
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**SOCIAL SECURITY ADMINISTRATION'S
CONTROLS FOR CONCURRENTLY
ENTITLED BENEFICIARIES WITH
REPRESENTATIVE PAYEES**

April 2005 A-05-04-13058

AUDIT REPORT



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SOCIAL SECURITY

MEMORANDUM

Date: April 11, 2005

Refer To:

To: The Commissioner

From: Inspector General

Subject: The Social Security Administration's Controls for Concurrently Entitled Beneficiaries with Representative Payees (A-05-04-13058)

OBJECTIVE

The objective of our audit was to determine if the Social Security Administration (SSA) had effective procedures in place to ensure different representative payees for concurrently entitled beneficiaries¹ were only appointed for a compelling reason.

BACKGROUND

SSA pays benefits under Titles II and XVI of the Social Security Act. Under Title II, the Old-Age Survivors and Disability Insurance (OASDI) program provides benefits to retired and disabled workers, including their dependents and survivors. Under Title XVI, the Supplemental Security Income (SSI) program provides benefits to financially needy individuals who are aged, blind, or disabled.²

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.³ A representative payee may be an individual or an organization. SSA

¹ Concurrently entitled beneficiaries receive benefits under both Title II and Title XVI of the Social Security Act.

² Social Security Act §§ 201 *et seq.* and 1601 *et seq.*; 42 U.S.C. §§ 401 *et seq.* and 1381 *et seq.*

³ Social Security Act §§ 205(j) and 1631(a)(2); 42 U.S.C. §§ 405(j) and 1383(a)(2).

selects representative payees for OASDI and SSI beneficiaries when representative payments would serve the beneficiary's interests.⁴ Representative payees are responsible for using benefits in the beneficiary's best interests.⁵

SSA instructions require its staff to appoint one representative payee for all benefits to which the beneficiary is entitled unless there is a compelling reason to do otherwise. The example of a compelling reason outlined in SSA's instructions state that a child may live with a custodial grandparent, who receives one check (the smaller check) for day-to-day needs, but a parent receives the larger check for such things as school tuition (if applicable), medical costs, clothing, handling financial matters, etc. In the rare instances where different representative payees are appointed for a beneficiary who is entitled to more than one benefit, each claims file should be documented with the reason for naming different representative payees.⁶

The Social Security Protection Act of 2004 enhances SSA's oversight of representative payees.⁷ Once an appropriate representative payee is selected, it is then incumbent upon SSA to adequately monitor that individual or organization to ensure the benefits are being used as intended to aid the beneficiary.⁸

RESULTS OF REVIEW

We planned to identify the universe of concurrently entitled beneficiaries that had different representative payees for their Title II and Title XVI benefit payments and select a sample of the beneficiaries to determine the reason SSA assigned different representative payees. SSA did not have data readily available for us to identify this universe, so we attempted to create the universe through the electronic collection of information on SSA's Representative Payee System (RPS), Master Beneficiary Record (MBR) and Supplemental Security Record (SSR). However, we experienced difficulty in establishing the universe because of inconsistent information recorded in SSA's RPS, MBR and SSR.

After extensive data analysis, we identified a universe of 34,004 concurrently entitled beneficiaries that—based upon nomenclature information recorded on the RPS, MBR, and SSR—appeared to have different representative payees for their Title II and Title XVI benefit payments, as of June 2003. Following our review of 300 cases from this universe, we found that 97 percent of the cases had only one representative payee. However, because of the difficulties in establishing the universe, we can not draw

⁴ 20 C.F.R. §§ 404.2001 *et seq.* and 416.601 *et seq.*

⁵ 20 C.F.R. §§ 404.2035(a) and 416.635(a).

⁶ SSA, POMS, GN 00502.183 B.4.

⁷ Pub. L. No. 108-203 § 102; 42 U.S.C. §§ 405(j) and 1383(a)(2).

⁸ Social Security Act §§ 205(j)(3) and 1631(a)(2)(F)(iv); 42 U.S.C. §§ 405(j)(3) and 1383(a)(2)(F)(iv); see also POMS GN 00501.015B.1 and GN 00602.001.B.1.

overall conclusions from this universe of cases about the effectiveness of SSA's procedures to ensure different representative payees for concurrently entitled beneficiaries were appointed only for a compelling reason. However, our sample cases identified conditions which suggest opportunities to improve SSA's compliance with its policy to document compelling reasons when more than one representative payee is appointed.

