

---

**OFFICE OF  
THE INSPECTOR GENERAL**

---

**SOCIAL SECURITY ADMINISTRATION**

---

**INDIVIDUAL REPRESENTATIVE PAYEES  
FOR THE SOCIAL SECURITY  
ADMINISTRATION IN THE  
CHICAGO REGION**

**April 2005**

**A-05-05-15052**

---

**EVALUATION  
REPORT**

---



## **Mission**

**We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.**

## **Authority**

**The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:**

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

**To ensure objectivity, the IG Act empowers the IG with:**

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

## **Vision**

**By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.**



# SOCIAL SECURITY

## MEMORANDUM

Date: April 22, 2005

Refer To:

To: James F. Martin  
Regional Commissioner  
Chicago

From: Inspector General

Subject: Individual Representative Payees for the Social Security Administration in the Chicago Region (A-05-05-15052)

## OBJECTIVE

Our objective was to confirm that beneficiaries in the care of the representative payees existed; and, through personal observation and interviews, to determine whether the beneficiaries' food, clothing and shelter needs were being met.

## BACKGROUND

Some individuals cannot manage or direct the management of their finances because of their youth or mental and/or physical impairments. Congress granted the Social Security Administration (SSA) the authority to appoint representative payees to receive and manage these beneficiaries' benefit payments.<sup>1</sup> A representative payee may be an individual or an organization. SSA selects representative payees for Old-Age, Survivors and Disability Insurance beneficiaries and Supplemental Security Income recipients when representative payments would serve the individual's interests.

SSA's primary concern is to select the payee who will best serve the beneficiary's interests; and preference is normally given to the beneficiary's parent, legal guardian, spouse or other relative.<sup>2</sup> SSA considers payments to a representative payee to have

---

<sup>1</sup> The Social Security Act §§ 205(j)(1)(A) and 1631(a)(2)(A)(ii), 42 U.S.C §§ 405(j)(1)(A) and 1383(a)(2)(A)(ii).

<sup>2</sup> 20 C.F.R. §§ 404.2021 and 416.621.

been used for the beneficiary's benefit if they were spent on the beneficiary's current maintenance—which includes the costs incurred in "...obtaining food, shelter, clothing, medical care, and personal comfort items."<sup>3</sup>

We conducted a nation-wide review of individual representative payees serving 14 or fewer beneficiaries (see Appendix A for details). There are approximately 4.3 million of these types of representative payees who serve approximately 5.5 million beneficiaries. To provide statistically valid nation-wide projections, we selected 275 individual representative payees for review, of which 39 were in the Chicago Region.<sup>4</sup> These 39 representative payees received and managed approximately \$31,322 in monthly benefits for 49 beneficiaries.

## RESULTS OF REVIEW

We confirmed the existence of the 49 beneficiaries in the care of the 39 representative payees in the Chicago Region; and, through personal observation and interviews, we found the beneficiaries' food, clothing and shelter needs were being met.<sup>5</sup> For these individuals, nothing came to our attention that would lead us to believe the representative payees did not use the Social Security benefits received for the beneficiaries' needs. Furthermore, our contact with the payees provided the local SSA staff the opportunity to address other issues facing the payees and beneficiaries. Below is information related to our representative payee site visits.

- Because of an incorrect telephone number, we were initially unable to contact an individual in Cincinnati, Ohio, who served as representative payee for her 17-year-old son. SSA sent the representative payee a letter asking her to contact the Cincinnati North Field Office (FO). The representative payee's brother contacted the FO and stated the representative payee had Multiple Sclerosis and some memory loss. He also stated he was assisting with the beneficiary's care.

We interviewed the representative payee and the beneficiary. Based on our observations, we believe the beneficiary's needs were being met even though the representative payee was experiencing health-related problems. A representative

---

<sup>3</sup> 20 C.F.R. §§ 404.2040(a) and 416.640(a).

<sup>4</sup> Of the original 44 representative payee cases selected for review in the Chicago Region, 1 was transferred to our Atlanta office for review because the representative payee had moved to North Carolina. In addition, three cases were removed from our review because the individual was no longer serving as a representative payee, and one case was removed from our review because SSA's Representative Payee System incorrectly reflected the case as an individual representative payee instead of an organizational representative payee.

