



Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

Audit Report

Discrepancies in the Electronic
Representative Payee System

052402 September 2024



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 18, 2024

Refer to: 052402

To: Martin O'Malley
Commissioner

From: Michelle L. Anderson *Michelle L. Anderson*
Assistant Inspector General for Audit as Acting Inspector General

Subject: Discrepancies in the Electronic Representative Payee System

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration ensured the representative payee information in its Electronic Representative Payee System was accurate.

Please provide within 60 days a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please call me or have your staff contact Jeffrey T. Brown, Deputy Assistant Inspector General for Audit.

Attachment

Discrepancies in the Electronic Representative Payee System 052402



September 2024

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) ensured the representative payee (payee) information in its Electronic Representative Payee System (eRPS) was accurate.

Background

ERPS processes payee applications and contains all payee-related information. SSA employees create and process applications in eRPS for applicants who have a Social Security number.

ERPS generates alerts that notify employees to resolve discrepancies between eRPS and the payment records. In addition, SSA uses an ad hoc workload to verify the same payee is named on all records. SSA management uses eRPS information for congressional reporting and trend analysis.

We conducted three audits on the accuracy and completeness of information in eRPS. This is the second report in the series.

For this audit, we obtained 2 populations from SSA's systems as of April 2021: 8,796 beneficiaries with multiple entitlements who had different payees on their payment records and 48,916 beneficiaries in eRPS who had discrepant information on the payment records. From these populations, we reviewed a random sample of 200 and 100 beneficiaries, respectively.

Results

SSA did not always ensure payee information in eRPS was accurate. Specifically, SSA needed to improve the payee application process and resolve discrepant payee information between eRPS and the payment records. We estimate SSA:

- Did not resolve the payee discrepancies for approximately 2,000 beneficiaries and paid \$22.8 million to incorrect payees.
- Overstated the number of active payees in eRPS for approximately 17,600 beneficiaries, which may result in the Agency using inaccurate information to conduct trend analysis or to report to Congress.
- Incorrectly recorded the types of payees for approximately 9,300 beneficiaries, which resulted in SSA either not obtaining the required accounting reports or obtaining unnecessary reports from about 3,900 payees.

Recommendations

We recommend SSA:

1. Review the 100 beneficiaries with payee discrepancies we identified in both samples to determine whether further action is necessary.
2. Evaluate the results of its review of the 100 beneficiaries and determine whether it should review the remaining population of 57,412 beneficiaries we identified.
3. Remind employees to create and process payee applications and updates in eRPS; take necessary manual actions to transfer the payee information to the payment records; and follow up on their actions and resolve alerts.
4. Establish a process or ad-hoc workload to ensure employees resolve inconsistencies between eRPS and the payment records, including, but not limited to, removing active payees in eRPS that are not on the payment records and establishing active payees in eRPS, when necessary.

SSA agreed with our recommendations.

TABLE OF CONTENTS

Objective.....	1
Background.....	1
The Electronic Representative Payee System.....	1
Payee Reporting Requirements	2
Approving and Terminating Payees.....	2
Discrepant Payee Information	3
Scope and Methodology	3
Results of Review	4
Beneficiaries with Unresolved Payee Discrepancies on their Payment Records.....	4
The Agency’s Actions to Detect Payee Discrepancies.....	5
Active Payees in the System for Terminated Payment Records	6
Discrepancies in the Types of Payees.....	6
Conclusions	7
Recommendations	8
Agency Comments.....	8
Appendix A – Discrepant Representative Payee Information	A-1
Appendix B – Scope, Methodology, and Sampling Results	B-1
Appendix C – Agency Comments.....	C-1

ABBREVIATIONS

C.F.R.	Code of Federal Regulations
eRPS	Electronic Representative Payee System
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors, and Disability Insurance
OIG	Office of the Inspector General
Payee	Representative Payee
POMS	Program Operations Manual System
Pub. L. No.	Public Law Number
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record
TOP	Type of Payee
U.S.C.	United States Code

OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) ensured the representative payee (payee) information in its Electronic Representative Payee System (eRPS) was accurate.

