



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

*Audit Report*

Representative Payees and  
Beneficiaries Who Were Residing in  
Different States

*A-02-14-14044 | August 2014*

**OIG** Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

**MEMORANDUM**

**Date:** August 27, 2014

**Refer To:**

**To:** The Commissioner

**From:** Inspector General

**Subject:** Representative Payees and Beneficiaries Who Were Residing in Different States  
(A-02-14-14044)

The attached final report presents the results of our audit. Our objectives were to determine whether (1) representative payees who were residing in a State different from the beneficiaries they represented used Social Security and Supplemental Security Income payments to the beneficiaries' best interests and (2) the Social Security Administration effectively monitored beneficiaries whose representative payees resided in different States.

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.



Patrick P. O'Carroll, Jr.

Attachment

# Representative Payees and Beneficiaries Who Were Residing in Different States

## A-02-14-14044



August 2014

Office of Audit Report Summary

### Objective

To determine whether (1) representative payees who were residing in a State different from the beneficiaries they represented used Social Security and Supplemental Security Income payments in the beneficiaries' best interests and (2) the Social Security Administration (SSA) effectively monitored beneficiaries whose representative payees resided in different States.

### 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' payments. Representative payees are responsible for managing benefits in the beneficiary's best interests.

SSA should consider all factors when 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.

We reviewed 180 beneficiaries who resided in a non-contiguous State from their representative payees.

### Our Findings

Based on our observations during our visit, we believe the representative payees were using beneficiaries' benefits to meet their food, clothing, and shelter needs in all but two cases. We referred these two cases to SSA to determine whether the representative payees were suitable to manage benefits for the beneficiaries they represented. SSA has taken action on one of these cases. Additionally, we were unable to determine whether 41 (23 percent) of the beneficiaries' needs were being met because the representative payees or their beneficiaries refused to participate in our review or we were unable to contact them. We also found that SSA did not mail Representative Payee Reports (RPR) to all representative payees, as required, and did not always follow up with representative payees who did not submit their accounting reports.

### Our Recommendations

1. Determine the suitability of the representative payee who appeared to not be meeting the needs of the beneficiary at the time of our visit. If the representative payee is unsuitable, SSA should assign a new representative payee.
2. Determine whether additional action is necessary to address the 21 representative payees who refused to participate in our review and the 20 representative payees we were unable to contact.
3. Determine whether additional oversight is required for representative payees who reside in a State different from the beneficiaries they represent based on any action taken in response to Recommendations 1 and 2.
4. Take appropriate action in response to the representative payees who did not submit an RPR.
5. Send RPRs to the seven representative payees who should have received them, but did not.
6. Ensure representative payees for concurrent beneficiaries who become ineligible for Title XVI payments receive RPRs for the Title II benefits the beneficiaries continue to receive.

SSA agreed with our recommendations.

# TABLE OF CONTENTS

Objective .....	1
Background .....	1
Results of Review .....	2
Beneficiary Visits.....	3
Representative Payees and Beneficiaries Who Declined to Participate in Our Review .....	5
Beneficiaries Whose Addresses Had Changed .....	5
SSI Recipients with Address Changes .....	6
Allegation of Mother Who Did Not Have Custody of Her Child.....	6
Mother Who No Longer Wished to Be Representative Payee .....	7
Beneficiaries We Could Not Contact.....	7
SSA Oversight of Representative Payees .....	9
RPRs Not Sent to Representative Payees .....	9
Conclusions.....	11
Recommendations.....	11
Agency Comments.....	11
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
MBR	Master Beneficiary Record
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

## OBJECTIVE

The objectives of our review were to determine whether (1) representative payees who were residing in a State different from the beneficiaries they represented used Social Security and Supplemental Security Income (SSI) payments in the beneficiaries' best interests and (2) the Social Security Administration (SSA) effectively monitored beneficiaries whose representative payees resided in different States.

