



*Audit Report*

Representative Payees Residing in  
Foreign Countries or U.S. Territories  
Who Represent Beneficiaries  
Residing in the United States



MEMORANDUM

Date: November 8, 2013

Refer To:

To: The Commissioner

From: Inspector General

Subject: Representative Payees Residing in Foreign Countries or U.S. Territories Who Represent Beneficiaries Residing in the United States (A-02-13-13048)

The attached final report presents the results of our audit. Our objectives were to determine whether (1) representative payees residing in foreign countries or U.S. Territories used payments for beneficiaries residing in the United States in the beneficiaries' best interests and (2) the Social Security Administration effectively monitored beneficiaries whose representative payees resided in foreign countries or U.S. Territories.

If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

A handwritten signature in black ink, appearing to read 'Patrick P. O'Carroll, Jr.' with a stylized flourish at the end.

Patrick P. O'Carroll, Jr.

Attachment

# Representative Payees Residing in Foreign Countries or U.S. Territories Who Represent Beneficiaries Residing in the United States

## A-02-13-13048



November 2013

Office of Audit Report Summary

### Objectives

To determine whether (1) representative payees residing in foreign countries or U.S. Territories used payments for beneficiaries residing in the United States in the beneficiaries' best interests and (2) the Social Security Administration (SSA) effectively monitored beneficiaries whose representative payees resided in foreign countries or U.S. Territories.

### Background

Some individuals cannot manage or direct the management of their finances because of their youth or mental and/or physical impairments. Congress granted SSA the authority to appoint representative payees to receive and manage these beneficiaries' benefit payments. Representative payees are responsible for managing benefits in the beneficiary's best interests.

SSA should consider all factors in selecting a representative payee, including the applicant's relationship to the beneficiary; the applicant's interest in the beneficiary's well-being; and whether the applicant has custody of, or lives in close proximity to, the beneficiary.

### Our Findings

We were not fully able to determine whether representative payees residing in foreign countries or U.S. Territories used payments for beneficiaries residing in the United States in the beneficiaries' best interests. In addition, the address information in SSA's records for many of the beneficiaries we reviewed appeared to be inaccurate.

- We were unable to contact the representative payees for 16 of the 89 beneficiaries we reviewed. Therefore, we could not determine the beneficiaries' residences and the appropriateness of their representative payees' management of benefit payments.
- Sixty of the 89 representative payees reported that the beneficiaries they represented were residing with them in foreign countries, not the U.S. address in SSA's records.
- Six of the 89 representative payees reported that the beneficiaries they represented were residing in the United States while they were residing in foreign countries.
- As a result of changes reported by the representative payees after we began our audit, the remaining seven beneficiaries no longer appeared to reside at a U.S. address while their representative payees resided in foreign countries.

We also found that five of the representative payees did not complete required accounting reports, but SSA only took corrective action in three of the five cases. SSA also did not send accounting reports to five other representative payees.

### Our Recommendations

We made five recommendations including that SSA confirm and update the address information for beneficiaries who reportedly reside in foreign countries with their representative payees, contact the representative payees we were unable to locate, and obtain the outstanding accounting reports.

SSA agreed with our recommendations.

# TABLE OF CONTENTS

Objectives .....	1
Background.....	1
Results of Review .....	3
Representative Payee and Beneficiary Contact Information in SSA’s Records.....	4
Representative Payees Could Not Be Located.....	5
Beneficiaries Residing in Foreign Countries with Their Representative Payees .....	5
Beneficiaries Were Residing in the United States, and Their Representative Payees Were Residing in Foreign Countries or U.S. Territories .....	6
Beneficiary Resident Address in SSA’s Systems .....	7
Representative Payee Monitoring Procedures .....	8
Conclusions.....	9
Recommendations.....	9
Agency Comments.....	9
Other Matter.....	10
Appendix A – Scope and Methodology .....	A-1
Appendix B – Agency Comments.....	B-1
Appendix C – Major Contributors.....	C-1

## ABBREVIATIONS

C.F.R.	Code of Federal Regulations
FEQ	Foreign Enforcement Questionnaire
MBR	Master Beneficiary Record
OA	Office of Audit
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
SSR	Supplemental Security Record
U.S.C.	United States Code

## OBJECTIVES

The objectives of our review were to determine whether (1) representative payees residing in foreign countries or U.S. Territories used payments for beneficiaries residing in the United States in the beneficiaries' best interests and (2) the Social Security Administration (SSA) effectively monitored beneficiaries whose representative payees resided in foreign countries or U.S. Territories.

