

Report Summary

Social Security Administration Office of the Inspector General

May 2011



Objective

To determine whether the Social Security Administration (SSA) appointed representative payees for minor children in accordance with its policies.

Background

SSA appoints representative payees for individuals who are not able to manage or direct the management of their finances because of their youth or mental and/or physical impairment.

It is important that minor children have representative payees to manage their benefits to ensure the payments are used for their current and foreseeable needs.

SSA generally presumes minor children (that is, under age 18) to be incapable of managing their own benefit payments. SSA policy states children under age 15 must have a representative payee. However, policy also states children ages 15 through 17 may be paid directly if a certain condition exists.

To view the full report, visit
<http://www.ssa.gov/oig/ADO/BEPDF/A-13-10-10104.pdf>

Minor Children Receiving Benefits Without a Representative Payee (A-13-10-10104)

Our Findings

SSA did not always appoint representative payees for minor children in accordance with its policies. We found SSA did not appoint representative payees, as required, for 1,351 minor children under the age of 15. In addition, we estimate the Agency erroneously placed about 1,720 Old-Age, Survivors and Disability Insurance and 160 Supplemental Security Income beneficiaries ages 15 through 17 in direct pay.

In total, we estimate approximately \$66.2 million in benefits were improperly paid to minor children. Further, without the proper appointment of representative payees, there is no apparent oversight to ensure the funds were used for the children's best interests.

Our Recommendations

We recommend SSA:

1. Remind employees to follow policies and procedures when issuing direct payments to children under age 18.
2. Follow up on 14 children under age 15 whose benefit payments were suspended pending appointment of payees.
3. Identify pending representative payee applications for children under age 15 before completing database cleanups.
4. Determine whether there is a cost-effective method for identifying undocumented representative payees and requiring such payees to account for the use of benefits they receive.
5. Determine whether it is cost-effective to periodically review children under age 18 in direct pay as a monitoring control. At a minimum, we believe all children under age 15 without a representative payee should be identified on a periodic basis so that payees can be appointed.

SSA agreed with Recommendations 1 through 4 and partially agreed with Recommendation 5.