## 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 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 interests<sup>9</sup> as well as 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 Report (RPR). SSA uses RPRs to monitor how representative payees spend and/or save benefits

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<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., C., and D. (August 2, 2011).

<sup>8</sup> 20 C.F.R. §§ 404.2020 and 416.620. 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.

on their beneficiaries' behalf and identify situations where representative payment may no longer be appropriate or the representative payee may no longer be suitable.

Our review of SSA's Master Beneficiary Record (MBR), Supplemental Security Record (SSR), and Representative Payee System (RPS) identified records of beneficiaries who appeared to be residing in a non-contiguous State from their representative payees.<sup>11</sup> Upon initial review of the records, we identified beneficiaries who appeared to be residing in the United States but whose representative payees appeared to be residing in a foreign country. We decided to first determine whether those representative payees properly managed benefits for their beneficiaries and issued a report on *Representative Payees Residing in Foreign Countries or U.S. Territories Who Represent Beneficiaries Residing in the United States* in November 2013.<sup>12</sup>

For this review, we identified 24,607 beneficiaries<sup>13</sup> who had an address in 1 State, while their representative payees had an address in a non-contiguous State. We attempted to contact a sample of 180<sup>14</sup> of these beneficiaries to determine whether the representative payees used payments in the beneficiaries' best interests.

We mailed letters to the representative payees informing them of our review and attempted to interview them shortly thereafter by telephone. If we were unable to contact the representative payees, we attempted to contact the beneficiaries. We also used SSA records to determine whether SSA had updated the representative payees' address information between the time we selected our sample and the time we attempted to contact them. When we contacted representative payees, we requested to visit the beneficiaries' residences to observe their living conditions. See Appendix A for our scope and methodology.

## RESULTS OF REVIEW

We successfully contacted 160 of the 180 representative payees in our sample. Of these 160, 120 allowed us to visit the residences of the beneficiaries they represented. Based on our observations during our visit, we believe the representative payees were using beneficiaries' benefits to meet their food, clothing, and shelter needs in all but two cases. We referred these two cases to SSA to determine whether the representative payees were suitable to manage benefits for the beneficiaries they represented. SSA has since taken action on one of these cases.

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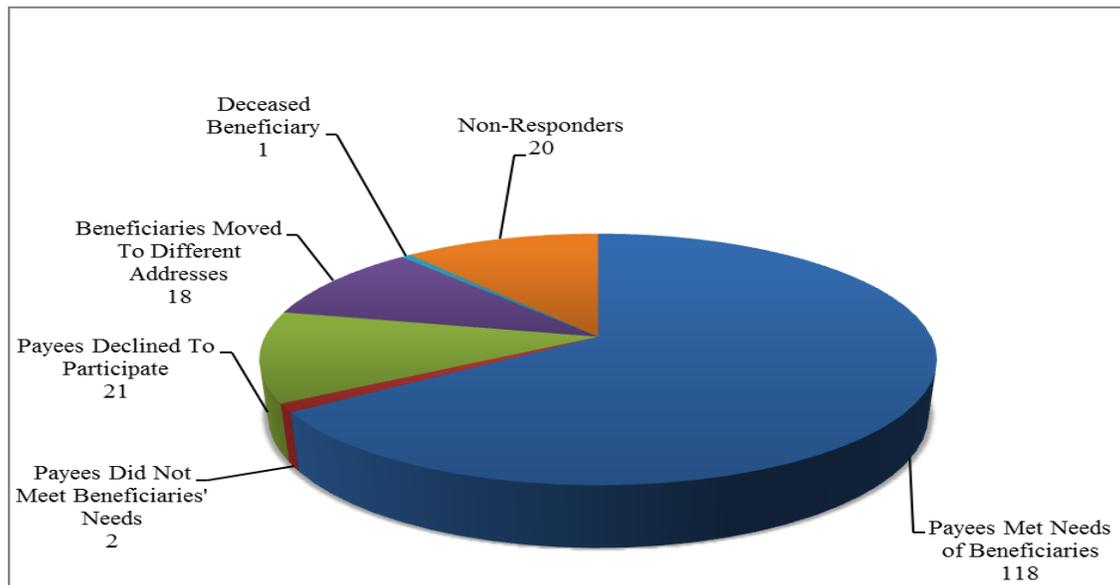
<sup>11</sup> The State in which the beneficiary resided did not border the State in which the representative payee resided.

