

Benefits Payable to Child Beneficiaries Whose Benefits Were Withheld 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 paid child beneficiaries' withheld benefits pending the selection of a representative payee.

Background

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

When circumstances change or suggest a representative payee may no longer be suitable, SSA may suspend benefits and initiate a search for a new representative payee. Under certain circumstances, SSA can make direct payments to child beneficiaries age 15 to 17. When a child beneficiary attains age 18, they are presumed to be legally competent adults who no longer require representative payees, unless direct payment is prohibited for other reasons.

We identified 12,027 child beneficiaries whose benefits SSA had withheld pending the selection of a representative payee.

Findings

We continue to find that SSA needs to improve controls to ensure it pays child beneficiaries' withheld benefits pending the selection of a representative payee. Based on our random sample, we estimate that SSA did not pay 6,615 beneficiaries approximately \$9.2 million in withheld benefits.

Finally, we estimate that SSA only paid 2,423 of the 13,464 beneficiaries we identified during our 2010 audit. This occurred, in part, because SSA did not send letters to 4,233 beneficiaries and pay 214 beneficiaries who were in current pay on another record.

Recommendations

We recommend that SSA:

1. Take appropriate action to resolve the benefits withheld from the 55 beneficiaries identified by our current audit.
2. Evaluate the results of its actions for the 55 beneficiaries and determine whether it should review the remaining 11,927 beneficiaries identified by our current audit.
3. Conduct analysis to determine which of the 4,233 beneficiaries identified by our prior audit need to receive an underpayment notification.
4. Pay the 214 beneficiaries in current pay on another record as identified by our prior audit.
5. Implement controls to ensure it pays withheld benefits to child beneficiaries.

SSA agreed with our recommendations.