<sup>5</sup> Of the 39 representative payees, 15 were the beneficiaries' mothers, 7 were the beneficiaries' fathers or stepfathers, 3 were the beneficiaries' spouses, 5 were the beneficiaries' children, 6 were relatives (grandparent, brother), and 3 were friends of the beneficiaries.

from the Cincinnati North FO interviewed the representative payee and the beneficiary and decided the beneficiary, who turned 18 in December 2004, was capable of managing his own SSA benefits.

- Accompanied by an SSA FO employee, we visited a woman in Fenton, Michigan. The woman served as representative payee for her 15-year-old daughter, who was receiving Title II survivor benefits. During our interview, the FO employee answered the representative payee's questions on the proper use of SSA benefits. The representative payee expressed gratitude for the information the FO employee provided.
- We met with a man in Washington, Indiana, who served as representative payee for his wife, daughter and stepson. During the interview, the representative payee expressed appreciation for the support he receives from the Vincennes FO to complete the annual representative payee accounting report.

Our other 36 representative payee interviews occurred without any problems identified. In addition, the beneficiaries' needs appeared to have been met by the representative payees in all cases.

## **CONCLUSIONS**

We determined that all 49 beneficiaries existed and were in the care of their representative payees. In addition, based on our observations, the beneficiaries' food, clothing and shelter needs appeared to be met. Furthermore, our contact with the payees provided the local SSA staff the opportunity to address other issues facing the payees and beneficiaries, thus contributing to SSA's goal for delivering high quality, citizen-centered service.

## **AGENCY COMMENTS**

The Chicago Regional Office informed us that it agreed with the results of our review and did not have any comments.



Patrick P. O'Carroll, Jr.

# *Appendices*

---

APPENDIX A – Scope and Methodology

APPENDIX B – Sampling Methodology

APPENDIX C – OIG Contacts and Staff Acknowledgments

### Scope and Methodology

Our population included all individual representative payees in the contiguous 48 States serving 14 or fewer beneficiaries as of May 20, 2004. To accomplish our objective, we:

- Reviewed the Social Security Administration's (SSA) policies and procedures for monitoring representative payees and their responsibilities for the beneficiaries in their care.
- Obtained a data extract of representative payees from the Representative Payee System as of May 2004 meeting our selection criteria (see Appendix B).
- Selected a random sample of 275 representative payees nationwide. We are issuing a separate report on the nation-wide results, as well as separate reports for each of the 10 SSA Regions.<sup>1</sup>

Thirty-nine of the 275 representative payees were in the Chicago Region. For the 39 representative payees, we:

- verified the identities of 39 representative payees and 49 beneficiaries they served;
- interviewed 39 representative payees;
- interviewed 49 beneficiaries;
- visited and observed the living conditions of 49 beneficiaries; and
- reviewed the Master Beneficiary Record, Supplemental Security Income Display System, Numident, Master Earnings File, Representative Payee System, and Prisoner Update Processing System records for each individual, to confirm personal information and identify discrepancies.

We performed our review in Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin, and the Office of Audit in Chicago, Illinois, from August to December 2004. We conducted our review in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

---

<sup>1</sup> SSA OIG, *Nation-Wide Survey of Individual Representative Payees for the Social Security Administration* (A-13-05-25006), *Individual Representative Payees for the Social Security Administration in the Boston Region* (A-01-05-15048), *Individual Representative Payees for the Social Security Administration in the New York Region* (A-02-05-15049), *Individual Representative Payees for the Social Security Administration in the Philadelphia Region* (A-14-05-15050), *Individual Representative Payees for the Social Security Administration in the Atlanta Region* (A-13-05-15051), *Individual Representative Payees for the Social Security Administration in the Chicago Region* (A-05-05-15052), *Individual Representative Payees for the Social Security Administration in the Dallas Region* (A-06-05-15053), *Individual Representative Payees for the Social Security Administration in the Kansas City Region* (A-07-05-15054), *Individual Representative Payees for the Social Security Administration in the Denver Region* (A-07-05-15055), *Individual Representative Payees for the Social Security Administration in the San Francisco Region* (A-09-05-15056), and *Individual Representative Payees for the Social Security Administration in the Seattle Region* (A-09-05-15057).

