

Benefit Payments Managed by Representative Payees of Children in California's Foster Care Program

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Office of Audit Report Summary

Objective

To identify children in California's foster care program served by representative payees who may not have been suitable.

Background

The Social Security Administration (SSA) selects representative payees for individuals who are not able to manage or direct the management of their finances because of their youth or mental and/or physical impairment. According to SSA, foster care agencies have traditionally been among its most dependable payees. State foster care agencies may not always know whether the child is receiving SSA payments. States can use SSA's State Verification and Exchange System (SVES) to determine whether the child is receiving Social Security payments.

The California Department of Social Services (CDSS) supervises the foster care program throughout the State. However, county agencies administer the program.

We performed a computerized comparison of foster care data with SSA's beneficiary records to identify children served by representative payees who were not the county agency or foster care parents.

Our Findings

The State of California reported that, while it used SVES to validate Social Security numbers, it did not use the system to determine whether children were receiving Social Security payments.

Of the 50 children in our sample, SSA concluded that 30 had unsuitable representative payees, 17 had suitable payees, and 3 did not have completed assessments. However, in one case, the payee became the child's foster care parent after our review began and an assessment was not necessary. Of the 30 children who had unsuitable payees, SSA determined 15 payees misused about \$87,000 in Social Security payments. For 11 children, the Agency planned to complete reviews to determine whether payees misused payments that belonged to the children. SSA concluded there were four children with unsuitable payees who did not misuse payments.

Based on our sample results, we estimate unsuitable payees served 359 children. Of these, we estimate representative payees misused about \$1 million in benefit payments for 180 children. If the Agency does not identify and replace the unsuitable payees, we estimate the unsuitable representative payees will misuse an additional \$552,000 during the next 12 months.

Our Recommendations

1. Advise CDSS to expand its use of SVES to include verifying whether a child is receiving SSA payments.
2. Complete suitability assessments of payees serving 2 children; complete misuse assessments of unsuitable payees serving 11 children; and appoint a new payee for 1 child whose representative payee committed misuse and continues to serve as the child's payee.
3. Conduct suitability assessments for the representative payees associated with the remaining 288 children in current pay status as of January 3, 2014 with payees who were not a county agency or the foster care parent(s).

SSA agreed with our recommendations.