BACKGROUND

SSA administers the Old-Age, Survivors, and Disability Insurance (OASDI) program under Title II of the *Social Security Act*.¹ OASDI provides benefits to wage earners and eligible family members in the event a wage earner retires, becomes disabled, or dies. SSA also administers the Supplemental Security Income (SSI) program under Title XVI of the *Social Security Act*.² SSI is a means-tested program that provides a minimum level of income to individuals who are aged, blind, or disabled and meet certain income and resource limits.

SSA appoints payees for beneficiaries who cannot manage or direct the management of their Social Security benefits because of their youth or mental and/or physical impairments.³ A payee, which may be an individual or an organization, receives OASDI benefits and SSI payments on behalf of these beneficiaries.⁴ An individual or organization must complete an application to serve as a payee.⁵ Social Security law and regulations require that payees use the benefits they receive for the beneficiary's current needs and in their best interest. They are responsible for keeping records and reporting to SSA on their use of the beneficiaries' funds.⁶

The Electronic Representative Payee System

SSA uses eRPS to process payee applications. ERPS contains all payee-related information, such as their name, relationship to the beneficiary (otherwise known as the type of payee [TOP]), guardianship, custody, etc.⁷ SSA management uses payee information in eRPS reports to aid them in preparing congressional reports and trend analysis. Additionally, SSA relies on the accuracy of payee information on the Master Beneficiary Record (MBR) and Supplemental Security Record (SSR) to conduct oversight of payees.⁸

¹ *Social Security Act* § 201, 42 U.S.C. § 401.

² *Social Security Act* § 1601, 42 U.S.C. § 1381.

³ *Social Security Act* §§ 205, 1631, 42 U.S.C. §§ 405 (j)(1)(A) and 1383(a)(2); 20 C.F.R. §§ 404.2010 and 416.610.

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

⁵ SSA, *POMS*, GN 00501.013 (March 14, 2024) and GN 00502.107 (May 23, 2023).

⁶ 20 C.F.R. §§ 404.2035 and 416.635; SSA, *POMS*, GN 00502.114 (May 23, 2023).

⁷ SSA, *POMS*, GN 00502.110, A (May 23, 2023).

⁸ The MBR contains information about each claimant who has applied for OASDI benefits. The SSR contains information about each individual who has applied for SSI payments.

Payee Reporting Requirements

SSA uses an annual accounting report to monitor how the payee spent or saved the benefits on the beneficiary's behalf, identify situations where representative payments may no longer be appropriate, or determine whether the payee is no longer suitable.⁹ The *Strengthening Protections for Social Security Beneficiaries Act of 2018* amended these requirements for certain payees, such as a beneficiary's spouse or a minor child's parent to exempt them from reporting.¹⁰ However, SSA may request that any payee complete an accounting report if the Agency receives information that raises a question about the payee's use of monthly benefits and conserved funds.¹¹

Approving and Terminating Payees

SSA employees create and process applications in eRPS for applicants who have a Social Security number. Once employees approve and process the applications in eRPS, eRPS automatically uploads the information to the MBR for OASDI post-entitlement cases.¹² ERPS cannot automatically update the payment records for OASDI initial entitlements or SSI initial or post-entitlement actions; therefore, SSA employees must manually transfer payee information from eRPS to the payment records.

SSA allows individuals who do not have a Social Security number (for example, undocumented noncitizens who have minor children and applicants who reside outside the United States) to serve as payees. Employees cannot create these payee applications in eRPS. Instead, they must obtain and retain a paper application and bypass eRPS to add the payee information directly onto the payment records.¹³

SSA employees must appoint the same payee for all types of benefits to which the beneficiary is entitled, and one payee application applies for all benefits payable. However, if the beneficiary is subsequently awarded another type of benefit, the payee must complete a separate application for that benefit.¹⁴

⁹ SSA, *POMS*, GN 00605.001, B.1 (May 15, 2013).

¹⁰ *Strengthening Protections for Social Security Beneficiaries Act of 2018*, Pub. L. No. 115-165, 132 Stat. 1257, pp. 1260 and 61 (amending 42 U.S.C. §§ 405(j)(3) and 1383(a)(2)(C)).