<sup>12</sup> SSA OIG, *Representative Payees Residing in Foreign Countries or U.S. Territories Who Represent Beneficiaries Residing in the United States* (A-02-13-13048), November 2013.

<sup>13</sup> The 24,607 beneficiaries comprised 14,003 OASDI beneficiaries, 8,842 SSI recipients, and 1,762 concurrent beneficiaries.

<sup>14</sup> The 180 beneficiaries comprised 100 OASDI beneficiaries, 50 SSI recipients, and 30 concurrent beneficiaries. The 180 representative payees comprised 176 individual representative payees and 4 organizational representative payees.

**Figure 1: Review Results of 180 Sampled Beneficiaries**



We did not visit 40 beneficiaries represented by the 160 representative payees we contacted:

- 21 of the representative payees or their beneficiaries declined to participate in our review;.
- 18 of the representative payees reported their beneficiaries had moved to a different address; and
- 1 beneficiary died after we selected our sample (SSA was informed of the beneficiary's death).

We were unable to contact 20 of the 180 representative payees in our sample. We attempted to contact the beneficiaries they represented and were similarly unsuccessful.

Per SSA policy, SSA should have obtained RPRs from the 180 representative payees in the 12 months that preceded the start of our audit. However, SSA only obtained RPRs from 171. Two representative payees did not return the RPR, as required. SSA took corrective action in one of the two cases. SSA also did not comply with its policy to send RPRs to the remaining seven representative payees.

## Beneficiary Visits

Of the 180 representative payees in our sample, 120 agreed to our visits with the beneficiaries they represented. Based on interviews with beneficiaries and personal observations of their residences, we concluded the following.

- In 118 cases, the beneficiaries' food, clothing, and shelter needs were being met at the time of our visit. 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 questioned whether the representative payees were meeting the needs of two beneficiaries at the time of our visit. We were concerned about the beneficiaries' well-being and their representative payees' suitability. We referred the cases to SSA for review as we became aware of the beneficiaries' circumstances. The two cases are discussed below.

**Table 1: Residences of the Representative Payees and Beneficiaries (Questionable Cases)**

Beneficiary	Representative Payee's Residence	Beneficiary's Residence
1	Massachusetts	Kansas
2	Florida	California

**Case 1** – The beneficiary was not at his residence at the agreed upon time of our visit. The exterior of the beneficiary's house was littered with debris. Through a window, we observed that the interior of the house was in disarray.

The beneficiary's mother was the representative payee of record but reported to us that she had delegated representative payee responsibilities to her husband, the beneficiary's stepfather. The husband reported he was not aware of the condition of the beneficiary's residence. He also reported that neither he nor the representative payee had visited the beneficiary for some time. As of January 2014, the representative payee received \$721 a month in SSA benefits on the beneficiary's behalf, \$8,652 annually. SSA appointed the stepfather as the beneficiary's representative payee after we referred the case to the Agency for review.<sup>15</sup>

**Case 2** – The beneficiary was uncooperative and became agitated when we attempted to speak with her. A neighbor reported to us the beneficiary was mentally unstable; had very little food, which caused her weight loss; and occasionally complained to neighbors of pain because of a tumor on her side. We observed trash, dirty dishes, and spoiled food in her apartment. While we observed that the lights were off in the apartment, we visited during the daytime and were unable to determine whether the lights were off because of unpaid bills or the time of day of our visit. Because the beneficiary was uncooperative, we could not clarify this with her.