### Sampling Methodology

To identify the nation-wide population, we obtained a data extract from the Social Security Administration's (SSA) Representative Payee System of all individual representative payees who had 14 or fewer beneficiaries in their care as of May 20, 2004. This population was 5,380,635 representative payees who served 6,818,696 beneficiaries.

From this population we excluded representative payees who had any of the following characteristics:

- resided outside of the 48 contiguous States;
- served as their own representative payee, as reflected in the Representative Payee System;
- had only beneficiaries who were in non-current pay status;
- had an invalid state code or military address; or
- managed total funds of \$50 or less each month.

This reduced the population to 4,306,779 representative payees with 5,520,303 beneficiaries. From this population, we randomly selected 275 representative payees from this sample population for review. We chose 25 additional representative payees to serve as replacements, as needed. Our sample included 39 representative payees in the Chicago Region.

Of the original 44 sample cases, 4 were replaced and 1 was transferred from our Region:

- 3 cases were replaced because the individuals no longer served as representative payees.
- 1 case was replaced because SSA records had not been updated to reflect the payee's status change from an individual representative payee to an organizational representative payee. SSA alerted us of this situation, and steps were taken to correct the beneficiary's record.
- 1 case was transferred to the Atlanta Region because the representative payee moved to North Carolina before our scheduled interview.

Accordingly, our review of the Chicago Region consisted of 39 representative payees. Our findings in the Chicago Region will be included in a national report, where statistical projections will be made.

## **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

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

Teresa S. Williams, Audit Manager (312) 353-0331

### ***Acknowledgments***

In addition to those named above:

Lorrie Clement, Lead Auditor-in-Charge

Elizabeth Juarez, Lead Auditor

Anthony Lesniak, Auditor

Sherman Doss, Auditor

Kimberly Beauchamp, Writer-Editor

Brennan Kraje, Statistician

For additional copies of this report, please visit our web site at [www.ssa.gov/oig](http://www.ssa.gov/oig) or contact the Office of the Inspector General's Public Affairs Specialist at (410) 965-3218. Refer to Common Identification Number A-05-05-15052.

## **DISTRIBUTION SCHEDULE**

Commissioner of Social Security

Office of Management and Budget, Income Maintenance Branch

Chairman and Ranking Member, Committee on Ways and Means

Chief of Staff, Committee on Ways and Means

Chairman and Ranking Minority Member, Subcommittee on Social Security

Majority and Minority Staff Director, Subcommittee on Social Security

Chairman and Ranking Minority Member, Subcommittee on Human Resources

Chairman and Ranking Minority Member, Committee on Budget, House of Representatives

Chairman and Ranking Minority Member, Committee on Government Reform and Oversight

Chairman and Ranking Minority Member, Committee on Governmental Affairs

Chairman and Ranking Minority Member, Committee on Appropriations, House of Representatives

Chairman and Ranking Minority, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives

Chairman and Ranking Minority Member, Committee on Appropriations, U.S. Senate

Chairman and Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate

Chairman and Ranking Minority Member, Committee on Finance

Chairman and Ranking Minority Member, Subcommittee on Social Security and Family Policy

Chairman and Ranking Minority Member, Senate Special Committee on Aging

Social Security Advisory Board

# **Overview of the Office of the Inspector General**

The Office of the Inspector General (OIG) is comprised of our Office of Investigations (OI), Office of Audit (OA), Office of the Chief Counsel to the Inspector General (OCCIG), and Office of Executive Operations (OEO). To ensure compliance with policies and procedures, internal controls, and professional standards, we also have a comprehensive Professional Responsibility and Quality Assurance program.

## **Office of Audit**

OA conducts and/or supervises financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

## **Office of Investigations**

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

## **Office of the Chief Counsel to the Inspector General**

OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Finally, OCCIG administers the Civil Monetary Penalty program.

## **Office of Executive Operations**

OEO supports OIG by providing information resource management and systems security. OEO also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OEO is the focal point for OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act of 1993.