¹¹ *Social Security Act* §§ 205, 1631; 42 U.S.C. §§ 405(j)(3) and 1383(a)(2)(C); 20 C.F.R. §§ 404.2035, 416.635; SSA, *POMS*, GN 00605.015 (May 26, 2023).

¹² SSA refers to updates to existing records as post-entitlement actions.

¹³ SSA, *POMS*, GN 00502.190 (August 26, 2022)

¹⁴ SSA, *POMS*, GN 00502.110, A (May 23, 2023).

An SSA employee will determine whether a beneficiary needs a new payee when circumstances change or suggest a payee may no longer be suitable.¹⁵ When an employee processes a new payee application in eRPS, eRPS will remove the former payee as the beneficiary's payee. If an employee determines the beneficiary is capable of managing or directing the management of their Social Security benefits, the employee must process a new application with the beneficiary as the payee to terminate the former payee.¹⁶ According to SSA staff, the employee should terminate the payee in eRPS when they are no longer serving as the beneficiary's payee, such as when the beneficiary's benefits terminate.

Discrepant Payee Information

eRPS generates alerts to notify employees to resolve discrepant information between eRPS and the payment records.¹⁷ Also, according to SSA, each July, it conducts an ad-hoc workload, titled *Concurrently Entitled Beneficiaries Receiving Rep Payee and Direct Payments*. This ad-hoc workload verifies beneficiaries who are paid benefits through payees have the same payee data on all payment records. In July 2022, SSA expanded the workload-selection criteria to include dually entitled beneficiaries to whom SSA was paying one benefit directly to the beneficiaries and a second benefit through payees. (See Appendix A for more information.)

SCOPE AND METHODOLOGY

We conducted three audits of the accuracy and completeness of information in eRPS. This is the second report in the series.¹⁸ For this audit, we identified two populations of beneficiaries who had payee discrepancies in SSA's systems as of April 2021:

- **Population 1:** 8,796 beneficiaries who were entitled to multiple benefits and had different payees on their payment records.
- **Population 2:** 48,916 beneficiaries in eRPS who had discrepant information on the payment records.

For our review, we randomly selected 200 beneficiaries from Population 1 and 100 beneficiaries from Population 2. (For additional information about our scope, methodology, and sampling results, see Appendix B.)

¹⁵ SSA, *POMS*, GN 00504.100 (August 8, 2023).

¹⁶ Applications are not needed to terminate the payees for, and establish direct payments to, non-disabled child beneficiaries who attain age 18. Applications are required to establish direct payments to disabled child beneficiaries who attain age 18. If an employee must determine the beneficiary's capability, they must obtain all needed documentation. SSA, *POMS*, GN 00502.107, A.2 (May 23, 2023).

¹⁷ We use the term "payment record" in this report to refer to the MBR and/or the SSR.

¹⁸ This report is a part of a larger comprehensive audit of eRPS. Because of the size of the audit, we are reporting the results separately in three reports. The other reports are related to payees who were not properly established in eRPS and capability determinations for disabled beneficiaries.

RESULTS OF REVIEW

SSA did not always ensure payee information in eRPS was accurate. Specifically, SSA needed to improve the payee application process and resolve discrepant payee information between eRPS and the payment records. Based on our sample, we estimate SSA:

- Did not resolve the discrepancies for approximately 2,000 beneficiaries and paid \$22.8 million to incorrect payees.
- Overstated the number of active payees in eRPS for approximately 17,600 beneficiaries, which may result in the Agency using inaccurate information to conduct trend analysis or report to Congress.
- Incorrectly recorded the types of payees for approximately 9,300 beneficiaries, which resulted in SSA either not obtaining the required accounting reports, or obtaining unnecessary reports, from about 3,900 payees.

Beneficiaries with Unresolved Payee Discrepancies on their Payment Records

For 45 of the 200 beneficiaries in our sample, SSA paid a payee on 1 payment record and paid either a different payee or the beneficiary directly on another payment record.¹⁹ SSA paid \$518,056 to incorrect payees over an average of 25 months. These payee discrepancies occurred because:

- Employees processed payee applications in eRPS for 23 beneficiaries but did not manually transfer the payee information to the payment records. In addition, employees did not verify the payee information was updated on the payment record.²⁰
- Employees did not obtain payee applications for 22 beneficiaries who were receiving benefits through payees and subsequently became entitled to another benefit. SSA continued paying the existing benefits through payees but paid the beneficiaries their new benefit directly. There was no documentation to support the beneficiaries had become capable of managing their own funds.