The apartment's administrative staff reported that they did not believe anyone had visited the beneficiary in a long time. The beneficiary's mother, who passed away more than 2 years ago, had been her caregiver, and the beneficiary appeared to be better cared for when her mother was alive. Because the beneficiary had made several false calls to 911, the representative payee had disconnected her telephone. As of January 2014, the representative payee was managing \$877 a month in SSA benefits on the beneficiary's behalf, \$10,524 annually.

We referred the case to SSA in September 2013. That same month, the Agency indicated it had located a relative of the beneficiary who resided in the same area and was willing to serve as the

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<sup>15</sup> We referred the case to SSA in September 2013. SSA appointed the stepfather representative payee in October 2013.

representative payee. As of July 2014, SSA had not changed the beneficiary's representative payee.

## **Representative Payees and Beneficiaries Who Declined to Participate in Our Review**

In 21 cases, the representative payee or beneficiary refused to participate in our review. Specifically, 16 representative payees declined to coordinate our visits with their beneficiaries' residences.<sup>16</sup> Five other representative payees agreed to coordinate our visits, but the beneficiaries they represented refused to participate in our review. Because we were unable to interview the beneficiaries and observe their residences, we could not determine whether the representative payees used the beneficiaries' benefits in their best interests. As of January 2014, SSA's records indicated that 19 of the 21<sup>17</sup> beneficiaries were receiving \$17,875 in monthly benefit payments, \$214,500 annually.

Although we were not allowed to visit with the beneficiary, one representative payee we spoke with provided information that left us concerned he was not effectively managing the Social Security funds he received on the beneficiary's behalf. The 85-year-old representative payee, who resided in Georgia, stated that the 50-year-old beneficiary, his son, lived in a "crummy" hotel room in New York City. Each month, the representative payee deposited the beneficiary's benefit funds into a bank account from which his son could withdraw cash at any automated teller machine in New York City. The representative payee declined to coordinate a visit to the beneficiary, citing the beneficiary's mental condition.

In February 2014, we referred the 21 cases to SSA for it to determine whether the representative payees were meeting the needs of the beneficiaries they represented. As of July 2014, SSA changed the representative payee of one beneficiary.

## **Beneficiaries Whose Addresses Had Changed**

Eighteen representative payees reported that the beneficiaries they represented lived at an address different from the address listed in SSA's records when we selected the records for review. Through interviewing the representative payees and reviewing SSA's electronic records, we identified several problematic cases.

- Two representative payees who represented SSI recipients did not report their address changes to SSA.

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<sup>16</sup> According to SSA's records, a beneficiary represented by 1 of the 16 representative payees was incarcerated in August 2013.

<sup>17</sup> One beneficiary, a disabled child, became ineligible for benefits because of her parent's work activity. The other beneficiary was incarcerated, which made him ineligible for benefits.

- A mother who served as the representative payee for her daughter reportedly received her daughter's benefits for years even though she did not have custody of the child.
- Another mother reported she no longer wanted to be her son's representative payee.

### *SSI Recipients with Address Changes*

Of the 18 individuals who reportedly had moved, 4 were receiving SSI payments. Two of their representative payees did not report the address changes to SSA, which could affect the SSI payment amount of the recipients they represented. SSI recipients' representative payees are required to report changes<sup>18</sup> that may affect SSI eligibility or payment amounts, including address changes.<sup>19</sup> We referred these two cases to SSA for review in February 2014. While the representative payees reported that the recipients had moved, as of July 2014, the recipients' addresses in SSA's systems had not changed.

### *Allegation of Mother Who Did Not Have Custody of Her Child*

We included the case in our review because SSA's records indicated the representative payee lived in South Carolina, and the beneficiary lived in New Jersey when we selected our sample. Before calling the representative payee, we reviewed SSA's records to determine whether changes had occurred. SSA had appointed a new representative payee since we selected our sample.