## BACKGROUND

Some individuals cannot manage or direct the management of their finances because of their youth or mental and/or physical impairments. Congress granted SSA the authority to appoint representative payees to receive and manage these beneficiaries' benefit payments.<sup>1</sup> A representative payee may be an individual or an organization. SSA selects representative payees for Old-Age, Survivors and Disability Insurance (OASDI)<sup>2</sup> beneficiaries and Supplemental Security Income (SSI)<sup>3</sup> recipients when it serves the beneficiaries' interests.

The Social Security Act requires that SSA exercise care when selecting a representative payee<sup>4</sup> and monitoring a representative payee's performance.<sup>5</sup> SSA policy instructs employees to select the applicant best suited to serve as a representative payee.<sup>6</sup> While SSA policy contains a preference list,<sup>7</sup> the Agency instructs employees to consider all factors, including the applicant's relationship to the beneficiary; the applicant's interest in the beneficiary's well-being; and whether the applicant has custody of, or lives in close proximity to, the beneficiary.<sup>8</sup>

Representative payees are responsible for managing benefits in the beneficiary's best interest<sup>9</sup> and for keeping records and reporting how they spend benefits.<sup>10</sup> For beneficiaries residing in the United States, representative payees are required to complete an annual Representative Payee

---

<sup>1</sup> *Social Security Act* §§ 205(j)(1)(A) and 1631(a)(2)(A)(ii), 42 U.S.C. §§ 405(j)(1)(A) and 1383(a)(2)(A)(ii).

<sup>2</sup> 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.*

<sup>3</sup> 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.*

<sup>4</sup> *Social Security Act* §§ 205(j)(2) and 1631(a)(2)(B), 42 U.S.C. §§ 405(j)(2) and 1383(a)(2)(B).

<sup>5</sup> *Social Security Act* §§ 205(j)(3)(A) and 1631(a)(2)(C)(i), 42 U.S.C. §§ 405(j)(3)(A) and 1383(a)(2)(C)(i).

<sup>6</sup> SSA, POMS, GN 00502.105 A. (August 2, 2011).

<sup>7</sup> SSA, POMS, GN 00502.105 B. and C. (August 2, 2011).

<sup>8</sup> SSA, POMS, GN 00502.105 A. and E. (August 2, 2011).

<sup>9</sup> 20 C.F.R. §§ 404.2035 and 416.635. In this report, we use the term "benefits" to refer to OASDI benefits and SSI payments. Likewise, we use the term "beneficiaries" to refer to OASDI beneficiaries and SSI recipients.

<sup>10</sup> 20 C.F.R. §§ 404.2065 and 416.665.

Report (RPR). SSA uses RPRs to monitor how representative payees spend and/or save benefits on the beneficiaries' behalf and identify situations where representative payment may no longer be appropriate or the representative payee may no longer be suitable.

For beneficiaries living abroad, representative payees are also required to report annually on the use of benefits. In May or June of each year, SSA sends representative payees a Foreign Enforcement Questionnaire (FEQ), SSA-7161, *Report to United States Social Security Administration by Person Receiving Benefits for a Child or for an Adult Unable to Handle Funds*.

We reviewed SSA's Master Beneficiary Record (MBR), Supplemental Security Record (SSR), and Representative Payee System (RPS) and identified beneficiaries and recipients who appeared to be residing in the United States but whose representative payees appeared to be residing in a foreign country. We found that 207 OASDI beneficiaries had a U.S. address in RPS, while their representative payees had foreign addresses in the MBR. In addition, we found 12 SSI recipients and 22 concurrent beneficiaries who also had U.S. addresses while their representative payees had foreign addresses listed in the SSR. As a result, we identified 241 beneficiaries<sup>11</sup> who appeared to be residing at a U.S. address but whose representative payees appeared to be residing in foreign countries.<sup>12</sup> See Appendix A for our scope and methodology.

