



## SOCIAL SECURITY

### MEMORANDUM

Date: September 17, 2002

Refer To:

To: Paul D. Barnes  
Regional Commissioner

From: Inspector General

Subject: Financial-Related Audit of the Florida Department of Children and Families - District 6, an Organizational Representative Payee for the Social Security Administration (A-08-02-12007)

Attached is a copy of our final report. Our objectives were to determine whether the Florida Department of Children and Families – District 6, an organizational representative payee for the Social Security Administration, (1) had effective safeguards over the receipt and disbursement of Social Security benefits and (2) ensured Social Security benefits were used and accounted for in accordance with the Social Security Administration's policies and procedures.

Please comment within 60 days from the date of this memorandum on corrective action taken or planned on each recommendation. If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

A handwritten signature in blue ink, appearing to read 'James G. Huse, Jr.'.

James G. Huse, Jr.

Attachment

cc:  
JoEllen Felice  
Fritz Streckewald  
Candace Skurnik  
Barbara Luke

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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**FINANCIAL-RELATED AUDIT OF THE  
FLORIDA DEPARTMENT OF CHILDREN AND  
FAMILIES - DISTRICT 6, AN ORGANIZATIONAL  
REPRESENTATIVE PAYEE FOR THE  
SOCIAL SECURITY ADMINISTRATION**

September 2002

A-08-02-12007

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**AUDIT REPORT**

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## **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.**

# Executive Summary

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## OBJECTIVE

Our objectives were to determine whether the Florida Department of Children and Families-District 6 (FDCF), an organizational representative payee (Rep Payee) for the Social Security Administration (SSA), (1) had effective safeguards over the receipt and disbursement of Social Security benefits and (2) ensured Social Security benefits were used and accounted for in accordance with SSA policies and procedures.

## 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 Rep Payees to receive and manage these beneficiaries'<sup>1</sup> payments. A Rep Payee may be an individual or an organization. SSA selects Rep Payees for Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries or Supplemental Security Income (SSI) recipients when representative payments would serve the individual's interests.

Rep Payees are responsible for using benefits to serve the best interests of the beneficiary or recipient. Their duties include:

- using benefits to meet the beneficiary or recipient's current and foreseeable needs;
- conserving and investing benefits not needed to meet the individual's current needs;
- maintaining accounting records of how the benefits are received and used;
- reporting events to SSA that may affect the individual's entitlement or benefit payment amount;
- reporting any changes in circumstances that would affect their performance as a Rep Payee; and
- providing SSA an annual Representative Payee Report (RPR) accounting for how benefits were spent and invested.

The FDCF is a State social agency that provides adoption, foster care, and protective services to children who live in a foster care home, a group home, or an institution for

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<sup>1</sup> We use the term "beneficiary" generically in this report to refer to both Old-Age, Survivors and Disability Insurance beneficiaries and Supplemental Security Income (SSI) recipients. We make a distinction only when we refer to beneficiaries receiving just SSI payments.

six counties in central Florida. FDCF served as Rep Payee for 451 beneficiaries during our audit period.

## **RESULTS OF REVIEW**

We concluded FDCF generally (1) had effective safeguards over the receipt and disbursement of Social Security benefits and (2) ensured Social Security benefits were used and accounted for in accordance with SSA's policies and procedures. However, we could not determine whether the Rep Payee properly reported to SSA how benefits were used because SSA could not locate most of the RPRs we requested (see Other Matter section of this report). In addition, we identified the following areas where FDCF could improve its performance as a Rep Payee.

- FDCF did not report to SSA that 40 SSI recipients had monthly resources over the \$2,000 SSI resource limit, resulting in \$135,717 in overpayments.
- FDCF did not promptly return \$20,922 in conserved funds for five individuals who were no longer in its care, withholding the funds for an average of 8 months.
- Client Trust Funds were at risk because the checking account title inadequately identified the fiduciary relationship between FDCF and the beneficiaries.

Finally, we determined that SSA's Representative Payee System (RPS) contained inaccurate and incomplete information regarding SSA beneficiaries assigned to FDCF.

## **CONCLUSIONS AND RECOMMENDATIONS**

Generally, FDCF met its responsibilities. However, FDCF needs to strengthen its controls and procedures to reduce the potential for erroneous payments and loss of beneficiary funds.

We recommend that SSA:

- Direct FDCF to return funds to SSA for recipients who were ineligible for SSI because their resources exceeded the SSI limit.
- Re-emphasize to FDCF the procedures for notifying SSA when events occur that affect the eligibility of individuals in its care.
- Direct FDCF to establish controls to determine when individuals no longer in its care have conserved funds and ensure they are returned to SSA in a timely manner.
- Direct FDCF to return conserved funds of beneficiaries no longer in its care to the appropriate responsible party.

