits paid to former payees for our audit period.

Table 3: Timeliness of CFSA Selection to Serve as Representative Payee

Number of Months Child in CFSA's Care Before Selection as Payee ²³	Number of Beneficiaries	SSI	OASDI	Total Benefits Paid to Former Payees
Greater Than 12	2	\$ 5,906	\$ 180	\$ 6,086
8-10	2	5,883	-	5,883
1-3	3	4,778	-	4,778
Less Than 1	1	674	-	674
Totals	8	\$17,241	\$180	\$17,421

²² SSA, POMS, HI 00815.015 B. (February 21, 2008).

²³ We calculated the number of months the child was in CFSA's care based on its recorded entry date and SSA's selection date according to RPS.

For two instances that occurred outside our audit period, two children were in CFSA's care for extended periods before it was selected as payee. One child was in CFSA's care for about 1 year and the other for more than 4 years. During these periods, we estimate \$39,783 in SSI (\$36,900) and OASDI (\$2,883) was paid to former payees while the children were in CFSA's care.

In addition, other overpayments may have occurred outside our audit period.

SSA's policy states that the representative payee should turn over any conserved funds or unused benefits to SSA when services as a payee terminate.²⁴ SSA's policy also states, "Title II and title XVI benefits must be used for the immediate or reasonably foreseeable needs of the beneficiary."²⁵ CFSA did not receive conserved funds for these beneficiaries.

As of October 4, 2011, SSA explained it was reviewing the 10 instances to determine whether former payees were entitled to some or all of the payments received. For example, the beneficiaries may have returned home for a period. In addition, SSA indicated there could be instances of possible misuse of the payments. On October 7, 2011, a CFSA official stated that CFSA had implemented a process to timely submit representative payee applications for SSA beneficiaries in its care.

SAFEGUARDS OVER BENEFICIARIES' RECEIPTS

CFSA did not have adequate segregation of duties in recording and processing cash receipts. The same person who received the paper checks also prepared the deposit slip, deposited the checks, recorded deposits in CFSA's records, and performed reconciliations. No one person should control all key aspects of a transaction or event.²⁶ SSA best practices for maintaining an effective representative payee accounting system state that adequate separation of employees' duties helps deter both check fraud and employee theft.²⁷

While performing our review of internal controls, we found CFSA received a significant number of beneficiaries' Social Security payments by paper checks. For October 2009, CFSA received paper checks for 21 beneficiaries for whom it served as payee; however, by April 2011, CFSA was receiving paper checks for benefits belonging to 109 beneficiaries. CFSA staff stated it was their understanding that the SSA field office had the payee's bank account information and would automatically record the bank

²⁴ SSA, POMS, GN 00502.113 C.1. (January 30, 2009, updated October 13, 2011).

²⁵ SSA, POMS, GN 00603.001 A. (November 15, 2004).

²⁶ Government Accountability Office, Standards for Internal Control in the Federal Government, AIMD-00-21.3.1, pp. 12, 14.

²⁷ SSA, Best Practices for Maintaining an Effective Representative Payee Accounting System - Separation of Employee Duties. <http://www.socialsecurity.gov/payee/best.htm>

information each time CFSA applied to be a child's representative payee. Since CFSA did not provide bank account information when it applied to be representative payee, SSA issued paper checks for Social Security payments.

We discussed the use of paper checks for beneficiaries' payments with CFSA staff, who stated they had requested direct deposit for those beneficiaries receiving paper checks as of September 26, 2011. According to CFSA staff, they provided SSA the names of beneficiaries receiving paper checks and the payee's bank account number. Staff stated that, in the future, it would provide SSA the payee's bank account number each time it applied to become representative payee. In addition, staff discussed plans to implement a new process where another office in the DC government would receive and process any paper checks issued for Social Security benefits. Under the new process, CFSA performed the bank reconciliation. SSA should verify whether CFSA implemented this new process.