To limit travel expenses, we reviewed 89 of the 241 beneficiaries<sup>13</sup> who resided within 100 miles of an Office of Audit (OA) location.<sup>14</sup> We attempted to interview their representative payees by telephone to confirm their addresses and the addresses of the beneficiaries they represented. When we were unable to contact the payees, we attempted to contact the beneficiaries. We also used SSA records to determine whether SSA had updated the address information between the time we selected our sample and the time we attempted to contact the beneficiaries and their representative payees. When we contacted someone, we requested whether we could visit the residences of the beneficiaries living in the United States to observe their living conditions.

---

<sup>11</sup> The 241 beneficiaries consisted of 207 OASDI beneficiaries, 12 SSI recipients, and 22 concurrent beneficiaries.

<sup>12</sup> We included representative payees who resided in U.S. territories, such as Puerto Rico and American Samoa, in our population of representative payees residing in foreign countries.

<sup>13</sup> The 89 beneficiaries consisted of 81 OASDI beneficiaries and 8 concurrent beneficiaries.

<sup>14</sup> We would expect that the characteristics of those beneficiaries residing within 100 miles of an OA location would not differ from those who reside outside 100 miles of an OA location. OA maintains offices in Baltimore, Maryland; Boston, Massachusetts; New York, New York; Philadelphia, Pennsylvania; Atlanta, Georgia; Birmingham, Alabama; Chicago, Illinois; Arlington, Virginia; Dallas, Texas; Kansas City, Missouri; Denver, Colorado; and Richmond, California. We did not attempt to interview the representative payees of 152 beneficiaries who lived more than 100 miles from an OA office. SSA records indicate that 126 are still in current pay status, receiving \$86,153 in monthly benefits as of May 2013.

## RESULTS OF REVIEW

We were not fully able to determine whether representative payees residing in foreign countries or U.S. Territories used payments for beneficiaries residing in the United States in the beneficiaries' best interests. In addition, the address information in SSA's records for many of the beneficiaries we reviewed appeared to be inaccurate. Below are the results of our attempted contacts with the representative payees of the 89 beneficiaries who appeared to reside in the United States but whose representative payees appeared to reside in a foreign country based on address data in SSA's systems.

- We were unable to contact the representative payees for 16 of the 89 beneficiaries. When we could not contact the representative payees, we attempted to contact the beneficiaries and were similarly unable to locate them.
- When we spoke with 60 of the 89 representative payees<sup>15</sup> through international telephone calls, they reported that the beneficiaries they represented were residing with them in foreign countries despite the beneficiaries' U.S. address information in SSA's records.
- When we spoke with another 6 of the 89 representative payees through international telephone calls, they reported that the beneficiaries they represented were residing in the United States while they were residing in foreign countries.
- As a result of changes reported by the representative payees after we began our audit, the remaining seven beneficiaries no longer appeared to reside at a U.S. address while their representative payees resided in foreign countries.

Per SSA policy,<sup>16</sup> SSA should have obtained accounting reports<sup>17</sup> for 83 of the 89 representative payees within the 12 months preceding the start of our audit.<sup>18</sup> SSA obtained the accounting reports from 73 of the representative payees. Five representative payees did not complete the accounting reports, but SSA only took corrective action to suspend the beneficiaries' payments in three of the five cases. SSA also did not comply with its policy to send accounting reports to five other representative payees.

---

<sup>15</sup> In two cases, through the representative payees' telephone numbers listed in SSA records, we actually spoke with the beneficiary and the custodial father of a beneficiary who was not the beneficiary's representative payee, respectively.

<sup>16</sup> SSA, POMS, GN 00605.001 B.1. (May 15, 2013), GN 00608.010 A. (January 29, 1996).

<sup>17</sup> We use the term "accounting reports" to refer to the RPR and the FEQ.

<sup>18</sup> SSA was not required to send six representative payees an accounting report because they had served as representative payees for fewer than 12 months at the time of our audit.