- Direct FDCF to modify the Client Trust Fund checking account title to specifically identify the fiduciary relationship between it and the beneficiaries.
- Correct the RPS information and implement controls or review procedures to prevent future occurrences.

## **AGENCY COMMENTS**

SSA concurred with our recommendations. The Agency stated it is pleased with the Office of the Inspector General's overall conclusion that FDCF generally (1) has effective safeguards over the receipt and disbursement of SSA and SSI benefits and (2) ensured SSA and SSI benefit payments were used and accounted for in accordance with SSA's policies and procedures. SSA also stated it would address the areas requiring corrective action or reminders when case-specific information is provided.

Although SSA concurred with Recommendation 5, it expressed concern that our suggested bank account title precludes income other than SSA benefits from being deposited into the account. The full text of SSA's comments is included in Appendix B.

## **REP PAYEE COMMENTS**

The Rep Payee responded it has strengthened its controls and procedures to reduce the potential for erroneous payments and loss of beneficiary funds. Regarding Recommendation 1, FDCF responded that, as of June 30, 2002, it had returned \$104,746.25 to SSA and requested appropriate waivers for those clients with balances less than the overpayment amount. To address Recommendation 5, FDCF stated it changed the bank account title to our suggested title. The full text of the Rep Payee's comments is included in Appendix C.

## **OFFICE OF THE INSPECTOR GENERAL RESPONSE**

We believe SSA's and the Rep Payee's responses and planned actions adequately address our recommendations.

Regarding SSA's response to Recommendation 5, we do not believe our suggested title precludes income other than SSA benefits from being deposited into the account. Our intent was to ensure that FDCF modify the account title to specifically identify the fiduciary relationship between it and the beneficiaries. As such, we continue to believe our suggested title would assist FDIC in determining ownership interest in the account in the event of a bank failure.

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# Acronyms

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FDCF	Florida Department of Children and Families
FDIC	Federal Deposit Insurance Corporation
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
POMS	Program Operations Manual System
Rep Payee	Representative Payee
RPS	Representative Payee System
RPR	Representative Payee Report
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record



## OBJECTIVE

Our objectives were to determine whether the Florida Department of Children and Families-District 6 (FDCF), an organizational representative payee (Rep Payee) for the Social Security Administration (SSA), (1) had effective safeguards over the receipt and disbursement of Social Security benefits and (2) ensured Social Security benefits were used and accounted for in accordance with SSA policies and procedures.

## 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 Rep Payees to receive and manage these beneficiaries' and recipients' benefit payments.<sup>1</sup> A Rep Payee may be an individual or an organization. SSA selects Rep Payees for Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries or Supplemental Security Income (SSI) recipients when representative payments would serve the individual's interests.

## REPRESENTATIVE PAYEE RESPONSIBILITIES

Rep Payees are responsible for using benefits to serve the best interests of the beneficiary or recipient. Their duties include:

- using benefits to meet the beneficiary or recipient's current and foreseeable needs;
- conserving and investing benefits not needed to meet the individual's current needs;
- maintaining accounting records of how the benefits are received and used;
- reporting events to SSA that may affect the individual's entitlement or benefit payment amount;
- reporting any changes in circumstances that would affect their performance as a Rep Payee; and
- providing SSA an annual Representative Payee Report (RPR) accounting for how benefits were spent and invested.<sup>2</sup>

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<sup>1</sup> 42 U.S.C. §§ 405(j), 1383(a)(2).

<sup>2</sup> Id.; 20 C.F.R., part 404, subpart U, and part 416, subpart F.

About 7 million individuals have Rep Payees—approximately 4.4 million are OASDI beneficiaries, 2 million are SSI recipients, and 600,000 are entitled to both OASDI and SSI. The following chart reflects the types of Rep Payees and the number of individuals they serve.

