

Allegations of Representative Payees' Misuse of Benefits

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September 2023

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) took appropriate and timely action in response to representative payees' alleged misuse of benefits.

Background

SSA appoints representative payees to receive and manage SSA payments for beneficiaries who cannot manage or direct the management of their benefits because of their youth or mental and/or physical impairments. A representative payee may be an individual or an organization.

An allegation of representative payee misuse is any information that raises a suspicion that a representative payee used benefits for a purpose other than for the beneficiary. SSA must immediately investigate an allegation of misuse.

SSA uses the Electronic Representative Payee System (eRPS) to document information related to allegations of misuse.

We identified 16,254 allegations of misuse in pending, recovery, and completed status from October 2017 through September 2020.

We randomly sampled 200 allegations for our review.

Results

SSA did not take appropriate and timely action in response to alleged individual and organizational representative payees' misuse of benefits.

- Of our sample of 14,877 pending allegations of misuse, we estimate SSA did not properly or timely investigate 12,050 allegations. As a result, SSA continued paying approximately \$186 million to representative payees who may not have been using the funds for beneficiaries' needs.
- SSA did not recover \$119,730 from 19 representative payees determined to have misused benefits.
- SSA did not properly and timely reissue \$47,035 in misused benefits to 19 beneficiaries, as required.
- SSA did not properly document its investigation of the allegation or reissue benefits to beneficiaries in 23 sample cases. As a result, SSA paid representative payees \$217,928 that was at risk of being misused.

This occurred because SSA did not have such adequate controls as continuous training and system alerts to ensure employees took appropriate and timely action in response to pending, recovery, and completed allegations of misuse of benefits by individual and organizational representative payees.

Recommendations

We made six recommendations for SSA to improve its procedures and controls to ensure appropriate and timely action is taken in response to allegations of misuse by individual and organizational payees. SSA agreed with our recommendations.