## Representative Payee and Beneficiary Contact Information in SSA's Records

We attempted to interview the representative payees of the 89 beneficiaries we reviewed. Per SSA's records, 80 of the representative payees lived in a country that was not contiguous to the continental United States. For example, the representative payees lived in South Africa, Poland, or Pakistan. The remaining nine representative payees resided in Mexico or Canada. While these representative payees resided in a country that neighbored the United States, they lived, on average, over 1,000 miles from the beneficiaries they represented per SSA's records.

We sent letters to the foreign addresses listed in SSA's records for the representative payees asking them to contact us. We also attempted to contact the representative payees by calling their international telephone numbers in SSA's records. We found the following.

- We were unable to contact the representative payees for 16 of the 89 beneficiaries. They did not respond to the letters we mailed and the telephone numbers for these representative payees in SSA's records were either disconnected or no longer in use by the representative payees. When we could not contact the representative payees, we attempted to contact the beneficiaries at their addresses and telephone numbers listed in SSA's records and were similarly unable to locate them.
- When we spoke with 60<sup>19</sup> of the 89 representative payees<sup>20</sup> through international telephone calls, they reported that the beneficiaries they represented were residing with them in foreign countries despite the beneficiaries' U.S. address information in SSA's records.
- When we spoke with another 6 of the 89 representative payees through international telephone calls, they reported that the beneficiaries they represented were residing at the U.S. address in SSA's records, while they were residing in foreign countries.
- As a result of changes reported by the representative payees after we began our audit, the remaining seven beneficiaries no longer appeared to reside at a U.S. address while their representative payees resided in foreign countries. We were able to determine that five beneficiaries were residing in the United States with their representative payees, one beneficiary was residing in a foreign country while the representative payee was residing in the United States, and one beneficiary had requested to manage his own benefits.

---

<sup>19</sup> The individuals represented by the 60 representative payees were all OASDI beneficiaries.

<sup>20</sup> In two cases, through the representative payees' phone numbers listed in SSA records, we spoke with a beneficiary and a beneficiary's custodial father who was not the beneficiary's representative payee, respectively.

## *Representative Payees Could Not Be Located*

After several attempts, we were unable to contact the representative payees for 16 beneficiaries.<sup>21</sup> The telephone numbers in SSA's records for 13 representative payees had been disconnected or no longer belonged to the representative payees. Three other representative payees did not have a telephone number in SSA's records and did not respond to our written requests for interviews. When we could not contact the representative payees, we attempted to contact the beneficiaries and were similarly unable to locate them. As such, we could not determine whether the representative payees properly managed the beneficiaries' benefit payments. As of May 2013, SSA's records indicated that 13 of the 16 beneficiaries were receiving \$8,618 in monthly benefits or \$103,416, annually.

Two of the 16 beneficiaries also receive SSI payments. Generally, SSI recipients are ineligible for payments once they are absent from the United States for 30 consecutive days.<sup>22</sup> SSI recipients are required to report events and changes of circumstances that may affect their eligibility and payment amounts—including departures from the United States.<sup>23</sup> Because we were unable to contact the representative payees, we could not determine whether the recipients still resided in the United States. We referred these recipients to SSA in June 2013 for appropriate action.<sup>24</sup>

## *Beneficiaries Residing in Foreign Countries with Their Representative Payees*

The representative payees for 60 beneficiaries reported that they were living with the beneficiaries in foreign countries. (In two cases, through calling the representative payees' telephone numbers in SSA's records, we spoke with a beneficiary and the custodial father of another beneficiary who was not the beneficiary's representative payee, respectively.<sup>25</sup>) However, SSA's records indicated the 60 beneficiaries had domestic residences while the representative payees' addresses were in foreign countries.

The beneficiary and the custodial father of another beneficiary we spoke with reported that their representative payees did not manage funds properly for the beneficiaries in foreign countries. In both cases, we attempted to contact the representative payees with the telephone numbers listed in SSA's records, but we were unable to speak with the representative payees.

---

<sup>21</sup> The 16 beneficiaries consisted of 14 OASDI beneficiaries and 2 concurrent beneficiaries.