We spoke with the new representative payee who reported that she adopted the beneficiary in April 2008, and the beneficiary lived with her in New Jersey. When she applied for Social Security benefits on the beneficiary's behalf in November 2012, SSA informed her that the beneficiary was already receiving benefits, which were being sent to the beneficiary's biological mother who resided in South Carolina. The biological mother appeared to lose custody of the beneficiary in April 2008, but continued receiving SSA benefits on the beneficiary's behalf.<sup>20</sup> SSA was unaware of the change of custody until the adoptive mother applied for benefits.

SSA confirmed that the beneficiary's biological mother had been under review for misuse of funds since November 2012. Upon our review in November 2013, SSA had not developed the case to determine whether the biological mother was improperly paid, and SSA had not referred the case to our Office of Investigations. We requested that SSA review the case.

In February 2014, SSA reported that it determined the allegation was unfounded because it could not locate the previous representative payee, and the current representative payee did not provide

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<sup>18</sup> SSA, POMS, SI 02301.005 (October 25, 2013).

<sup>19</sup> A change of address may indicate a change in circumstances occurred, which may affect a recipient's continuing SSI eligibility or payment amount.

<sup>20</sup> According to SSA's records, the biological mother alleged that the beneficiary was in her custody on an RPR completed in May 2012.

sufficient evidence to support the whereabouts of the beneficiary for the time in question. We forwarded the case to our Office of Investigations in February 2014, which referred the case to SSA for administrative action. SSA paid the biological mother \$12,963 from April 2008 to November 2012, the period SSA was unable to definitively determine the whereabouts of the beneficiary.

### *Mother Who No Longer Wished to Be Representative Payee*

An 88-year-old mother who resided in Idaho represented her 49-year-old son who had moved from Massachusetts to Oregon. The mother reported that she no longer wanted to be her son's representative payee because of her age and forgetfulness. From our conversation with her, it appeared she had no oversight of the beneficiary.

We contacted the beneficiary through a telephone number provided by his mother. The beneficiary reported that he was a transient in Oregon, and occasionally slept on the street and in the park. His mother granted him access to a bank account in which she deposited his Social Security benefit so he could withdraw cash in Oregon.

The beneficiary reported his Social Security benefits often ran out before the end of the month, and he had to go to a church or beg for food. As of January 2014, the representative payee managed \$741 a month in SSA benefits on the beneficiary's behalf, over \$8,800 annually. In February 2014, we referred this case to SSA for it to determine whether the representative payee continued to be capable of meeting the needs of the beneficiary. As of July 2014, SSA had not changed the beneficiary's representative payee.

### **Beneficiaries We Could Not Contact**

We were unable to contact the representative payees for 20 beneficiaries after we sent them multiple letters and attempted to call them multiple times. When we could not contact the representative payees, we attempted to contact the beneficiaries and were similarly unable to contact them. As such, we could not determine whether the representative payees properly managed the beneficiaries' benefit payments. As of January 2014, 18 of the 20<sup>21</sup> beneficiaries received a total of \$14,434 in monthly benefits, over \$173,000 annually.

Many of the beneficiaries we could not contact were children or seniors. Also, some had mental impairments.<sup>22</sup> See Table 2.

In February 2014, we referred these cases to SSA to determine whether the representative payees were meeting the needs of their beneficiaries. Additionally, we referred these cases to our Office of Investigations. It was able to contact 6 of the 20 representative payees, and did not identify

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<sup>21</sup> One beneficiary became ineligible for childhood benefits upon reaching age 18. The other beneficiary became ineligible for benefits because the unearned income he received was above the allowable limit.

<sup>22</sup> According to SSA records, 107 (60 percent) of the 180 beneficiaries in our sample had mental impairments.

fraud in these cases. It reviewed another five cases and referred them to SSA for further development. It either closed the remaining allegations because it determined the fraud was unsubstantiated, there was no evidence that the beneficiary was out of the representative payee's care, there was a change of representative payee, or the representative payee had died.