In October 2011, we discussed these issues with SSA representatives, who stated the applicable field office received the request from CFSA, and staff would update beneficiaries' records with direct deposit information.

IMPROPER BANK ACCOUNT TITLE

CFSA had not titled the beneficiaries' collective checking account in a manner that identified the beneficiaries as the owners and CFSA as the fiduciary. As of April 2011, the beneficiaries' collective checking account was titled "Child and Family Services Agency Benefits Account." In August 2009, an SSA site review of the payee reported this deficiency concerning the account title to CFSA; however, CFSA did not take corrective action at that time. If the bank account is improperly titled, the beneficiaries' assets are at risk for loss. SSA policy states the collective account title must show that the payee holds the account in a fiduciary capacity on the beneficiaries' behalf.²⁸

On November 14, 2011, CFSA stated that the DC Government Office of Finance and Treasury had changed the bank account title to "Child and Family Services Agency Representative Payee for Social Security Beneficiaries." SSA should verify CFSA's new bank account title.

²⁸ SSA, POMS, GN 00603.020 B. (June 5, 2008).

CONCLUSION AND RECOMMENDATIONS

CFSA had effective safeguards over disbursement of Social Security benefits and used Social Security benefits in accordance with SSA's policies and procedures. However, CFSA did not have adequate safeguards over benefit receipts, and it did not adequately account for Social Security receipts in accordance with SSA's policies and procedures. CFSA could improve its performance as payee. In several instances, CFSA did not report changes in beneficiaries' circumstances to SSA and return the related overpayments. In addition, CFSA did not timely apply to serve as representative payee for beneficiaries in its care or have adequate safeguards over beneficiary receipts. Lastly, we found CFSA's bank account title did not conform to SSA's policy.

We recommend that SSA:

1. Collect applicable overpayments from CFSA for the 29 beneficiaries we identified who were concurrently receiving SSI and Title IV-E payments, and if appropriate, collect additional overpayments that occurred before or after our audit period.
2. Instruct CFSA to (a) monitor beneficiaries' resources and (b) notify the Agency when beneficiaries concurrently receive SSI and Title IV-E benefits.
3. Collect overpayments made to others for eight beneficiaries we identified who were in CFSA's care, and if appropriate, collect additional overpayments that occurred before or after our audit period.
4. Instruct CFSA to notify the Agency when it does not receive applicable Social Security benefits for beneficiaries in its care.
5. Collect overpayments for the 13 beneficiaries we identified who had left CFSA's care and the payee did not repay the overpayments, and if appropriate, collect additional overpayments that occurred before or after our audit period.
6. Collect overpayments previously recorded as misuse concerning two beneficiaries that left CFSA's care.
7. Instruct CFSA to (a) notify the Agency timely when a beneficiary is no longer in its care and (b) return benefit payments to SSA timely when no longer serving as representative payee for a beneficiary.
8. Collect the SSI overpayments for two beneficiaries who were in facilities that Medicaid paid more than 50 percent of care, and if appropriate, collect additional overpayments that occurred before or after our audit period.
9. Instruct CFSA to notify SSA timely when a beneficiary who is receiving SSI is (a) placed in facilities for 30 days or longer and (b) Medicaid pays more than 50 percent of care.

10. Determine whether payments for 10 beneficiaries in the care of CFSA before its selection as payee were appropriate, and if not appropriate, take corrective actions.
11. Encourage CFSA to apply promptly to serve as representative payee for children in its care.
12. Verify CFSA segregated duties for recording and processing cash receipts.
13. Encourage CFSA to establish direct deposit for all beneficiaries in its care.
14. Verify CFSA modified the titling of the beneficiaries' collective checking account in accordance with SSA policy.

AGENCY COMMENTS AND REPRESENTATIVE PAYEE COMMENTS

SSA agreed with our recommendations (see Appendix D), and CFSA provided corrective actions for each issue discussed in our report (see Appendix E).



Patrick P. O'Carroll, Jr.