<sup>22</sup> *Social Security Act* § 1611(f), 42 U.S.C. § 1382(f); *see also* 20 C.F.R. § 416.215. There are exceptions for certain blind or disabled children of military parents stationed overseas and students who are temporarily abroad for study purposes. *See also* 20 C.F.R. § 416.216; SSA, POMS, SI 00501.415 (June 12, 2006) and SI 00501.411 (June 14, 1996).

<sup>23</sup> 20 C.F.R. § 416.701; 20 C.F.R. §§ 416.708(m) and (n).

<sup>24</sup> We also forwarded a list of the cases associated with our other findings.

<sup>25</sup> We were unable to contact the representative payees of these two beneficiaries.

In one case, the beneficiary stated the representative payee, who also resided in the same foreign country, had not contacted him for 3 months. The beneficiary also reported that the representative payee commingled benefits received on the beneficiary’s behalf with the representative payee’s own funds.

In the other case, the father of a 4-year-old beneficiary stated that he had custody of the beneficiary and the representative payee, who was the beneficiary’s mother, did not use the benefits she received to meet the beneficiary’s needs. Since the beneficiaries resided in foreign countries, we were unable to visit them. Therefore, we advised the beneficiaries to contact their Foreign Service Posts to resolve the issue. We referred both of these cases to SSA in June 2013 for appropriate action. In both cases SSA appointed a new representative payee.

***Beneficiaries Were Residing in the United States, and Their Representative Payees Were Residing in Foreign Countries or U.S. Territories***

The representative payees of six beneficiaries confirmed that the beneficiaries they served were residing at the U.S. addresses in SSA’s records. The representative payees, who were residing in foreign countries, are the beneficiaries’ family members.

**Table 1: Beneficiaries Were Residing in the United States, and Their Representative Payees Were Residing in Foreign Countries**

	Residence <sup>26</sup> of Representative Payee	Residence of Beneficiary	OIG Beneficiary Visit (Yes / No)
1	Ontario, Canada	Tauton, Massachusetts	No
2	St. George, Bermuda	South Orange, New Jersey	Yes
3	San Juan, Puerto Rico	Camden, New Jersey	No
4	Pago Pago, American Samoa	San Mateo, California	Yes
5	Nova Scotia, Canada	Plymouth, Massachusetts	Yes
6	British Columbia, Canada	Napa, California	Yes

The representative payees for four of the six beneficiaries reported they maintained communication with the beneficiaries by telephone. The representative payees also stated that they paid the beneficiaries’ monthly bills and kept documentation of expenditures to support whether funds were used to pay for beneficiaries’ needs. Three of the four representative payees

<sup>26</sup> We included representative payees who resided in U.S. territories, such as Puerto Rico and American Samoa, in our population of representative payees residing in foreign countries.

reported visiting the beneficiaries at least twice a year; the other representative payee stated he visited the beneficiary annually. All four representative payees relied on individuals who resided with or near the beneficiaries to address the beneficiaries' needs.

We visited four of the six beneficiaries to determine whether their needs were being met. Based on personal observations and interviews with the beneficiaries, we concluded the beneficiaries' food, clothing, and shelter needs were being met at the time of our review. For these beneficiaries, nothing came to our attention that led us to believe the representative payees did not use the Social Security benefits received for the beneficiaries' needs.

We were unable to visit the other two beneficiaries. One representative payee who resided in Canada and represented a beneficiary residing in Massachusetts declined to be interviewed after confirming the beneficiary's residence. One representative payee who resided in Puerto Rico and represented a beneficiary who was residing in New Jersey agreed to allow a visit to the beneficiary's residence but did not respond when we called to schedule the visit.

## **Beneficiary Resident Address in SSA's Systems**

The address and telephone information for OASDI beneficiaries who have representative payees is maintained in RPS, not the MBR. SSA adds a beneficiary's address and telephone number to RPS when it processes an application for a representative payee. Once a representative payee is appointed, SSA maintains their mailing address and telephone number in the MBR and updates them when it is informed of any changes. SSA does not include the beneficiary's address or telephone number in the MBR once it appoints a representative payee, and it only updates the beneficiary's address or telephone number in RPS when the appointed representative payee no longer lives with the beneficiary.