**Table 2: Characteristics of Beneficiaries and Representative Payees Not Contacted**

Beneficiary	Age of Beneficiary as of January 2014	Beneficiary with Mental Impairment?	Type of Benefit
1	6	No	OASDI
2	15	No	OASDI
3	15	No	OASDI
4	16	No	OASDI
5	18	No	OASDI
6	21	Yes	SSI
7	22	Yes	SSI
8	25	Yes	SSI
9	26	Yes	Concurrent <sup>23</sup>
10	38	Yes	SSI
11	45	Yes	SSI
12	47	Yes	OASDI
13	51	Yes	SSI
14	51	Yes	SSI
15	55	Yes	Concurrent
16	58	Yes	SSI
17	75	No	OASDI
18	88	No	OASDI
19	92	No	OASDI
20	100	No	OASDI

<sup>23</sup> Concurrent beneficiaries receive both OASDI and SSI benefits.

## SSA Oversight of Representative Payees

Representative payees are required to keep records and report how they spend the benefits received on behalf of beneficiaries they represent.<sup>24</sup> To assist in this responsibility, SSA mails annual RPRs to representative payees. SSA uses the RPRs to monitor how representative payees spend and/or save benefits on the beneficiary's behalf and identify situations where representative payment may no longer be appropriate or the representative payee may no longer be suitable. Representative payees are required to complete the forms and return them to SSA. SSA received RPRs from 171 of the 180 representative payees in our sample.

If a representative payee does not respond to, or will not cooperate with, efforts to obtain an RPR, SSA may consider a change of representative payee or initiate direct payment to the beneficiary.

Two representative payees did not return the RPRs SSA mailed to them. We did not visit the beneficiaries these representative payees represented because we were unable to contact them. To our knowledge, SSA had not visited these beneficiaries. In one case, SSA suspended the beneficiary's payment in January 2014.<sup>25</sup>

In the other case, SSA's records indicated the representative payee had an undeliverable address, but SSA did not develop for a new representative payee or initiate direct payment to the beneficiary. As of January 2014, the representative payee continued receiving monthly benefit payments of \$480, over \$5,760 annually, by direct deposit on the beneficiary's behalf. We referred this case to SSA for further review in February 2014. As of July 2014, the representative payee's address in SSA's records had not changed. We also could not identify any indication in SSA's records that it attempted to identify a deliverable address for the representative payee.

### *RPRs Not Sent to Representative Payees*

SSA did not send RPRs to seven representative payees, as required, even though they had served multiple years as representative payees. For example, SSA had not sent one of the representative payees an RPR to complete in over 20 years. See Table 3 for the period SSA did not issue a RPR for each of the seven representative payees.

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<sup>24</sup> SSA, POMS, GN 00605.001 B.1. (May 15, 2013).

<sup>25</sup> According to SSA records, the Agency was unable to locate the beneficiary to initiate direct payment.

**Table 3: SSA Benefit Paid, But RPR Not Issued**

<b>Beneficiary</b>	<b>No RPR Issued</b>	<b>SSA Benefit Paid</b>
1	August 1991 to December 2013	\$158,209
2	April 1998 to December 2013	\$175,414
3	October 2003 to December 2013	\$101,221
4	May 2005 to December 2013	\$101,735
5	September 2005 to December 2013	\$90,884
6	June 2006 to December 2013	\$43,980
7	April 2009 to December 2013	\$48,556
<b>Total</b>		<b>\$719,999</b>

As of January 2014, the seven representative payees were managing \$6,559 in monthly benefits, or over \$78,700 annually. We have found in other audits that SSA did not always mail RPRs to representative payees.<sup>26</sup>

Per SSA, the RPRs were not generated for the seven beneficiaries because of a change in their eligibility for SSI payments. The seven beneficiaries were concurrently receiving OASDI and SSI benefits. In such cases, the RPR was generated by the beneficiary's SSR. To ensure payees only receive one RPR, the MBR was set to suppress generation of a RPR. When the concurrent beneficiaries became ineligible for SSI payments, the SSR no longer initiated an RPR for their representative payees, and the MBR continued to suppress the RPR.

