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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**SOCIAL SECURITY ADMINISTRATION  
EMPLOYEES ACTING AS  
REPRESENTATIVE PAYEES**

April 2008

A-06-07-17047

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**AUDIT REPORT**

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## **Mission**

**By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, 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**

**We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.**



# SOCIAL SECURITY

## MEMORANDUM

Date: April 18, 2008

Refer To:

To: The Commissioner

From: Inspector General

Subject: Social Security Administration Employees Acting as Representative Payees  
(A-06-07-17047)

## OBJECTIVES

Our objectives were to determine whether (1) Social Security Administration (SSA) employees complied with representative payee requirements and (2) SSA controls prevented SSA employees acting as representative payees from inappropriately accessing beneficiaries' records.

## BACKGROUND

Some individuals cannot manage or direct the management of their benefits 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.<sup>2</sup> A representative payee may be an individual or an organization. SSA selects representative payees for Old-Age, Survivors and Disability Insurance beneficiaries or Supplemental Security Income recipients when representative payment would serve the individual's interests. Representative payees are required to

- use benefits to meet the beneficiary's current and foreseeable needs and conserve/invest benefits not needed to meet those needs,
- maintain account records and provide SSA an annual representative payee report (RPR) that accounts for how benefits were spent or invested, and

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<sup>1</sup> We use the term "beneficiary" throughout this report in reference to both Old-Age, Survivors and Disability Insurance beneficiaries and Supplemental Security Income recipients.

<sup>2</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).

- report events to SSA that may affect the beneficiary's entitlement or benefit payment amount, including any changes in circumstances that would affect their performance as a representative payee.<sup>3</sup>

An SSA employee may apply to be a representative payee for a minor child or incapable individual. However, the employee may not take any formal or informal action as an SSA employee in connection with the beneficiary's claim, such as participating in the development or prosecution of the beneficiary's claim. An SSA employee serving in this capacity is limited to filing for and/or receiving benefits on an individual's behalf.<sup>4</sup>

According to SSA records, as of July 2007, 1,753 SSA employees were serving as representative payees for 2,201 beneficiaries and/or recipients in current payment status.

## **RESULTS OF REVIEW**

Generally, SSA employees acting as representative payees complied with representative payee requirements. A review of 200 randomly selected SSA employees acting as representative payees revealed the employees properly reported how benefits were used for beneficiaries on annual RPRs and informed SSA of changes that impacted benefit payments.

While SSA did not implement controls to prevent SSA employees who are also representative payees from processing transactions that updated payment records of beneficiaries they served, SSA did implement controls to identify and alert management when these transactions occurred. These controls appeared effective because we did not identify any instances from January 2004 to September 2007 where an SSA employee updated the payment record of a beneficiary for whom they served as a representative payee. However, we did identify one instance where an employee queried/viewed the payment record of the beneficiary he served. We also identified administrative/recordkeeping issues that required attention.

### **SSA EMPLOYEE ACCESSED BENEFICIARY'S PAYMENT RECORD**

Our review disclosed no instances from January 2004 to September 2007 where an employee processed a transaction that updated the payment record of a beneficiary for whom they served as a representative payee. However, we identified one instance where an employee queried/viewed the payment record of the beneficiary he served. Because the employee queried/viewed the payment record but did not process transactions that updated the record, no alert was generated. SSA considers payment record access improper when the employee knowingly accesses information about

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<sup>3</sup> 20 C.F.R. §§ 404.2035 and 416.635.

<sup>4</sup> SSA, Program Operations Manual System (POMS), GN 03980.070, *SSA Employee as Applicant or Representative Payee*.

himself/herself, a relative, a friend, a co-worker or a co-worker's friend or relative. Access is also improper when it is not related to official duties, such as "browsing" another individual's records.<sup>5</sup>

We discussed this instance with personnel from the Philadelphia Region's Center for Security and Integrity (CSI). CSI personnel stated SSA systems do not incorporate controls that identify or alert management to instances when SSA employees query/view their beneficiaries' payment records. We provided CSI personnel details of this occurrence, and they are reviewing the situation. Because we found this type of improper access rarely occurred, the cost of implementing controls to prevent/identify this access may outweigh the potential benefits.

### ADMINISTRATIVE AND RECORDKEEPING ISSUES

Review of SSA records involving the 1,753 SSA employees and the beneficiaries they served identified 3 administrative issues that required attention.

#### Address Changes Not Reflected in SSA Records

Address differences that indicated considerable geographical separation between SSA employees and beneficiaries they served were not always reflected in SSA records. SSA policy states it must determine the need for a successor payee when

the current payee becomes geographically separated from the beneficiary by a considerable distance.<sup>6</sup> Our comparison of SSA Human Resource, Master Beneficiary (MBR), and Supplemental Security Records' (SSR) information identified six instances where SSA employee addresses on payment records differed significantly from addresses appearing in Human Resource data. Further analysis of the Representative Payee System (RPS) indicated the employee worked in a different State over 180 miles<sup>7</sup> from the beneficiary.