We found beneficiary addresses and telephone numbers in RPS to be inaccurate. Fourteen of the 16 beneficiaries we were unable to contact received OASDI benefits. As such, we relied on the beneficiaries' contact information in RPS. Also, all 60 of the beneficiaries whose representative payees told us the beneficiaries now live outside the United States with their representative payees received OASDI benefits. RPS listed their addresses as being in the United States.

On average, SSA had assigned the 89 beneficiaries their most recent representative payee within the last 6.4 years. Table 2 displays when SSA appointed the 89 representative payees for the beneficiaries we reviewed, which may have been the last time the beneficiaries' contact information was updated in RPS.

**Table 2: When Representative Payees Were Assigned**

When Representative Payee Was Assigned	Number of Representative Payees	Number of Representative Payees We Could Not Contact	Number of Representative Payees Who Reported The Beneficiary Now Resided Outside the United States
0-1 Year Ago	4	0	1
1-2 Years Ago	11	1	10
2-5 Years Ago	38	9	26
Great than 5 Years Ago	36	6	23
<b>Total</b>	<b>89</b>	<b>16</b>	<b>60</b>

A beneficiary’s eligibility may depend on his/her place of residence. For example, a non-U.S. citizen who receives OASDI benefits may be ineligible for benefits if he/she lives outside the United States for more than 6 consecutive calendar months. Also, the state in which a beneficiary lives affects certain Medicare provisions. Additionally, SSA is required to mail notices to a beneficiary when there is a change in his/her representative payee status. SSA may not be able to make the appropriate eligibility decision or properly inform beneficiaries of changes to their representative payees without accurate address information.

## Representative Payee Monitoring Procedures

Representative payees are required to keep records and report how they spend the benefits received on behalf of beneficiaries they represent.<sup>27</sup> To assist in this responsibility, SSA mails accounting reports to representative payees. They are required to complete the reports and return them to SSA. If a representative payee does not respond to, or will not cooperate with, efforts to obtain and approve an accounting report, SSA may suspend the beneficiary’s payments<sup>28</sup> or consider a change of representative payee.

SSA should have received accounting reports<sup>29</sup> from 83 of the 89 representative payees within the 12 months preceding the start of our audit. We found the following.

- SSA received accounting reports from 73 representative payees.
- SSA mailed the accounting reports to five representative payees, which they did not return. SSA suspended the benefits for three of the five beneficiaries. The remaining two representative payees continued receiving benefit payments of \$1,906 per month on behalf of the beneficiaries they represented.

<sup>27</sup> SSA, POMS, GN 00605.001 B.1. (May 15, 2013).

<sup>28</sup> SSA, POMS, RS 02655.010 G. (March 17, 2008).

<sup>29</sup> We use the term “accounting reports” to refer to the RPR and the FEQ.

- SSA did not mail accounting reports to five representative payees, as required.

## CONCLUSIONS

Of the 89 beneficiaries we reviewed, we were only able to confirm 4 beneficiaries resided at the U.S. address in SSA's records and determine their representative payees met the needs of the 4 beneficiaries. Most of the beneficiaries we reviewed were reportedly living with their representative payees in foreign countries, which contradicted the U.S. address information in RPS. Additionally, we were unable to locate 16 of the representative payees or their beneficiaries in our sample. Accordingly, we were unable to determine whether the representative payees used the benefits appropriately.

We also found that SSA did not mail accounting reports to all representative payees, as required, and did not always take appropriate follow-up action for representative payees who did not submit their accounting reports.

## RECOMMENDATIONS

Accordingly, we recommend SSA:

1. Take steps to ensure the Agency has accurate contact information for beneficiaries with representative payees so it can make accurate eligibility decisions and provide required information when there are representative payee status changes.
2. Contact the representative payees of the 16 beneficiaries we could not locate to determine where the beneficiaries reside and whether their benefit payments are being used in their best interest. SSA should use the results of its attempt to contact these representative payees, and any other information it deems appropriate, to determine whether it should also attempt to contact the 152 beneficiaries who lived more than 100 miles from an OA office, who we did not review.
3. Confirm and update the address information for the 60 beneficiaries who reportedly reside in foreign countries with their representative payees.
4. Follow up with the representative payees of the two beneficiaries residing in the United States who refused our visits and take any action it deems appropriate to determine whether the beneficiaries' needs are being met.
5. Follow up with the two payees who did not submit accounting reports and send accounting reports to the five payees who did not receive one during the audit period.

