

# Individuals Barred from Serving as Representative Payees

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Office of Audit Report Summary

### Objective

To determine whether the Social Security Administration (SSA) assigned individuals as representative payees (payees) who were convicted of crimes that should have barred them from serving.

### Background

The *Social Security Act* and SSA policy contain provisions to prevent individuals who have been convicted of certain crimes from serving as payees. Individuals convicted under sections 208, 811, or 1632(a) of the *Social Security Act* are permanently barred from serving as payees, and there is no exception to this rule. Effective February 2014, SSA permanently prohibits individuals from serving as payees if they were convicted of fraud directly related to their payee duties. Additionally, SSA policy bars individuals convicted of committing, or attempting to commit, serious felonies—such as fraud, robbery, and homicide—from serving as payees unless they meet certain exclusions (such as being the custodial parent of a minor child).

SSA learns about a person's criminal activity from several sources, including our Office of Investigations, self-reporting, or PayeeWiz—a tool designed to conduct background checks on payee applicants.

### Findings

Of the cases we reviewed, 51 individuals were serving as payees for 70 beneficiaries although the payees had been convicted of violating criminal sections of the *Social Security Act*, payee fraud, or other criminal felonies. SSA paid the 51 payees about \$1.3 million in beneficiaries' benefit payments after their convictions. There were 39 individuals convicted of payee fraud or other criminal felonies, of which 34 were assigned as payees before SSA implemented its criminal bar policy in February 2014. Under SSA policy, the 34 payees were not automatically barred from serving at the time of their appointment. SSA assigned the remaining five payees after the criminal bar policy was implemented. As of May 2017, SSA had removed or was removing the 46 individuals as payees because they had a criminal history or the beneficiaries were no longer eligible for SSA benefits. Further, PayeeWiz could not provide Federal crime information that could bar individuals from serving as payees.

Additionally, until April 2016, SSA did not have a system to automatically prevent 936 individuals convicted of barred crimes from being selected as payees in the future. Although the 936 individuals were not serving as payees as of January 2016, they were convicted of crimes that permanently barred them from serving as payees. The blocking feature was added with the implementation of the Electronic Representative Payee System, and it should prevent the future selection of an individual convicted of a barred crime. Based on our referral, the Agency added fraud indicators to eRPS for the 936 individuals to prevent these individuals from being selected as payees in the future.

### Recommendations

We recommended that SSA (i) review the remaining five payees who were convicted of criminal offenses that should have barred them from serving and either select a new payee or consider direct payment; and (ii) consider the feasibility of identifying a source to access Federal criminal information when conducting criminal background checks for payee applicants to prevent individuals convicted of barred crimes from serving as payees.

SSA agreed with our recommendations.