Appendices

[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – Representative Payee Responsibilities

[APPENDIX C](#) – Scope and Methodology

[APPENDIX D](#) – Agency Comments

[APPENDIX E](#) – Representative Payee Comments

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

Appendix A

Acronyms

C.F.R.	Code of Federal Regulations
CFSA	Child and Family Services Agency
DC	District of Columbia
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
RPR	Representative Payee Report
RPS	Representative Payee System
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code

Representative Payee Responsibilities

Representative payees are responsible for using benefits to serve the beneficiary's best interests. The responsibilities include:¹

- Determine the beneficiary's current needs for day-to-day living and use his or her payments to meet those needs.
- Conserve and invest benefits not needed to meet the beneficiary's current needs.
- Maintain accounting records of how the benefits are received and used.
- Report events to the Social Security Administration (SSA) that may affect the individual's entitlement or benefit payment amount.
- Report any changes in circumstances that would affect their performance as a representative payee.
- Provide SSA an annual Representative Payee Report to account for benefits spent and invested.
- Return any payments to SSA for which the beneficiary is not entitled.
- Return conserved funds to SSA when no longer serving as the representative payee for the beneficiary.

Be aware of any other income that Supplemental Security Income recipients may have and monitor their conserved funds to ensure they do not exceed resource limits.

¹ 20 C.F.R. §§ 404.2035 and 416.635.

Scope and Methodology

Our audit covered the period October 1, 2009 through September 30, 2010. To accomplish our objectives, we:

- Reviewed applicable Federal laws and regulations and Social Security Administration (SSA) policies and procedures pertaining to representative payees.
- Reviewed prior work performed by the Office of the Inspector General and SSA in the representative payee area.
- Compared and reconciled the payee's list of SSA beneficiaries in the District of Columbia's Child and Family Services Agency's (CDSA) care to a list obtained from SSA's Representative Payee System.
- Reviewed CDSA's internal controls over the receipt and disbursement of Social Security benefits.
- Randomly selected a sample of 50 beneficiaries from a population of 231 beneficiaries who were in CDSA's care during our audit period and performed the following tests.
 - ✓ Compared and reconciled benefit amounts received according to CDSA's records to benefit amounts paid according to SSA's records.
 - ✓ Reviewed CDSA's records to determine whether benefits were properly spent on the individual's behalf.
 - ✓ Traced a sample of recorded expenses to source documents and examined the underlying documentation for reasonableness and authenticity.
- Determined whether CDSA reported any changes or events for its beneficiaries that could affect the amount of, or entitlement to, Old-Age, Survivors and Disability Insurance or Supplemental Security Income benefits.¹
 - ✓ We matched all children who received Title IV-E benefits, according to CDSA's records, with our audit population.

¹ During our audit period, in addition to our audit sample, we found the following: 21 additional instances where children received concurrent SSI and Title IV-E benefits, 7 additional instances where CDSA did not receive Social Security payments for children in its care, and 4 additional instances of children who left CDSA's care.

- Visited and interviewed 10 randomly selected beneficiaries to determine whether their basic needs were being met.
- Obtained either *Request to be Selected as Payee* (Form SSA-11-BK) or other documentation that indicated SSA considered CDSA to be the representative payee for 10 beneficiaries and reviewed documentation to determine the completeness and appropriateness of the information provided.
- Selected 30 beneficiaries to determine the completeness and appropriateness of the information provided on the Representative Payee Reports (Form SSA-6234).
- Determined whether the organization was complying with its policies, and those set by SSA for protecting personally identifiable information.

We performed our audit in Baltimore, Maryland, and Washington, D.C., between March and October 2011. We tested the data obtained for our audit and determined them to be sufficiently reliable to meet our audit objectives. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix D

Agency Comments

February 17, 2012

Subject: Philadelphia Response - Signed Draft Report (A-13-11-11149) Audit No. 22011006, "The District of Columbia's Child and Family Services Agency, an Organizational Representative Payee for the Social Security Administration"

Thank you for the opportunity to comment on the draft report of OIG Audit No. 22011006, "The District of Columbia's Child and Family Services Agency, an Organizational Representative Payee for the Social Security Administration". We fully concur with the audit recommendations and have already begun working to implement them.