We visited the seven beneficiaries as part of this audit, and nothing came to our attention that led us to believe the representative payees did not use the Social Security benefits for the beneficiaries' needs. Still, SSA had not monitored how the seven representative payees spent nearly \$720,000 over multiple years because it failed to mail RPRs.

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<sup>26</sup> SSA OIG, *Representative Payees Residing in Foreign Countries or U.S. Territories Who Represent Beneficiaries Residing in the United State* (A-02-13-13048), November 2013, p.9, and *Emerge, Incorporated, An Organizational Representative Payee for the Social Security Administration* (A-13-10-21087), March 2011, p.9 and p.10.

## CONCLUSIONS

Of the 180 representative payees we reviewed, we questioned whether 2 (1 percent) were meeting the beneficiaries' needs at the time of our visit. Additionally, we were unable to determine whether 41 (23 percent) of the beneficiaries' needs were being met because the representative payees or their beneficiaries refused to participate in our review or we were unable to contact them. We also found that SSA did not mail accounting reports to all representative payees, as required, and did not always follow up with representative payees who did not submit their accounting reports.

## RECOMMENDATIONS

Accordingly, we recommend SSA:

1. Determine the suitability of the representative payee who appeared to not be meeting the needs of the beneficiary at the time of our visit. If the representative payee is unsuitable, SSA should assign a new representative payee.
2. Determine whether additional action is necessary to address the 21 representative payees who refused to participate in our review and the 20 representative payees we were unable to contact.
3. Determine whether additional oversight is required for representative payees who reside in a State different from the beneficiaries they represent based on any action taken in response to Recommendations 1 and 2.
4. Take appropriate action in response to the representative payees who did not submit an RPR.
5. Send RPRs to the seven representative payees who should have received them, but did not.
6. Ensure representative payees for concurrent beneficiaries who become ineligible for Title XVI payments receive RPRs for the Title II benefits the beneficiaries continue to receive.

## AGENCY COMMENTS

SSA agreed with our recommendations. The Agency's comments are included in Appendix B.

# *APPENDICES*

## Appendix A – SCOPE AND METHODOLOGY

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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 on the Representative Payment Program.
- Obtained data extracts from SSA's Master Beneficiary Record (MBR) in August 2012 and its Supplemental Security Record (SSR) and Representative Payee System (RPS) in December 2012.

Upon initial review of the records, we identified beneficiaries who appeared to be residing in the United States but whose representative payees appeared to be residing in a foreign country. We decided to first determine whether those representative payees properly managed benefits for their beneficiaries and issued the report, *Representative Payees Residing in Foreign Countries or U.S. Territories who Represent Beneficiaries Residing in the United States*, in November 2013.

For this review, we identified 14,003 Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries, 8,842 Supplemental Security Income (SSI) recipients, and 1,762 concurrent beneficiaries who appeared to reside at an address in 1 State but whose representative payees appeared to reside at an address in a different and non-contiguous State.

The MBR for the OASDI cases selected included a representative payee with an address in one State and an indicator that another State was actively exchanging beneficiary information with SSA. Additionally, the OASDI beneficiaries had an address in one State in RPS, while their representative payees had an address in another non-contiguous State in the MBR. The SSI recipients and concurrent beneficiaries had an address in the SSR in one State, and their representative payees had an address in the SSR in a different State.

Of the population, 4,150 of the 14,003 OASDI beneficiaries, 2,602 of the 8,842 SSI recipients, and 544 of the 1,762 concurrent beneficiaries resided within 100 miles of an Office of Audit location. From those beneficiaries, we sampled 100 OASDI beneficiaries, 50 SSI recipients, and 30 concurrent beneficiaries<sup>1</sup> to determine whether their representative payees<sup>2</sup> were properly managing their benefits.