Address Discrepancies That Indicate Considerable Geographic Separation Between SSA Employee and Beneficiary They Serve		
Beneficiary Address Per SSA Records	Employee Address Per SSA HR File	Distance
ewark, NJ	'ikesville, MD	186 mile
asper, AL	'hurchville, MD	850 mile
ellwood, IL	lorenc, SC	888 mile
'hicago, IL	'issimmee, FL	1,167 mile
'astro Valley, CA	.merican Samoa**	4,778 mile
'an Mateo, CA	.merican Samoa**	4,778 mile
*Same SSA employee is representative payee for both beneficiaries.		

To illustrate, SSA records for a beneficiary in Castro Valley, California, indicated the representative payee (an SSA employee) had a San Francisco, California, mailing

<sup>5</sup> Revisions to *Sanctions for Unauthorized Systems Access Violations* March 2, 2000, pp. 1 and 3.

<sup>6</sup> SSA, POMS, GN 00504.100.A.1 and 2, *Determining the Need for a Successor Payee*.

<sup>7</sup> SSA policy does not define considerable distance. For this review, we considered 180 miles, or approximately 3 hours of drive time to be a considerable distance.

address. However, SSA Human Resource information indicated the employee actually lives and works in Pago Pago, American Samoa. This large, and apparently unreported geographical separation raises the question whether the representative payee can properly ensure the beneficiary's needs were being met.

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### **SSA Could Not Locate RPRs**

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SSA could not locate RPRs for all beneficiaries in our review. Representative payees are responsible for keeping records and completing an RPR annually to report the use of each beneficiary's payments.<sup>8</sup> With limited exception, SSA is required to obtain an annual accounting from all representative payees.<sup>9</sup> SSA is required to review the RPRs and maintain scanned copies at the Wilkes-Barre Data Operations Center (WBDOC) for between 2 and 7 years.<sup>10</sup>

We requested the WBDOC provide the most recently completed RPRs for a random sample of 200 SSA employees who served as representative payees for 239 beneficiaries. The WBDOC could not locate 42 of 239 RPRs.

The Mid-America Program Service Center (PSC) has jurisdiction over 12 of the missing RPRs. Through discussion with PSC staff, we determined the PSC actually received 10 of the 12 missing reports and initiated follow-up action with representative payees to obtain the other 2 reports. PSC staff could not explain why WBDOC could not locate reports. This indicates a high percentage of the missing reports were likely received by SSA, but for some reason were either not transmitted to or were misfiled at the WBDOC. The lack of availability of these reports limits SSA's ability to ensure its employees met their representative payee reporting responsibilities.

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### **Other Discrepancies Between RPS Data and SSA Records**

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We identified inconsistencies between SSA employee and payee information appearing on various SSA records.

- We found 11 instances where representative payee information on the MBR, SSR, Numerical Identification, annual RPR, or *Request to be Selected as Payee* (SSA-11 Form) did not match data reported in the RPS.
- We found one instance where an SSA employee identified as a representative payee on the representative payee line of the MBR was no longer the representative payee for the beneficiary.

We provided SSA with details on discrepancies noted and requested it make the necessary corrections.

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<sup>8</sup> SSA, POMS, GN 00605.001.B.1, *Overview of Annual Representative Payee Accounting*.

<sup>9</sup> SSA, POMS, GN 00605.090.A, *Payee Fails to Account*.

<sup>10</sup> SSA, POMS, GN 00605.055.A, *Retaining Completed Representative Payee Reports*; and GN 00605.060.A, *Reviewing the Accounting Reports*.

## **CONCLUSION AND RECOMMENDATIONS**

We determined that SSA employees acting as representative payees for beneficiaries in current pay status generally complied with representative payee requirements. We identified no instances over the past 3 years where an SSA employee processed a transaction that updated their beneficiary's payment record, and identified only one instance over the past 3 years where an employee queried/viewed their beneficiary's payment record. We also identified administrative/recordkeeping issues that required attention.

We recommend that SSA:

1. Assess the continued suitability of the SSA employee representative payees who are geographically separated from the beneficiaries they serve.
2. Correct SSA records/RPS for instances where representative payee information on SSA records do not match the RPS.

## **AGENCY COMMENTS**

SSA agreed with our recommendations. SSA also provided information regarding recent action taken to improve RPR recordkeeping. The Agency's comments are included in Appendix C.



Patrick P. O'Carroll, Jr.