## AGENCY COMMENTS

SSA agreed with our recommendations. See Appendix B for the full text of the Agency's comments.

## OTHER MATTER

During our audit, we found that States exchanged information with SSA for 1,738 OASDI beneficiaries who had a representative payee residing in a foreign country. Most State agencies exchange beneficiary information with SSA for the administration of various health and human service assistance programs. Section 1137 of the *Social Security Act*<sup>30</sup> mandates that States establish an income and eligibility verification system to administer programs such as Temporary Assistance for Needy Families, Food Stamps, Medicaid, and SSI State Supplementation. A continuing beneficiary data exchange request between the State and SSA may indicate the beneficiary is receiving some type of State benefits. However, our review of 89 of the 1,738 beneficiaries indicated most of the beneficiaries reportedly resided in foreign countries. The State exchange data indicator on the MBR indicated U.S. residence, which contradicted our interview results. It may also indicate that beneficiaries are receiving State benefits while living in foreign countries, which may make them ineligible for the State benefits they receive.

---

<sup>30</sup> 42 U.S.C. 1320b-7.

# *APPENDICES*

## Appendix A – SCOPE AND METHODOLOGY

---

To accomplish our objective, we:

- Reviewed the *Social Security Act*, applicable Federal regulations, and the Social Security Administration’s (SSA) policies and procedures pertaining to representative payees.
- Reviewed prior Office of the Inspector General and SSA work in the representative payee area.
- Obtained data extracts from SSA’s Master Beneficiary Record (MBR), Supplemental Security Record (SSR), and Representative Payee System (RPS). We identified 1,738 Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries, 12 Supplemental Security Income (SSI) recipients, and 22 concurrent beneficiaries who appeared to reside at a U.S. address but whose representative payees appeared to reside in a foreign country.

For the OASDI cases, the MBRs of those we selected included a representative payee with a foreign address and an indicator that a State was exchanging beneficiary information with SSA. We further identified 207 of the 1,738 OASDI beneficiaries who had a U.S. address in RPS. The 12 SSI recipients and 22 concurrent beneficiaries had U.S. addresses, and their representative payees had foreign addresses in the SSR.

Our sample for this review was based on geographic location. We sampled 81 of the 207 OASDI beneficiaries and 8 of the 22 concurrent beneficiaries who resided within 100 miles of an Office of Audit location.<sup>1</sup>

- For each sampled beneficiary, we:
  - ü Mailed up to two letters regarding our review to the representative payee.
  - ü Called to interview the representative payee to determine the residential address of the beneficiary and assess the representative payee’s management of the beneficiary’s benefit.
  - ü Contacted the beneficiaries when we could not locate the representative payees.
  - ü Visited the four beneficiaries who reside in the United States represented by representative payees in foreign countries to observe their living conditions.

---

<sup>1</sup> We would expect that the characteristics of those beneficiaries residing within 100 miles of an OA location would not differ from those who reside outside 100 miles of an OA location. OA maintains offices in Baltimore, Maryland; Boston, Massachusetts; New York, New York; Philadelphia, Pennsylvania; Atlanta, Georgia; Birmingham, Alabama; Chicago, Illinois; Arlington, Virginia; Dallas, Texas; Kansas City, Missouri; Denver, Colorado; and Richmond, California.

- Ü Reviewed the Representative Payee Report or the Foreign Enforcement Questionnaire to determine whether SSA effectively monitored the beneficiaries residing in the United States whose representative payees resided in foreign countries.

The principal entity reviewed was the Office of the Deputy Commissioner for Operations. We conducted our review in New York, New York, from January through May 2013. In addition, we conducted work in Massachusetts and California.

