

High-volume Individual Representative Payee in the Chicago Region

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October 2018

Office of Audit Report Summary

Objectives

To determine whether the individual representative payee (1) used and accounted for Social Security benefits in accordance with Social Security Administration (SSA) policies and procedures and (2) had effective safeguards over the receipt and disbursement of Social Security benefits.

Background

Congress granted SSA the authority to appoint representative payees for those beneficiaries judged incapable of managing or directing the management of their benefit payments because they have a mental or physical disability or are minors. Representative payees are responsible for managing benefits in the beneficiary's best interest and ensuring Social Security payments are used for the beneficiary's current maintenance, including food, shelter, clothing, medical care, and personal comfort items.

During our audit period, October 1, 2016 through September 30, 2017, the representative payee under review was serving 255 SSA beneficiaries. For 50 beneficiaries, we reviewed the representative payee's internal controls over the receipt and disbursement of Social Security benefits. We also interviewed 10 of the 255 beneficiaries to determine whether the payee was meeting their basic needs.

Findings

The representative payee did not always use and account for Social Security benefits in accordance with SSA policies and procedures. Specifically, she may have failed to meet the needs of 2 of the 10 beneficiaries we interviewed. Further, six beneficiaries expressed concerns with the representative payee's services because they did not have adequate access to inform her of their needs. She also inappropriately charged 33 of our 50 sample beneficiaries a total of \$5,039 in excess fees for contractors to perform her required guardian and conservator services. Moreover, for our sample of 50 beneficiaries, she did not pay 3 beneficiaries' bills by the due dates and incurred overdraft fees for 6 beneficiaries. Additionally, the representative payee's home-based office space did not provide sufficient physical controls over SSA beneficiaries' personally identifiable information.

In addition, the payee did not always provide SSA with payee accounting forms and medical review documents timely. Specifically, 12 beneficiaries' Social Security benefits were in non-pay status because the representative payee neglected to provide SSA complete and accurate beneficiary information, including medical review forms. Finally, we also confirmed that SSA's representative payee system had incorrect custody or residence address information for beneficiaries in the representative payee's care.

Recommendations

We made 10 recommendations concerning this representative payee's accounting and use of benefits, safeguards over the receipt and disbursement of benefits, past due accounting and medical review forms, and beneficiary residence addresses. Most notably, we recommend SSA refrain from placing additional beneficiaries with this representative payee until she has taken corrective actions on the issues identified in this report. If the representative payee does not implement the corrective actions timely, SSA should determine whether the representative payee is capable of continuing to serve the current and foreseeable needs of the beneficiaries under her care.

SSA agreed with all our recommendations.