According to SSA, employees should review eRPS and the payment records after they process payee applications to ensure their inputs worked appropriately and the payment records were updated properly. When employees are required to take manual actions, and without adequate controls, there is increased risk they will not complete those actions in accordance with policies and procedures.

¹⁹ All payees for the 200 beneficiaries had Social Security numbers and must have been in eRPS.

²⁰ We were unable to determine why employees did not manually transfer the payee information from eRPS to the payment records or verify the information was updated on the payment record.

The Agency’s Actions to Detect Payee Discrepancies

Table 1 summarizes how the unresolved payee discrepancies for the 45 beneficiaries in our sample were identified by eRPS-generated alerts and/or the ad-hoc workload.

Table 1: System Identification of 45 Unresolved Payee Discrepancies

System	Beneficiaries
eRPS Alert	15
Ad Hoc Workload	6
eRPS Alert and Ad Hoc Workload	11
No eRPS Alert or Ad Hoc Workload	13
Total	45

ERPS generated alerts to notify employees of payee discrepancies for 26 of the 45 beneficiaries. SSA employees did not take action to resolve applications that remained in “Ready to Process” status and payee discrepancies. On average, these cases had been unresolved for longer than 29 months. SSA stated eRPS alerts remain in the system until an employee resolves them. However, there are no follow-up alerts to notify employees action is needed. SSA uses the Workload Action Center to track these alerts. After 180 days, unresolved alerts are removed from, and no longer tracked in, the Workload Action Center. SSA stated these alerts can be assigned to users, but it is not required. Additionally, SSA did not specify the timeframes in which employees are required to resolve these alerts so management can prioritize workloads.

SSA’s ad-hoc workload detected 17 of the 45 beneficiaries; however, SSA employees did not take action to resolve these discrepancies. As a result, the discrepancies showed in later workloads or remained unresolved until the benefits were terminated. In addition, SSA had not detected some discrepancies until it updated the selection criteria for this ad-hoc workload in July 2022.

Finally, eRPS did not generate alerts, and the ad hoc workload did not identify discrepancies, for 13 beneficiaries. This occurred because the Agency was paying the beneficiaries through payees, and those beneficiaries subsequently became entitled to student’s benefits, which the Agency paid to them directly. ERPS did not generate alerts because it only does so when employees add or change a payee. In addition, these cases were not detected in the ad-hoc workload because the workload selection was made in July, and the Agency was not paying the beneficiaries their student benefits because they were on summer break from school.

Active Payees in the System for Terminated Payment Records

For 36 of 100 beneficiaries, SSA had active payees in eRPS, but the payment records had been terminated.

- SSA terminated the payment records for 14 deceased beneficiaries, but eRPS still showed these deceased beneficiaries as actively their own payees. This occurred because eRPS did not automatically terminate, or generate alerts to terminate in eRPS, the active payee for a deceased beneficiary who had served as their own payee when these updates were made in the payment records.
- ERPS generated alerts to notify employees that 13 beneficiaries had active payees who were actually deceased. Employees did not terminate the deceased, active payees for these 13 beneficiaries and removed the alert for 3 without taking action.
- SSA terminated benefits for nine beneficiaries, but the payees remained active in eRPS. This occurred because, when employees terminated the beneficiaries' benefits, they did not terminate the payees in eRPS.

According to SSA, when a payee is no longer serving a beneficiary, SSA employees should terminate the payee in eRPS. In addition, eRPS alerts can be assigned to users; however, SSA does not require that employees process the alerts within a specific timeframe. Further, eRPS does not automatically terminate payees who are deceased or have controls or analysis through ad-hoc workloads to ensure payees are terminated in eRPS when benefits are terminated.

It is important that payee information in eRPS be accurate because the data are stored and aggregated in eRPS reports. SSA then uses those reports to make risk assessments and managerial decisions as well as prepare congressional reports and trend analyses.