Type of Rep Payee	Number of Rep Payees	Number of Individuals Served
<i>Individual Payees: Parents, Spouses, Adult Children, Relatives, and Others</i>	4,949,000	6,160,000
<i>Organizational Payees: State Institutions, Local Governments and Others</i>	44,150	759,000
<i>Organizational Payees: Fee-for-Service</i>	850	81,000
<b>TOTAL</b>	<b>4,994,000</b>	<b>7,000,000</b>

## FLORIDA DEPARTMENT OF CHILDREN AND FAMILIES - DISTRICT 6

FDCF is a State social agency that provides adoption, foster care, and protective services to children who live in a foster care home, a group home, or an institution for six counties in central Florida. FDCF obtains custody of these children via a Court *Order on Placement in Shelter Care*. Once the Court establishes custody, FDCF serves as Rep Payee for the children receiving monthly payments under SSA's OASDI and/or SSI programs. As Rep Payee, FDCF (1) applies the appropriate amounts to room and board costs and (2) maintains a Client Trust Fund checking account to manage funds for the children's personal expenses.

## SCOPE AND METHODOLOGY

Our audit covered the period May 1, 2000 through April 30, 2001. To accomplish our objectives, we:

- Reviewed the Social Security Act, SSA regulations, rules, policies and procedures pertaining to Rep Payees.
- Contacted SSA regional and field office staff to obtain background information about the Rep Payee's performance.
- Obtained from SSA's Representative Payee System (RPS) and the Rep Payee a listing of individuals who were in the Rep Payee's care and received SSA funds as of April 30, 2001 or who left the Rep Payee's care after May 1, 2000.
- Compared and reconciled the RPS and the Rep Payee's listings to identify the population of SSA individuals who were in the Rep Payee's care from May 1, 2000 through April 30, 2001.

- Reviewed and tested the Rep Payee's internal controls over the receipt and disbursement of OASDI benefits and SSI payments.
- Performed the following tests for each beneficiary and recipient.
  - Compared and reconciled benefit amounts paid according to the Rep Payee's records to benefit amounts paid according to SSA's records.
  - Reviewed the Rep Payee's accounting records to determine whether benefits were properly spent or conserved on the individual's behalf. We also determined whether SSA was due a refund for any overpaid benefits.
  - Traced a sample of recorded expenses to source documents and examined the underlying documentation for reasonableness and authenticity.
- Interviewed a sample of the Rep Payee's beneficiaries, personal guardians, or caregivers to determine whether their basic needs were being met.
- Reviewed a sample of RPRs provided by SSA to determine whether the Rep Payee properly reported the use of benefits.

We performed our audit of FDCF in Tampa, Florida, between June 2001 and April 2002. We conducted our audit in accordance with generally accepted government auditing standards.

# Results of Review

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The Rep Payee accurately recorded benefits it received from SSA as well as expenses incurred on behalf of the individuals under its care. We randomly sampled 50 of the 451 individuals who received benefits from May 2000 through April 2001. FDCF received \$171,298 in benefits for these 50 individuals. The Rep Payee maintained source documents for the sample items, from which we determined the expenses were reasonable and authentic. However, we could not determine whether the Rep Payee properly reported to SSA how benefits were used because SSA could not locate most of the RPRs we requested (see Other Matter section of this report). In addition, we identified the following areas where FDCF could improve its performance as a Rep Payee.

- Excess resources resulted in SSI overpayments.
- FDCF did not promptly return conserved funds.
- Client Trust Funds were at risk.

Finally, we determined that SSA's RPS was not accurate or complete.

## Excess Resources Resulted in SSI Overpayments

FDCF did not promptly report to SSA that 40 (12 percent) of the 320 SSI recipients in our population had conserved funds over the \$2,000 SSI resource limit. As a result, these individuals received \$135,717 in overpayments from May 1, 2000 through April 30, 2001. SSA policy states that, effective January 1, 1989, individuals with countable resources exceeding \$2,000 must use those excess resources to meet their needs before they receive SSI payments. SSA makes eligibility determinations based on resource amounts at the beginning of each month.<sup>3</sup>

FDCF was aware of the resource limit, and its accounting department provided caseworkers a quarterly balance report to ensure they properly managed recipients' conserved funds balances in the Client Trust Fund. Additionally, based on our review, we determined FDCF reported excess funds on some annual RPRs and returned overpayments to SSA. We could not determine whether FDCF reported all excess resources on the applicable RPRs because SSA could not provide us the reports. Since the determination of excess funds is made on a month-by-month basis, FDCF should notify SSA of the excess resources for the months of occurrence and, if necessary, use the excess funds for room and board expenses to avoid overpayment of benefits. However, in these 40 cases, FDCF did not do so. Rather, it allowed overpayments to continue for an average of 6 months per recipient.

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<sup>3</sup> Program Operations Manual System (POMS), sections SI 01110.001 and SI 01110.003.

We identified the recipients with high conserved fund balances from FDCF's March 31, 2001 quarterly balance report. The overpayments for the 40 recipients ranged from \$60 to \$7,240. The recipient with the \$7,240 overpayment exceeded the SSI resource limit at the beginning of our audit and was not eligible for SSI payments during the audit period.

