

Beneficiaries in Suspended Payment Status Pending the Selection of a Representative Payee

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) had adequate controls to ensure it took appropriate actions for beneficiaries whose payments it withheld pending the selection of a representative payee.

Background

SSA selects representative payees to receive and manage the payments of those beneficiaries who cannot manage or direct the management of their own benefits because of their youth or mental and/or physical impairment.

Generally, SSA cannot withhold benefits and must make interim direct payments to incapable beneficiaries if a representative payee is not immediately available. SSA may withhold benefits for a maximum of 1 month if it determines direct payment to the beneficiary would cause substantial harm. However, the 1-month restriction does not apply to legally incompetent adults, children under age 15, or beneficiaries who have an alcohol or drug addiction and direct payment would cause substantial harm.

For our review, we identified 14,589 beneficiaries whose payments SSA withheld pending the selection of a representative payee. From this population, we selected a random sample of 100 beneficiaries for review.

Findings

We continue to find that SSA needs to improve controls to ensure it takes appropriate actions for beneficiaries whose payments it withheld pending the selection of a representative payee. Based on our random sample, we estimate SSA improperly withheld approximately \$11.2 million in payments to 4,231 beneficiaries who were age 15 or older. Also, SSA withheld approximately \$5 million in payments for 1,897 child beneficiaries under age 15 for an average of 161 days. Finally, SSA's Tracking Application did not include five beneficiaries whose payments it withheld pending the selection of a representative payee.

Recommendations

We recommend that SSA:

1. Improve controls to ensure it does not improperly withhold payments to beneficiaries age 15 or older pending the selection of a representative payee.
2. Determine whether it is appropriate to establish a timeframe for how long it should take to select representative payees for beneficiaries under age 15.
3. Take appropriate action to resolve the representative payee selections for the seven beneficiaries whose payments it continues withholding pending the selection of a representative payee.
4. Include on its Tracking Application all beneficiaries whose payments it withheld pending the selection of a representative payee.

SSA agreed with our recommendations.