Opportunities to Improve Compliance in Documenting a Compelling Reason

Our review of 300 sample cases—from a universe of 34,004 concurrently entitled beneficiaries that we were able to develop through our data analysis of representative payee and beneficiary data—showed that SSA appointed one representative payee for 97 percent of the concurrent beneficiaries' Title II and Title XVI benefit payments.⁹ However, SSA appointed more than one representative payee for the remaining 3 percent of the cases and the Agency did not document a compelling reason for doing this. Specifically, our review of the 300 sample cases found that:

- In 290 cases, SSA appointed one representative payee for the beneficiaries' Title II and Title XVI benefit payments. Initially, these cases appeared to have more than one representative payee because of inconsistent information documented in SSA's systems. However, further review of the cases showed that one payee was responsible for both the Title II and Title XVI payments for each beneficiary. The inconsistent information gave a false indication that the beneficiaries had different representative payees for their Title II and Title XVI payment benefits. The inconsistent information included:
 - differences in the spelling or the presentation of the representative payee's name and/or address on the Agency's MBR and SSR, and/or
 - incidents when the representative payee's identification number was missing from the MBR or SSR.
- In nine cases, the beneficiary's mother was representative payee for the Title II benefit payment and the beneficiary's father was representative payee for the Title XVI benefit payment, or vice versa. According to SSA's records, both representative payees resided at the same address. We could not identify any documentation in SSA's claims folders for these nine cases that demonstrated a compelling reason for appointing one parent to manage one benefit payment and another parent to manage the other benefit payment. In fact, in some cases, the beneficiary received benefits under Title II or Title XVI for a significant amount of time before becoming eligible for benefits under both Titles. For example, in one case the beneficiary's mother became representative payee in July 1995 for the Title XVI benefits and the beneficiary's father became the representative payee

⁹ See Appendix B for the scope and methodology of our audit, and Appendix C for the sampling methodology and results.

in December 2002 for the Title II benefits. This example indicates that the employee who made the latest representative payee determination may have not considered whether the beneficiary was already receiving benefits under Title XVI. On the surface, these scenarios may not suggest a problem. However, SSA's current policy does not include exceptions to the documentation requirement, even when the two representative payees are relatives and reside at the same address.

- In one case, the beneficiary's grandfather was representative payee for the Title II benefit payment and the beneficiary's grandmother was representative payee for the Title XVI benefit payment. Both grandparents resided at the same address and the Title II and Title XVI benefit payments were sent by paper check to this address. As with the nine cases described above, we could not identify any documentation demonstrating a compelling reason for appointing different payees to handle the Title II and Title XVI benefits.

CONCLUSIONS AND RECOMMENDATIONS

Although our review of cases suggests that in most instances SSA appropriately assigns representative payees, because of data limitations, we were unable to draw overall conclusions regarding the effectiveness of SSA's procedures to ensure different representative payees for concurrently entitled beneficiaries were only appointed for a compelling reason. The cases in our sample where concurrently entitled beneficiaries were assigned more than one representative payee suggest opportunities for SSA to improve compliance with its documentation requirements. As such, we recommend that SSA:

1. Review the 10 cases we identified where more than one representative payee was appointed and take actions to appoint only one representative payee to each of the beneficiaries' benefit payments when appropriate.
2. Determine whether the policy that allows for different representative payees for concurrently entitled beneficiaries is effective and necessary for the proper management of benefit payments.

AGENCY COMMENTS

In commenting on the draft report, SSA agreed with our recommendations. See Appendix D for the full text of SSA's comments.



Patrick P. O'Carroll, Jr.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Sampling Methodology and Results

APPENDIX D – Agency Comments

APPENDIX E – OIG Contacts and Staff Acknowledgments

Acronyms

C.F.R.	Code of Federal Regulations
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors, and Disability Insurance
POMS	Program Operations Manual System
Pub. L.	Public Law
RPS	Representative Payee System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record
U.S.C.	United States Code

Scope and Methodology

In conducting our review, we:

- Reviewed applicable Federal laws and regulations, as well as relevant Social Security Administration (SSA) policies and procedures.
- Obtained a data file of 149,022 concurrently entitled beneficiaries in the SSA systems that appeared to have different representative payees for their Title II and Title XVI benefit payments as of June 2003. Through electronic analysis, the population of 149,022 beneficiaries was reduced by identifying those cases where: (1) the spelling of the representative payee names on the Master Beneficiary Record (MBR)¹ and Supplemental Security Record (SSR)² were the same or similar and the addresses were the same, and (2) the Title II and Title XVI representative payee number was missing and/or different but the representative payee name was the same. This resulted in a sampling population of 34,004 SSA beneficiaries who appeared to have different representative payees for both their Title II and Title XVI benefits. From this population, we selected a sample of 300 cases and projected our results to the population. See Appendix C for additional information on our sampling methodology.
- Reviewed Title II and Title XVI case folders to determine the reasons SSA appointed different payees, when appropriate.
- Discussed with SSA Chicago Regional Office SSA's policy for concurrently entitled beneficiaries with representative payees.

We conducted field work at the Office of Audit in Chicago, Illinois from May 2004 through June 2004. We experienced difficulty in establishing the universe because of inconsistent information recorded in SSA's Representative Payee System, MBR and SSR. Accordingly, the data extract we obtained was not sufficiently reliable to meet our audit objective and we were unable to draw overall conclusions based on the data. The entity reviewed was under the Deputy Commissioner for Disability and Income Security Programs. We conducted our audit in accordance with generally accepted government auditing standards.

¹ The MBR is the system used to record all Social Security beneficiaries who are or were entitled to receive Retirement and Survivors Insurance or Disability Insurance benefits (SSA, POMS, DG 05010.090).

² The SSR is the system used to record personal, income and resource information gathered to determine Supplemental Security Income eligibility and payment amounts (SSA, POMS, DG 05010.103).