If you have any questions regarding our response, please contact Bob Raughley of the Center for Program Support at 215-597-0738 or Robert.Raughley@ssa.gov.

Frederick M. Maurin
Acting Regional Commissioner
Philadelphia Region

Appendix E

Representative Payee Comments

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Child and Family Services Agency



Office of the Director

February 17, 2012

Ms. Shirley Todd
Director, Evaluation Division
Office of the Inspector General
Social Security Administration
Baltimore, Maryland 21235-0001

Dear Ms. Todd,

Thank you for the opportunity to present the views of the District of Columbia's Child and Family Services Agency (CDSA) to your organization's draft report, *District of Columbia's Child and Family Services Agency, an Organizational Representative Payee for the Social Security Administration* (A-13-11-11149). CDSA's detailed responses and corrective actions to each of the issues raised in the body of the draft report are attached to this letter. CDSA's response highlights the organizational improvements made to strengthen the representative payee program and enhance compliance. For example, additional resources have been applied to the representative payee program, including the assignment of a benefits specialist with a wealth of Social Security Administration knowledge and experience. In addition, CDSA and the SSA District Office conduct bi-weekly work sessions to finalize reporting changes and complete needed reconciliations. Additionally, CDSA and the SSA District management conduct quarterly meetings to address and resolve any remaining issues not specifically addressed in the bi-weekly work sessions.

CDSA is confident that the corrective actions that have been implemented will continue to improve business processes and help resolve many of the findings found in the FY10 SSA OIG report. If you have follow up questions please do not hesitate to contact Lionel Sims, Jr, General Counsel for CDSA at (202) 442-4238.

Again, thank you for the opportunity to provide these comments and we look forward to reviewing the final report on this matter.

Sincerely,



Brenda Donald
Acting Director

Attachment

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www.cfsa.dc.gov ■ <http://dc.mandatedreporter.org> ■ www.adoptdckids.org

**Responses from the District of Columbia Child and Family Services Agency to
the Social Security Administration Office of Inspector General Draft Report**

*The District of Columbia's Child and Family Services Agency, an Organizational
Representative Payee for the Social Security Administration*

(A-13-11-11149)

Children Who Receive Concurrent SSI and Title IV-E Benefits (page 3)

**Finding – SSA found that CFSA did not report to SSA that 29 beneficiaries
for whom it served as payee during the audit period were also receiving Title
IV-E benefits.**

SSA policy states that, if the source of payments for the care is federally funded income based on need (for example, foster care under Title IV-E), the total payment is considered cash income to the individual, and the SSI payment is reduced dollar for dollar.

The SSA OIG provided information on the 29 beneficiaries to SSA for review. SSA staff reported that the Agency intends to re-examine these 29 instances. As of December 1, 2011, SSA had not provided results on the re-examination of these 29 instances.

CORRECTIVE ACTION: Based on the results of this re-examination, CFSA will work with the SSA staff to determine any overpayment amounts for these 29 instances that are due back to SSA. Once these overpayments amounts are agreed to, CFSA will make prompt payment on any overpayments amounts owed.

Children Who Receive Concurrent SSI and Title IV-E Benefits (page 3)

**Finding - SSA found that CFSA did not adequately monitor SSI and Title
IV-E payments paid for children in its care.**

SSA policy states that, if the source of payments for the care is federally funded income based on need (for example, foster care under Title IV-E), the total payment is considered cash income to the individual, and the SSI payment is reduced dollar for dollar.