- For each sampled beneficiary, we:
  - Reviewed SSA records to determine whether SSA had updated the beneficiary or representative payee's address information after we selected our sample and before we attempted to contact the representative payee.
  - Reviewed the LexisNexis database to locate additional contact information for the beneficiary and the representative payee.
  - Reviewed the LexisNexis database to determine whether the beneficiary's representative payee had a criminal history.
  - Mailed up to two letters to the representative payee regarding our review.
  - Called the representative payee to confirm the residential address of the beneficiary and to discuss the representative payee's management of the beneficiary's benefit.
  - Contacted the beneficiary when we could not contact the representative payee.

We contacted 120 beneficiaries to interview them and observe their living conditions. We also reviewed available Representative Payee Reports for the beneficiaries.

We conducted our audit work from July 2013 to January 2014. We visited the residences of the beneficiaries in our sample who resided within 100 miles of Baltimore, Maryland; Boston, Massachusetts; New York, New York; Philadelphia, Pennsylvania; Atlanta, Georgia; Birmingham, Alabama; Chicago, Illinois; Arlington, Virginia; Dallas, Texas; Denver, Colorado; Kansas City, Missouri; and Richmond, California, between September and December 2013. The principal entity reviewed was the Office of the Deputy Commissioner for Operations.

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<sup>1</sup> We would expect that the characteristics of those beneficiaries residing within 100 miles of an Office of Audit location would not differ from those who reside outside 100 miles of an Office of Audit location. Office of Audit 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.

<sup>2</sup> The 180 beneficiaries comprised 100 OASDI beneficiaries, 50 SSI recipients, and 30 concurrent beneficiaries. The 180 representative payees comprised 176 individual representative payees, and 4 organizational representative payees.

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

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## SOCIAL SECURITY

### MEMORANDUM

Date: June 13, 2014

Refer To: SIJ-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 and Beneficiaries Who Were Residing in Different States" (A-02-14-14044) - 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 AND BENEFICIARIES WHO WERE RESIDING IN DIFFERENT STATES” (A-02-14-14044)**

**Recommendation 1**

Determine the suitability of the representative payee who appeared to not be meeting the needs of the beneficiary at the time of our visit. If the representative payee is unsuitable, SSA should assign a new representative payee.

**Response**

We agree. We have determined the current representative payee on record is suitable to manage the beneficiary’s benefits.

**Recommendation 2**

Determine whether additional action is necessary to address the 21 representative payees who refused to participate in our review and the 20 representative payees we were unable to contact.

**Response**

We agree. We will review the cases and take the appropriate actions by the end of fiscal year (FY) 2014.

**Recommendation 3**

Determine whether additional oversight is required for representative payees who reside in a state different from the beneficiaries they represent based on any action taken in response to Recommendations 1 and 2.

**Response**

We agree. We will evaluate our results from the cases referenced in recommendations 1 and 2 to determine if they warrant additional oversight.

**Recommendation 4**

Take appropriate action in response to the representative payees who did not submit a Representative Payee Report.

**Response**

We agree. We will review the cases and take the appropriate action by the end of FY 2014.

### **Recommendation 5**

Send RPRs to the seven representative payees who should have received them, but did not.

### **Response**

We agree. We will review the seven cases and take the appropriate actions by the end of FY 2014.

### **Recommendation 6**

Ensure representative payees for concurrent beneficiaries who become ineligible for Title XVI payments receive RPRs for the Title II benefits the beneficiaries continue to receive.

### **Response**

We agree. We have analyzed the issue and can put an automated solution in place in the first quarter of FY 2015.

## Appendix C – MAJOR CONTRIBUTORS

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Tim Nee, Director

Christine Hauss, Audit Manager

Vincent Huang, Program Analyst

William Kearns, IT Specialist

Brennan Kraje, Statistician

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