Sampling Methodology and Results

To achieve our objective, we planned to identify the universe of concurrently entitled beneficiaries¹ that, as of June 2003, had different representative payees for their Title II and Title XVI benefit payments and select a sample of the beneficiaries to determine the reason the Social Security Administration (SSA) assigned different representative payees. However, we found that SSA did not have data readily available that would allow our identification of this universe.

Since SSA did not have data available for us to identify the universe of concurrently entitled beneficiaries that had different representative payees for their Title II and Title XVI benefit payments, we attempted to create the universe through the electronic collection of information on SSA's Representative Payee System (RPS), Master Beneficiary Record (MBR) and Supplemental Security Record (SSR). This resulted in a universe of 149,022 concurrently entitled beneficiaries that appeared to have different representative payees for their Title II and Title XVI benefit payments.

After extensive data analysis, we reduced the 149,022 records to 34,004 concurrently entitled beneficiaries that—based upon nomenclature information recorded on the RPS, MBR, and SSR—appeared to have different representative payees for their Title II and Title XVI benefit payments, as of June 2003. We eliminated from our universe, the 115,018 beneficiaries in the data file of 149,022 concurrently entitled beneficiaries, that we were able to confirm had only one representative payee for their Title II and Title XVI benefit payments.

We were aware that the new universe of 34,004 beneficiaries may still include concurrently entitled beneficiaries having only one representative payee for their Title II and Title XVI benefits. However, the only way to further reduce this universe to only those beneficiaries with different representative payees for their Title II and Title XVI benefit payments would have been to manually review 34,004 MBRs and 34,004 SSRs. This would have involved an inordinate amount of audit resources. Accordingly, we sampled 300 from the population of 34,004 beneficiaries.

As noted in the results section of this report, further analysis of a sample of 300 beneficiaries out of the 34,004 showed 97 percent of the records that initially appeared to have different payees for a beneficiary's Title II and Title XVI payments, actually had one payee handling both benefit payments. The reasons that these beneficiaries appeared in our data file was because the nomenclature information recorded in SSA's systems (RPS, MBR and SSR) was inconsistent. For example, the representative payee number was blank on either the MBR or SSR, the representative

¹ Concurrently entitled beneficiaries receive benefits under both Title II and Title XVI of the Social Security Act.

payee names and/or addresses on the MBR and SSR were spelled differently, and the representative payee number was missing or different but the representative payee name was the same.

The table below shows the results of our sample.

Population and Sample Size	
Population Size	34,004
Sample Size	300
Attribute Appraisal	
Total Sample Results: Number of Beneficiaries with Two Representative Payees	10
Point Estimate of Beneficiaries with Two Representative Payees	1,133
Projection lower limit	621
Projection upper limit	1,896

All projections are at the 90-percent confidence level.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

34126-24-1255

Date: March 23, 2005

Refer To: SIJ-3

To: Patrick P. O'Carroll, Jr.
Inspector General

From: Larry W. Dye /s/
Chief of Staff

Subject: Office of Inspector General (OIG) Draft Report, "Social Security Administration's Controls for Concurrently Entitled Beneficiaries with Representative Payees" (A-05-04-13058)--
INFORMATION

We appreciate OIG's efforts in conducting this review. Our comments to the recommendations are attached.

Please let us know if we can be of further assistance. Staff questions may be referred to Candace Skurnik at extension 54636.

Attachment:
SSA Response

**COMMENTS ON THE OFFICE OF INSPECTOR GENERAL (OIG) DRAFT REPORT,
“SOCIAL SECURITY ADMINISTRATION’S CONTROLS FOR CONCURRENTLY
ENTITLED BENEFICIARIES WITH REPRESENTATIVE PAYEES” (A-05-04-13058)**

Thank you for the opportunity to review and comment on the draft report. We appreciate your conducting this audit of concurrently entitled beneficiaries who have more than one representative payee.

Recommendation 1

The Social Security Administration (SSA) should review the 10 cases identified where more than one Representative Payee was appointed and take actions to appoint only one Representative Payee to each of the beneficiaries’ benefit payments when appropriate.

Comment

We agree. On March 4, 2005, the 10 cases cited were referred to our field offices for review, and action will be taken to appoint one payee for both title II and title XVI records.

Although the Social Security Act does not specifically require that only one payee be appointed for beneficiaries entitled to more than one benefit, this practice is consistent with the Agency's general obligation under the Act to provide oversight and monitoring of Representative Payees.

Recommendation 2

SSA should determine whether the policy that allows for different Representative Payees for concurrently entitled beneficiaries is effective and necessary for the proper management of benefit payments.

Comment

We agree. We have decided to make a policy change requiring that one payee be appointed for all benefits. Since we are charged with appointing the very best payee candidate to serve as payee, that payee candidate should be the best payee for *all* benefits paid on behalf of the SSA beneficiary. SSA recently drafted changes to the Programs Operations Manual System (POMS) GN 00502.183. We expect the POMS changes to be issued by April 1, 2005.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Mark Bailey, Director, Central Audit Division (816) 936-5591

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Acknowledgments

In addition to those named above:

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