Discrepancies in the Types of Payees

For 19 of 100 beneficiaries with eRPS discrepancies, SSA recorded an incorrect TOP in eRPS or the payment records. Of these, eight payees had an incorrect TOP that changed their accounting report requirements to SSA.

This occurred because SSA employees incorrectly changed the TOP when they updated the payment records or did not update eRPS with the correct TOP. Additionally, SSA's systems allow employees to manually add payee information to, or update, the payment records because SSA cannot use eRPS when a payee does not have a Social Security number.²¹ SSA does not have controls in place to prevent employees from manually updating the payment records when they must use eRPS.

²¹ See Footnote 7.

For example, in one instance, a beneficiary's mother was their payee. SSA processed the application in eRPS and correctly transferred the payee information onto the payment record. Later, an employee manually updated the payment record and incorrectly changed the payee's TOP code from "mother" to "child of the beneficiary" even though the mother was still the payee. SSA uses the TOP code from the payment record to determine who needs to file accounting reports and, although a beneficiary's mother is exempt from filing accounting reports, a beneficiary's child is not. Therefore, each year, the beneficiary's mother was completing the annual accounting report, and SSA was mailing and processing the accounting report unnecessarily.

In another example, a beneficiary's grandchild was their payee. An employee processed the application using the "self" TOP code instead of "grandchild," even though eRPS had the correct payee and notes that stated the beneficiary had neurological issues that prevented them from managing or directing the management of their own benefits. Beneficiaries with direct payments are not required to file accounting reports; however, a grandchild serving as payee for their grandparent is required to account for how they spent or saved the benefits SSA sent them. Therefore, each year, SSA did not use the annual accounting report to monitor the payee, as required.

It is important for SSA to have the correct TOP in its systems. Legislation removed the burden of certain TOPs, such as parents of minor children and spouses, from filing accounting reports.²² If the TOP code is incorrect, SSA may use resources to mail; collect; process; and, in some instances, follow up on those documents when it is not needed. Conversely, SSA may not receive accounting reports when they are required. Therefore, SSA may not use the accounting report to adequately monitor how the payee spent or saved benefits on the beneficiary's behalf, identify situations where representative payments may no longer be appropriate, or determine whether the payee is no longer suitable.

CONCLUSIONS

Without improvements, the Agency will continue issuing benefits to incorrect payees without adequately monitoring their use of those benefits, increasing the risk that benefits owed to beneficiaries may be misused and the beneficiaries' needs may not be met. Generally, when payees misuse benefits, the Agency must reissue the benefits to the beneficiaries or to new payees and must attempt to recover the misused funds from the prior payees. Additionally, the Agency may report inaccurate information which may result in them using inaccurate information to inform decision making and in reports to Congress.

²² *Strengthening Protections for Social Security Beneficiaries Act of 2018*, Pub. L. No. 115-165, § 102, 132 Stat. 1257, pp. 1260-61 (amending 42 U.S.C. §§ 405(j)(3), 1383(a)(2)(C)).

RECOMMENDATIONS

We recommend SSA:²³

1. Review the 100 beneficiaries with payee discrepancies we identified in both samples of our audit and determine whether further action is necessary.
2. Evaluate the results of its review of the 100 beneficiaries and determine whether it should review the remaining population of 57,412 beneficiaries we identified.
3. Remind employees to create and process payee applications and updates in eRPS; take necessary manual actions to transfer the payee information to the payment records; and follow up on their actions and resolve alerts.
4. Establish a process or ad-hoc workload to ensure employees resolve inconsistencies between eRPS and the payment records, including, but not limited to, removing active payees in eRPS that are not on the payment records and establishing active payees in eRPS, when necessary.

AGENCY COMMENTS

SSA agreed with the recommendations, see Appendix C.

²³ In a FY 2024 draft audit related to payees not properly established in eRPS, we recommend SSA improve controls to ensure employees resolve alerts, resolve pending payee selections in eRPS, and properly establish or record the payees in eRPS, such as establishing a timeframe for resolving alerts and management controls such as supervisory review to monitor unresolved alerts. This recommendation and subsequent corrective actions will address the findings we identified in this report related to unresolved alerts. Therefore, we did not include the recommendation in this report to prevent repetition and overlap.

