
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**ANNUAL REPRESENTATIVE PAYEE
ACCOUNTING REPORT NON-RESPONDERS**

March 2011

A-06-10-11069

AUDIT REPORT



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: March 28, 2011

Refer To:

To: The Commissioner

From: Inspector General

Subject: Annual Representative Payee Accounting Report Non-responders (A-06-10-11069)

OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) obtained required benefit use information from representative payees who failed to respond to both initial and follow-up requests for annual Representative Payee Reports (RPR).

BACKGROUND

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 from the Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs.¹

Representative payees are responsible for managing benefits in the best interest of the beneficiary² and for keeping records and reporting how they spend benefits.³ Most representative payees are required to complete an annual RPR.⁴ SSA uses these reports to monitor how representative payees spend and/or save benefits on the beneficiary's behalf and identify situations where representative payment may no longer be appropriate or the payee may no longer be suitable. SSA mails RPRs to

¹ *Social Security Act* §§ 205(j) and 1631(a)(2), 42 U.S.C. §§ 405(j) and 1383(a)(2).

² 20 C.F.R. §§ 404.2035 and 416.635. In this report, we use the term "benefits" to refer to OASDI benefits and SSI payments. Likewise, we use the term "beneficiaries" to refer to OASDI beneficiaries and SSI recipients.

³ 20 C.F.R. §§ 404.2065 and 416.665.

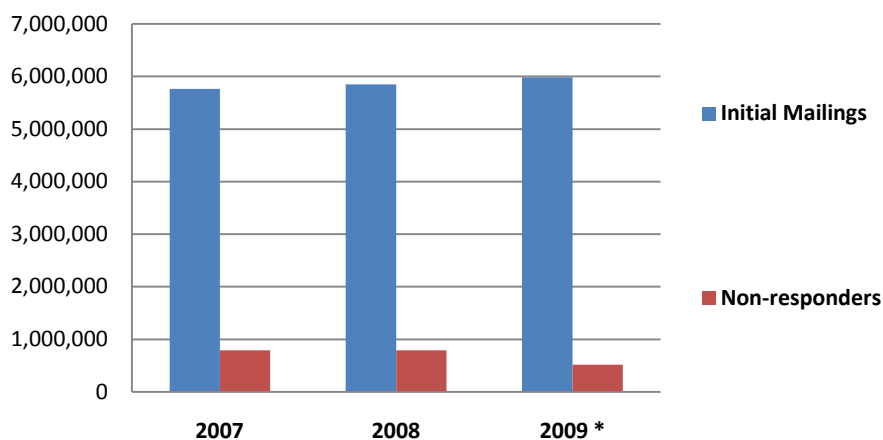
⁴ Pursuant to 20 C.F.R. §§ 404.2065 and 416.665, certain State institutions that participate in a separate onsite review program are excluded from this requirement.

representative payees and requests the reports be completed and returned via regular mail or online. If a representative payee fails to complete and return the report, SSA mails a follow-up request.

In cases where representative payees do not respond to initial or follow-up RPR requests (non-responders), the Electronic Representative Payee Accounting (eRPA) system sends an alert to the servicing field office. Field office personnel are responsible for contacting the representative payees and ensuring they provide benefit use information. Field office staff should call the payee to determine why they did not return a completed accounting form. Field office staff can request the payee submit the form, mail an additional RPR request, or request the payee provide required information via a face-to-face interview. Once obtained, field office staff should review the payee's responses and resolve any unacceptable responses before approving the accounting report and clearing the alert. If the field office is unable to obtain a response from a representative payee, SSA should consider a change of payee.

Data obtained from SSA's eRPA system indicated that from January 2007 through December 2009, SSA mailed approximately 17.6 million initial requests for RPRs. In approximately 2.1 million cases, representative payees failed to respond to both initial and follow-up requests for RPRs.⁵ See Appendix B for information on the scope and methodology of this review.

**Annual Representative Payee Accounting Reports
(2007 through 2009)**



* The 2009 Non-responders column includes reporting periods from January through August 2009.