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 tested the data obtained for our audit and determined them to be sufficiently reliable to meet our objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Appendix B – AGENCY COMMENTS

---



### SOCIAL SECURITY

#### MEMORANDUM

Date: October 1, 2013 Refer To: S1J-3

To: Patrick P. O'Carroll, Jr.  
Inspector General

From: Katherine Thornton /s/  
Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Representative Payees Residing in Foreign Countries or U.S. Territories Who Represent Beneficiaries Residing in the United States" (A-02-13-13048)--INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “REPRESENTATIVE PAYEES RESIDING IN FOREIGN COUNTRIES OR U.S. TERRITORIES WHO REPRESENT BENEFICIARIES RESIDING IN THE UNITED STATES” (A-02-13-13048)**

**Recommendation 1**

Take steps to ensure the Agency has accurate contact information for beneficiaries with representative payees so it can make accurate eligibility decisions and provide required information when there are representative payee status changes.

**Response**

We agree. We have procedures in place for representative payees to provide us with accurate contact information for beneficiaries in their care. When we appoint representative payees, we provide them with their reporting responsibilities. In addition, we provide the reporting requirements each time we request a representative payee accounting.

**Recommendation 2**

Contact the representative payees of the 16 beneficiaries we could not locate to determine where the beneficiaries reside and whether their benefit payments are being used in their best interest. SSA should use the results of its attempt to contact these representative payees, and any other information it deems appropriate, to determine whether it should also attempt to contact the 152 beneficiaries who lived more than 100 miles from an OA office, who we did not review.

**Response**

We agree. We plan to contact the 16 payees who did not respond to OIG’s request to confirm they are still functioning as representative payees. As appropriate, we will appoint new representative payees. We plan to complete our actions by the first quarter of calendar year (CY) 2014.

Of 152 beneficiaries who live more than 100 miles from an Office of Audit, in fiscal year 2014, we plan to review those cases that our Office of Quality Performance identified as having the highest risk of misuse. Based on the results of our investigation, we will appoint a new representative payee if needed.

### **Recommendation 3**

Confirm and update the address information for the 60 beneficiaries who reportedly reside in foreign countries with their representative payees.

### **Response**

We agree. We plan to implement this recommendation in the first quarter of CY 2014.

### **Recommendation 4**

Follow up with the representative payees of the two beneficiaries residing in the United States who refused our visits and take any action it deems appropriate to determine whether the beneficiaries' needs are being met.

### **Response**

We agree. We plan to implement this recommendation in the first quarter of CY 2014.

### **Recommendation 5**

Follow up with the two payees who did not submit accounting reports and send accounting reports to the five payees who did not receive one during the audit period.

### **Response**

We agree. We plan to implement this recommendation in the first quarter of CY 2014.

[In addition to the information listed above, SSA also provided technical comments which have been addressed, where appropriate, in this report.]

## Appendix C – MAJOR CONTRIBUTORS

---

Tim Nee, New York Audit Director

Christine Hauss, Audit Manager

Vincent Huang, Program Analyst

William Kearns, IT Specialist

Brennan Kraje, Statistician

## MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

## CONNECT WITH US

The OIG Website (<http://oig.ssa.gov/>) gives you access to a wealth of information about OIG. On our Website, you can report fraud as well as find the following.

- OIG news
- audit reports
- investigative summaries
- Semiannual Reports to Congress
- fraud advisories
- press releases
- congressional testimony
- an interactive blog, "[Beyond The Numbers](#)" where we welcome your comments

In addition, we provide these avenues of communication through our social media channels.



[Watch us on YouTube](#)



[Like us on Facebook](#)



[Follow us on Twitter](#)



[Subscribe to our RSS feeds or email updates](#)

## OBTAIN COPIES OF AUDIT REPORTS

To obtain copies of our reports, visit our Website at <http://oig.ssa.gov/audits-and-investigations/audit-reports/all>. For notification of newly released reports, sign up for e-updates at <http://oig.ssa.gov/e-updates>.

## REPORT FRAUD, WASTE, AND ABUSE

To report fraud, waste, and abuse, contact the Office of the Inspector General via

**Website:** <http://oig.ssa.gov/report-fraud-waste-or-abuse>

**Mail:** Social Security Fraud Hotline  
P.O. Box 17785  
Baltimore, Maryland 21235

**FAX:** 410-597-0118

**Telephone:** 1-800-269-0271 from 10:00 a.m. to 4:00 p.m. Eastern Standard Time

**TTY:** 1-866-501-2101 for the deaf or hard of hearing