# *Appendices*

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[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – Scope and Methodology

[APPENDIX C](#) – Agency Comments

[APPENDIX D](#) – OIG Contacts and Staff Acknowledgments



## Acronyms

C.F.R.	Code of Federal Regulations
CSI	Center for Security and Integrity
MBR	Master Beneficiary Record
OIG	Office of the Inspector General
POMS	Program Operations Manual System
PSC	Program Service Center
RPR	Representative Payee Reports
RPS	Representative Payee System
SSA	Social Security Administration
SSR	Supplemental Security Record
U.S.C.	United States Code
WBDOC	Wilkes-Barre Data Operations Center

# Scope and Methodology

To accomplish our objective, we:

- Reviewed the *Social Security Act* and Social Security Administration (SSA) policies and procedures pertaining to representative payees.
- Reviewed SSA's controls over SSA employees acting as representative payees accessing their beneficiary's records.
- Reviewed data in SSA systems including Representative Payee System, Numident, Master Beneficiary (MBR), and Supplemental Security Records (SSR).
- Interviewed SSA Headquarters staff regarding procedures used when an SSA employee acts as a representative payee.
- Reviewed relevant reports issued by the Office of the Inspector General and Government Accountability Office.
- Identified 1,753 SSA employees acting as representative payees for 2,201 beneficiaries in current pay status. For each of these 1,753 SSA employees, we reviewed the following.
  - Employee's personal identification number in the Modernized Title II Claims System, Modernized Supplemental Security Income Claims System and Audit Trail System to determine whether employee accessed their beneficiary's records.
  - Beneficiaries' SSR to determine whether any representative payee received a fee for their service.
  - Relationship of SSA employee and beneficiary to determine non-related employees.
  - Numident to determine whether beneficiary was deceased.
  - Date of entitlement and date of enumeration to determine which beneficiaries were enumerated within a 12-month period.

- SSA employee address on January 2007 Human Resource file and address on MBR/SSR to determine whether beneficiary resided in a different State over 180 miles (which we based on a 3-hour drive) from the SSA employee's address.
- Performed the following test for 200 randomly selected SSA employees.
  - Reviewed the Representative Payee Reports to determine whether the SSA employees acting as representative payees properly reported to SSA how benefits were used.
  - Reviewed SSA records to determine whether the SSA employees acting as representative payees effectively reported changes that may affect benefit payments.

We performed our audit between May and October 2007 at SSA's Regional Office in Dallas, Texas. We did not test the general or application controls of SSA systems that generated electronic data used for this audit. Instead, we traced selected transactions to source documents and performed other validation tests and found the data to be sufficiently reliable to meet our audit objectives. The entity audited was the Office of the Deputy Commissioner for Operations. We conducted this audit in accordance with generally accepted government auditing standards.

## Agency Comments



## SOCIAL SECURITY

### MEMORANDUM

**Date:** April 08, 2008 **Refer To:** S1J-3

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

**From:** David V. Foster /s/  
Chief of Staff

**Subject:** Office of the Inspector General (OIG) Draft Report, "Social Security Administration Employees Acting as Representative Payees" (A-06-07-17047)--INFORMATION

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

Please let me know if we can be of further assistance. Staff inquiries may be directed to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at (410) 965-4636.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "SOCIAL SECURITY ADMINISTRATION EMPLOYEES ACTING AS REPRESENTATIVE PAYEES" (A-06-07-17047)**

Thank you for the opportunity to review and provide comments on this draft report. We recognize the importance of our employees complying with representative payee (Rep Payee) requirements. We also acknowledge that there should be controls to prevent employees acting as Rep Payees from inappropriately accessing beneficiaries' records.

**Recommendation 1**

Assess the continued suitability of the SSA employee Rep Payees who are geographically separated from the beneficiaries they serve.

**Comment**

We agree. We will address all suitability issues when we conduct our Rep Payee reviews.

**Recommendation 2**

Correct SSA records and the Representative Payee System (RPS) for instances where Rep Payee information on our records do not match the RPS.

**Comment**

We agree. We will correct records as appropriate to ensure that our records match the RPS.

**Other Comment**

Page 4 presents a brief discussion regarding 42 Representative Payee Reports that could not be located by the Wilkes-Barre Data Operations Center (WBDOC). To address this issue, in July 2007, SSA initiated a number of targeted actions aimed at safeguarding these forms and the information contained on them. Now, under current procedures, all rep payee accounting forms are scanned at the WBDOC upon receipt and the response data are carefully stored in a designated database. In addition, exact images of the forms are stored in a separate database, the Non-Disability Repository. Having the data from the forms stored in one system, and the exact images stored in a separate, easily accessible system, should greatly reduce the possibility of this type of information being lost in the future.

## **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

Ron Gunia, Director, Dallas Audit Division, (214) 767-6620

Jason Arrington, Audit Manager, (214) 767-1321

### ***Acknowledgments***

In addition to those named above:

Wanda Renteria, Auditor

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-06-07-17047.

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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 Pensions and Family Policy

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Social Security Advisory Board



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

The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Chief Counsel to the Inspector General (OCCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

### **Office of Audit**

OA conducts 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 reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

### **Office of Investigations**

OI conducts investigations 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 liaison to the Department of Justice on all matters relating to the investigation 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. Also, OCCIG administers the Civil Monetary Penalty program.

### **Office of External Relations**

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

### **Office of Technology and Resource Management**

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.