⁵ During our ongoing audit, *Emerge Incorporated, an Organizational Representative Payee for the Social Security Administration (A-13-10-21087)*, we identified instances where SSA did not mail RPR requests for all beneficiaries assigned to a payee. We have additional work planned to determine the full extent of RPR requests that are not issued.

RESULTS OF REVIEW

SSA expended considerable effort to obtain required benefit use information from RPR non-responders. We identified approximately 2.1 million instances from January 2007 through August 2009 where representative payees failed to respond to both initial and follow-up requests for RPRs. In almost every case reviewed, SSA field office employees initiated contact with the representative payees and ultimately obtained the required information. As indicated in the following examples, SSA employees' efforts to obtain benefit use information were labor-intensive; required multiple mailings, telephone calls, and/or face-to-face meetings; and, in some instances, took several months to complete.

- On September 19, 2009, SSA assigned an RPR non-responder case to a field office, which sent a third mailing to the representative payee requesting an RPR for the beneficiary. The representative payee did not respond. A field office employee unsuccessfully attempted to contact the representative payee via telephone. SSA issued a fourth mailing requesting that the representative payee call or visit the field office. The representative payee responded to the fourth mailing by calling the field office and scheduling an appointment. SSA approved the RPR on July 21, 2010. Because of the representative payee's non-cooperation, this case took SSA field office staff over 10 months to resolve.
- On October 5, 2009, SSA assigned an RPR non-responder case to a field office, which sent the representative payee a third mailing requesting an RPR for the beneficiary. After receiving no response to its request for information, SSA suspended the beneficiary's payments on March 17, 2010 and deemed the representative payee non-cooperative. In April 2010, the representative payee contacted the Agency and agreed to complete the RPR. On April 29, 2010, SSA approved the RPR. Because of the representative payee's non-cooperation, this case took SSA field office staff over 6 months to resolve.

Action Taken in Non-responder Cases

We reviewed available records for 100 randomly selected beneficiaries whose representative payees failed to respond to initial and follow-up RPR requests. SSA records indicated that after considerable effort, SSA field office staff ultimately obtained required benefit use information for 99 beneficiaries, and no further action was necessary.⁶ In the other case, a representative payee, who was the custodial parent of a child beneficiary, did not provide accounting information for any of the 3 years reviewed. We found no indication that SSA took any action, beyond the first and second RPR mailings sent each year, to obtain RPR information from the representative payee.

⁶ We did not verify the accuracy of any representative payee provided information.

**Non-responders with
Custody of the
Beneficiaries They Serve**


SSA data indicated that about 85 percent of RPR non-responders had custody of their respective beneficiaries.⁷ In these instances, because the representative payees and beneficiaries likely shared household expenses, we believe a high probability existed that payees could provide RPR information indicating they used SSA payments to meet beneficiary needs. In a recent audit, we reported that, given the projected growth of the aged beneficiary population, SSA will need to devote significantly more resources to its representative payment program.⁸ As such, we plan to undertake additional work to evaluate the effectiveness of the overall RPR process and determine the feasibility of implementing a risk-based approach to representative payee oversight.

CONCLUSION

During our review period, SSA was required to take action to obtain information from approximately 2.1 million RPR non-responders. SSA expended considerable effort to obtain this information from representative payees who failed to respond to both initial and follow-up requests for RPRs. While we commend the Agency on its efforts to obtain information from RPR non-responders, we are concerned about the amount of resources SSA must expend to do so. Hence, we will be performing additional reviews of SSA's representative payee oversight.

AGENCY COMMENTS

SSA stated that in December 2009, it transmitted a draft bill to Congress that included a provision that would eliminate the requirement for parents with custody of their children and spouses living with a beneficiary to provide annual accountings of how they spend the benefits of their children and spouses. Such a change recognizes that the annual representative accounting process is costly and requires a high level of administrative effort. This proposed change would have a significant impact in reducing SSA's non-responder workload. SSA's comments are included in Appendix C.