CORRECTIVE ACTION: CFSA has developed an internal process to identify SSA beneficiaries who are also Title IV-E eligible. CFSA will work to ensure that, as appropriate and in the best interest of the child, Title IV-E eligible SSA

beneficiaries continue receiving SSA benefits, while maintaining a determination of being "Title IV-E eligible not reimbursable". This new process should greatly reduce, if not completely eliminate, concurrent SSI and Title IV-E benefits. When concurrent benefits do occur, CFSAs will work to repay SSA in a timely manner. CFSAs will review and reconcile with SSA any concurrent beneficiary payments during the quarterly CFSAs/SSA meetings.

Social Security Payments Not Received (page 4)

Finding – Although CFSAs served as representative payee, CFSAs did not report to SSA that it did not receive benefit payments for eight beneficiaries.

SSA policy requires that representative payees report any changes to SSA that may affect the individual's entitlement or amount of payment. Representative payees must report any changes of custody and return any benefits to which the beneficiary is not entitled. Any conserved funds or unused benefits must be returned to SSA. In addition, SSA's *Guide for Organizational Representative Payees* requires that payees report to SSA if a child beneficiary moves, dies, works, is incarcerated, begins to live with someone else, is adopted or marries.

CORRECTIVE ACTION: CFSAs have developed an internal process to complete a monthly reconciliation to include a review of all pertinent records, an analysis of the bank account data, and an assessment of the judicial, placement and permanency status of beneficiaries for whom it serves as representative payee. If there is evidence that CFSAs are not receiving Social Security payments for beneficiaries, CFSAs will immediately alert SSA in writing of the discrepancy. CFSAs will also request that SSA stop sending payments to non-CFSAs bank accounts. CFSAs will review and complete any outstanding reporting changes during the bi-weekly CFSAs/SSA work sessions.

Children No Longer in CFSAs Care (page 5)

Finding - SSA found that CFSAs did not timely notify SSA when beneficiaries left its care.

SSA policy requires that representative payees report any changes to SSA that may affect the individual's entitlement or amount of payment. Representative payees must report any changes of custody and return any benefits to which the beneficiary is not entitled. Any conserved funds or unused benefits must be returned to SSA. In addition, SSA's *Guide for Organizational Representative Payees* requires that payees report to SSA if a child beneficiary moves, dies, works, is incarcerated, begins to live with someone else, is adopted or marries.

CORRECTIVE ACTION: CFSAs have intensified its efforts in this area and will continue to report all changes to SSA in a timely manner, including beneficiaries exiting care. CFSAs have developed and implemented an internal process in which a regular review is completed on the status of each SSA beneficiary in CFSAs care. SSA beneficiaries who are no longer in the care and custody of CFSAs will have their exit dates and payments reviewed and a report will be provided identifying any overpayments to SSA. CFSAs have improved its return of payments to SSA when overpayments occur. CFSAs also requests SSA to implement a system whereby SSA promptly discontinues sending CFSAs payments of beneficiaries who have left care. CFSAs will review and complete any outstanding reporting changes during the bi-weekly CFSAs/SSA work sessions.

Children in Facilities Paid for by Medicaid (page 7)

Finding - SSA found that CFSAs did not report to SSA that two beneficiaries it served had Medicaid paying more than 50 percent of the cost of services provided.

SSA policy requires that representative payees report any changes to SSA that may affect the individual's entitlement or amount of payment. Representative payees must report any changes of custody and return any benefits to which the beneficiary is not entitled. Any conserved funds or unused benefits must be returned to SSA. In addition, SSA's *Guide for Organizational Representative Payees* requires that payees report to SSA if a child beneficiary moves, dies, works, is incarcerated, begins to live with someone else, is adopted or marries.

CORRECTION ACTION: CFSAs have developed and implemented a placement change reporting process, and will continue to report changes to SSA in a timely manner, including changes regarding SSA beneficiaries placed in Medicaid facilities. In addition, CFSAs will internally alert the Agency Fiscal Office about the status of SSA beneficiaries placed in Medicaid facilities to ensure that receipt of beneficiary payments are adjusted accordingly by the CFSAs Agency Fiscal Office. CFSAs will review and complete any outstanding reporting changes during the bi-weekly CFSAs/SSA work sessions.