APPENDICES

Appendix A – DISCREPANT REPRESENTATIVE PAYEE INFORMATION

The Social Security Administration's (SSA) Electronic Representative Payee System (eRPS) generates Stuck Sweeper and development alerts to notify employees to resolve discrepant information between eRPS and the payment records (that is, the Master Beneficiary Record and Supplemental Security Record). Stuck Sweeper is a monthly application that reviews applications in "Ready to Process" status¹ that are over 14-days-old and compares the data between eRPS and the payment records. If there is a discrepancy, for example the representative payee (payee) on the payment record is the not the same as in eRPS, it generates an alert to notify an SSA employee to resolve the discrepancy. In addition, eRPS issues development alerts when employees update eRPS or the payment records and there is discrepant information between the two systems. ERPS does not generate a development alert if the payee's status is terminated in eRPS.

Additionally, SSA conducts an annual ad-hoc workload that compares the payment records to detect payee discrepancies when (1) the beneficiary is concurrently entitled to benefits; (2) the beneficiary has a payee on one record and receives direct payment on another; and (3) both records are in current payment status. The ad-hoc workload selects discrepant cases and sends them to field office employees to resolve by June of the following year. Unresolved cases will reappear in the next year's ad-hoc workload.

SSA's Workload Action Center stores and monitors alerts from eRPS and the cases identified from the ad-hoc workload. It generates a list of alerts and workload cases and notifies field office employees of the cases that are pending for corrective action. These alerts can be assigned to users; however, SSA does not establish timeframes in which employees are required to resolve alerts.

¹ The application will be in "Ready to Process" status once SSA selects the payee, all issues are resolved, and the application is ready to transfer to the Master Beneficiary Record/Supplemental Security Record.

Appendix B – SCOPE, METHODOLOGY, AND SAMPLING RESULTS

To accomplish our objective, we:

- Reviewed the applicable sections of the *Social Security Act*, Code of Federal Regulations, the United States Code, the Social Security Administration's (SSA) *Program Operations Manual System*, and the Electronic Representative Payee System (eRPS) User Guide.
- Corresponded with SSA employees from the Offices of Operations and the Chief Information Officer.
- Identified a population of 8,796 beneficiaries with multiple entitlements who had different payees on their payment records that is, the Master Beneficiary Record [MBR] and/or Supplemental Security Record [SSR]) as of April 2021. We reviewed a random sample of 200 records.
- Identified a population of 48,916 beneficiaries in eRPS who had discrepant information on the payment records as of April 2021. We reviewed a random sample of 100 records.
- Reviewed queries from eRPS, MBR, SSR, and Numident for each sample item.
- Reviewed additional documentation in SSA's Evidence Portal, including the Online Retrieval Systems, the Payment History Update System, ad-hoc workload, and/or other sources to determine why discrepancies existed in SSA's systems.
- Calculated the amount of benefits paid to incorrect payees.
- Provided SSA the potential-error cases for its review and updated our analysis based on their feedback.
- Obtained information from SSA subject-matter experts to determine why the errors occurred.

We assessed the reliability of computer-processed data by performing electronic testing and reviewing existing information about the data and the system that produced them to determine the completeness and accuracy of the data. We determined that the data were sufficiently reliable for the purposes of this report.

The principal entities audited were SSA's Offices of Operations and the Chief Information Officer. We assessed the significance of internal controls necessary to satisfy the audit objective. This included an assessment of the five internal control components, including control environment, risk assessment, control activities, information and communication, and monitoring. In addition, we reviewed the principles of internal controls associated with the audit objective. We identified the following component and principles as significant to the audit objective.

- Component 3: Control Activities
 - Principle 10: Design Control Activities
 - Principle 11: Design Activities for the Information System
 - Principle 12: Implement Control Activities

We conducted our review between October 2021 and March 2024. 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 findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Sampling Results

To conduct this review, we used a simple random sample statistical approach. This is a standard statistical approach used for creating a sample from a sampling frame completely at random. Each sample item had an equal chance of selection, and the selection of one item had no impact on the selection of other items. This guaranteed that we chose a sample that represented the sampling frame, absent human biases, and ensured statistically valid conclusions of, and projections to, the entire sampling frame under review. Our sampling approach for this review ensures the reported projections are statistically sound and defensible.