Patrick P. O'Carroll, Jr.

⁷ We identified representative payee custody codes that appeared on SSA's records pertaining to 517,505 beneficiaries whose representative payees failed to respond to both initial and subsequent RPR mailings related to accounting periods ended January 2007 through August 2009. SSA's records for 438,880 (84.8 percent) of these beneficiaries included a "PYE" custody code, which indicated the representative payee had custody of the beneficiary.

⁸ SSA, Office of the Inspector General, *Aged Beneficiaries in Need of Representative Payees* (A-09-09-29002), April 2010.

Appendices

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
eRPA	Electronic Representative Payee Accounting
OASDI	Old-Age, Survivors and Disability Insurance
RPR	Representative Payee Report
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code

Scope and Methodology

To accomplish our objective, we:

- Reviewed applicable Federal laws and regulations and Social Security Administration (SSA) policies and procedures.
- Reviewed prior Office of the Inspector General reports.
- Obtained April 2010 data from SSA's Electronic Representative Payee Accounting system that identified beneficiaries whose representative payees did not respond to initial or follow-up mailings of the annual Representative Payee Reports (RPR) for accounting periods ended January 2007 through August 2009. We selected the August 31, 2009 end date to allow (1) representative payees approximately 7 months to respond to the first and second RPR mailings, and (2) adequate time for SSA field office staff to contact representative payees and ensure the RPRs were completed. In total, our population consisted of approximately 2.1 million RPRs for about 1.6 million beneficiaries. The data indicated that representative payees for
 - ✓ 1,167,177 beneficiaries failed to submit required annual RPRs in 1 of 3 years included in our review,
 - ✓ 352,204 beneficiaries failed to submit required annual RPRs in 2 of 3 years included in our review, and
 - ✓ 75,584 beneficiaries failed to submit any of the 3 annual RPRs.
- We randomly selected 50 of the 1,519,381 beneficiaries whose representative payees failed to submit required RPRs in 1 or 2 years included in our review and 50 of the 75,584 beneficiaries whose representative payees failed to submit any of the 3 required annual RPRs. We reviewed available documentation to determine whether SSA ensured the sampled beneficiaries' representative payees accounted for use of beneficiary funds.

We performed our audit between June and October 2010 in Dallas, Texas. We determined that the data used for this audit were sufficiently reliable to meet our audit objective. The entities audited were the Offices of the Deputy Commissioners for Operations, and Budget, Finance and Management. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: March 8, 2011 Refer To: SIJ-3

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

From: Dean S. Landis /s/
Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Annual Representative Payee Accounting Report Non-responders" (A-06-10-11069)--INFORMATION

Thank you for the opportunity to review the draft report and for recognizing our efforts in the area of representative payee reporting. We offer one comment to your report in the attachment.

Please let me know if I can be of further assistance. You may direct staff inquiries to Chris Molander at extension 57401.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,
“ANNUAL REPRESENTATIVE PAYEE ACCOUNTING REPORT NON-
RESPONDERS” (A-06-10-11069)**

Thank you for the opportunity to review the subject report. We offer the following comment.

On page 4, immediately before “CONCLUSION,” we suggest you add the following paragraph:

In December 2009, the Social Security Administration transmitted a draft bill to Congress that included a provision that would eliminate the requirement for parents with custody of their children and spouses living with a beneficiary to provide annual accountings of how they spend the benefits of their children and spouses. Such a change recognizes that the annual representative accounting process is costly and requires a high level of administrative effort. This proposed change would have a significant impact in reducing SSA’s non-responder workload.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Ron Gunia, Director, Dallas Audit Division

Jason Arrington, Audit Manager

Acknowledgments

In addition to those named above:

Teresa Williams, Senior Auditor

Patrick Kennedy, Lead IT Specialist

Michael Arbucio, IT Specialist

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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.

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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 Counsel to the Inspector General

OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG 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, OCIG 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

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