Selection as Payee (page 8)

Finding - SSA found that CFSAs did not apply timely to be the representative payee.

SSA policy requires that representative payees report any changes to SSA that may affect the individual's entitlement or amount of payment. Representative payees must report any changes of custody and return any benefits to which the beneficiary is not entitled. Any conserved funds or unused benefits must be

returned to SSA. In addition, SSA's *Guide for Organizational Representative Payees* requires that payees report to SSA if a child beneficiary moves, dies, works, is incarcerated, begins to live with someone else, is adopted or marries.

CORRECTIVE ACTION: CFSAs has implemented a process to submit representative payee applications for SSA beneficiaries in its care in a timely manner. CFSAs will provide SSA with bank account information on each change of payee application as provided by the Agency Fiscal Office. CFSAs has developed and implemented a process to accurately and effectively monitor SSA payments paid to CFSAs for children in its care. For children in CFSAs care, CFSAs will quickly alert SSA of instances of SSA payments going to an entity other than CFSAs. CFSAs will continue working closely with SSA on this matter. During the bi-weekly CFSAs/SSA work sessions, CFSAs will provide updates on any beneficiaries in CFSAs care for whom CFSAs is not the representative payee.

Safeguards Over Beneficiaries' Receipts (page 9)

Finding – SSA found that CFSAs did not have adequate segregation of duties in recording and processing cash receipts. In addition, SSA also found that CFSAs received a significant number of beneficiaries' Social Security payments by paper checks.

CORRECTIVE ACTIONS: CFSAs has implemented several processes to address the issues regarding segregation of duties. The responsibility for receiving and depositing cash receipts has been shifted from CFSAs to the Office of Chief Financial Officer's Human Support Services Cluster Payments and Collections division. This division is not located at CFSAs and has a separate staff that supports the human services agencies with regard to management of Social Security benefits across the various District of Columbia human services agencies. Specifically, the Payments and Collection Division will receive all paper checks, deposit those checks, and record the deposits. This division will also maintain the central register for all payments received on behalf of CFSAs beneficiaries. The responsibility of reconciling the monthly bank statements for the Beneficiary Account will still reside within CFSAs Accounting Unit. Information on monthly account activity will be forwarded from the Payments and Collection Division to the CFSAs accounting staff for reconciliation.

Additionally, CFSAs immediately contacted the local Social Security Office and provided a list of beneficiaries when it received the paper checks for these children. Moreover, CFSAs requested that the payments be switched to direct deposit. In addition, CFSAs now includes the CFSAs Beneficiary Account bank and

routing numbers on all applications to become the representative payee for Social Security beneficiaries under CFSAs care. This change in practice by CFSAs will ensure that the Social Security Administration has the information with the application and will immediately direct deposit approved benefit payments.

Improper Bank Account Title (page 10)

Finding – SSA found that CFSAs had not titled the beneficiaries' collective checking account in a manner that identified the beneficiaries as the owners and CFSAs as the fiduciary.

SSA policy states the collective account title must show that the payee holds the account in a fiduciary capacity on the beneficiaries' behalf.

CORRECTIVE ACTION: *CFSAs, through the Office of the Chief Financial Officer's Office of Finance and Treasury, changed the bank account title, effective, November 2011. The new title of the account is "Child and Family Services Agency Representative Payee for Social Security Beneficiaries". The agency is of the opinion that the account title change addresses the finding in the audit report.*

Appendix F

OIG Contacts and Staff Acknowledgments

OIG Contacts

Shirley E. Todd, Director, Evaluation Division

Florence Wolford, Audit Manager

Acknowledgments

In addition to those named above:

Donna Parris, Auditor-In-Charge

For additional copies of this report, please visit our Website at <http://oig.ssa.gov/> or contact the Office of the Inspector General's Public Affairs Staff Assistant at (410) 965-4518. Refer to Common Identification Number A-13-11-11149.

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