Using data from the MBR, SSR, and eRPS, we identified two populations:

- **Population 1:** 8,796 beneficiaries who were entitled to multiple benefits and had different payees on their payment records; and
- **Population 2:** 48,916 beneficiaries in eRPS who had discrepant information on the payment records.

We randomly selected 200 beneficiaries from Population 1 and 100 beneficiaries from Population 2.

Population 1

Table B–1: Population and Sample Size of Beneficiaries with Different Payees

Description	Beneficiaries
Population Size	8,796
Sample Size	200

Of the 200 beneficiaries we sampled, 45 had a payee on 1 payment record and a different payee—or were being paid directly—on another payment record. SSA paid incorrect payees \$518,056 over an average of 25 months. Projecting our results to Population 1, we estimate SSA paid more than 1 payee for 1,979 beneficiaries. As a result, SSA paid approximately \$22.8 million in payments to incorrect payees.

Table B–2: Beneficiaries with Unresolved Payee Discrepancies on their payment records

Description	Beneficiaries	Payments
Sample Results	45	\$518,056
Point Estimate	1,979	\$22,784,102
Projection – Lower Limit	1,564	\$13,975,533
Projection – Upper Limit	2,448	\$31,592,671

Note: All statistical projections are at the 90-percent confidence level.

Population 2

Table B–3: Population and Sample Size of Beneficiaries with eRPS Discrepancies

Description	Beneficiaries
Population Size	48,916
Sample Size	100

Of the 100 beneficiaries with eRPS discrepancies, 36 had active payees in eRPS although the payment records were terminated. Projecting our results to the population, we estimate SSA records inaccurately reflected an active payee status in eRPS for approximately 17,610 beneficiaries.

Table B–4: Active Payees in eRPS for a Terminated payment records

Description	Beneficiaries
Sample Results	36
Point Estimate	17,610
Projection – Lower Limit	13,702
Projection – Upper Limit	21,829

Note: All statistical projections are at the 90-percent confidence level.

Of the 100 beneficiaries with eRPS discrepancies, 19 had an incorrect type of payee, of which 8 payees' mandatory accounting reports were not collected or unnecessarily collected. Projecting our results to the population, we estimate SSA recorded incorrect types for the payees of approximately 9,294 beneficiaries. We also estimate SSA did not collect, or unnecessarily collected, payee accounting reports from the payees of approximately 3,913 of those beneficiaries.

Table B–5: Type of Payee Discrepancies Between eRPS and the payment records

Description	Beneficiaries
Sample Results	19
Point Estimate	9,294
Projection – Lower Limit	6,271
Projection – Upper Limit	13,017

Note: All statistical projections are at the 90-percent confidence level.

Table B-6: Payee Accounting Reports Not Collected or Unnecessarily Collected

Description	Beneficiaries
Sample Results	8 ¹
Point Estimate	3,913
Projection – Lower Limit	1,980
Projection – Upper Limit	6,831

Note: All statistical projections are at the 90-percent confidence level.

¹ The eight beneficiaries are from the sample results in Table B-5, which had a secondary issue to report.

Appendix C – AGENCY COMMENTS




SOCIAL SECURITY

MEMORANDUM

Date: September 3, 2024

Refer To: TQA-1

To: Michelle L. H. Anderson
Acting Inspector General

From: Dustin Brown 
Acting Chief of Staff

Subject: Office of the Inspector General Draft Report, "Discrepancies in the Electronic Representative Payee System" (052402) -- INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations.

Please let me know if I can be of further assistance. You may direct staff inquiries to Hank Amato, Director of the Audit Liaison Staff, at (407) 765-9774.



Mission: The Social Security Office of the Inspector General (OIG) serves the public through independent oversight of SSA's programs and operations.

Report: Social Security-related scams and Social Security fraud, waste, abuse, and mismanagement, at oig.ssa.gov/report.

Connect: [OIG.SSA.GOV](https://oig.ssa.gov)


Visit our website to read about our audits, investigations, fraud alerts, news releases, whistleblower protection information, and more.

Follow us on social media via these external links:

 @TheSSAOIG

 OIGSSA

 TheSSAOIG

 Subscribe to email updates on our website.