## FDCF Did Not Promptly Return Conserved Funds

FDCF did not promptly return \$20,922 in conserved funds for five individuals who were no longer in its care, as shown in Table 1. SSA policy requires a Rep Payee to return accumulated funds in the first payment or as soon as possible to the appropriate responsible party (that is, SSA, a successor payee, or a beneficiary in direct payment) after selection of the new payee.<sup>4</sup> FDCF held these funds from 4 to 15 months, an average of about 8 months per occurrence. As a result, the children could not use these accumulated funds to purchase necessary or discretionary items.

**Table 1. Untimely Return of Conserved Funds**

Reason Individuals Left FDCF Care	Amount of Conserved Funds	Number of Months FDCF Held Conserved Funds
Adoption	\$516	15
Incarceration	15,110*	8
Turned 18	3,166	7
Adoption	1,065	5
Adoption	1,065	4
<b>Total Funds</b>	<b>\$20,922</b>	
<b>Average Months</b>		<b>8</b>

\* Conserved funds sent to SSA.

As of March 21, 2002, \$516 remained in the Client Trust Fund checking account FDCF maintained for one of the five individuals.

## Client Trust Funds Were At Risk

The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$100,000 per account. FDIC provides additional coverage of up to \$100,000 per individual in collective bank accounts when properly titled to show the fiduciary relationship between the account holder and its clients. FDIC recognizes an insurance claim based on a fiduciary relationship only when the insured depository institution's account expressly discloses this relationship.<sup>5</sup>

<sup>4</sup> POMS, sections GN 00603.055 and GN 00603.070.

<sup>5</sup> 12 C.F.R. § 330.5(a)(1) and (b)(1).

The checking account title for the Client Trust Fund did not specifically identify the fiduciary relationship between FDCF and the beneficiaries. To ensure each beneficiary's account is covered by FDIC, FDCF should modify the current title of this checking account (*Florida Dept of Children and Families District 6 Client Trust Fund*) to a more specific title, such as *FDCF Representative - Payee Trust of Social Security Benefits for Current Clients*. We believe a more specific title would assist FDIC in determining ownership interest in an account in the event of a bank failure. Because the Client Trust Fund account balance was \$430,837 as of April 30, 2001, significant funds are at risk.

## **Representative Payee System Was Not Accurate or Complete**

The RPS information on FDCF was not always accurate and/or did not match information found on the Master Beneficiary Record (MBR) and the Supplemental Security Records (SSR).<sup>6</sup> In response to the Omnibus Budget Reconciliation Act of 1990,<sup>7</sup> SSA established the RPS, an on-line system for entering and retrieving information about Rep Payees who receive OASDI benefits and SSI payments on behalf of others. RPS includes general information about current and prior Rep Payees, the number of beneficiaries/recipients for whom the applicant has applied or been selected, misuse information, and a list of the beneficiaries/recipients in the Payee's care.

To identify the beneficiaries in FDCF's care, we compared its beneficiary records to SSA's beneficiary records. We found the following circumstances for individuals under FDCF's care during our audit period.

- RPS listed a different Rep Payee for five individuals actually assigned to FDCF.
- For five other individuals, RPS did not list the assigned Rep Payee and other information, such as type of benefit and bank deposit information. We could not locate any beneficiary information in RPS for one of these individuals.

We could not determine the specific causes for RPS errors and omissions. However, SSA personnel can bypass RPS and post a Rep Payee to the payment record (MBR/SSR), which might explain some of the differences. Inaccurate and missing RPS information could cause SSA to use erroneous data in its evaluation of Rep Payees.

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<sup>6</sup> The MBR is an SSA system of records containing information about OASDI beneficiaries. The SSR is an SSA system of records containing SSI recipient information.

<sup>7</sup> Pub. L. No. 101-508, § 5105(a)(2)(A)(i), codified at 42 U.S.C § (405(J)(2).

# Conclusions and Recommendations

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Generally, FDCF met its responsibilities. However, FDCF needs to strengthen its controls and procedures to reduce the potential for erroneous payments and loss of beneficiary funds.

We recommend that SSA:

1. Direct FDCF to return funds to SSA for recipients who were ineligible for SSI because their resources exceeded the SSI limit.
2. Re-emphasize to FDCF procedures for notifying SSA when events occur that affect the eligibility of individuals in its care.
3. Direct FDCF to establish controls to determine when individuals no longer in its care have conserved funds and ensure these funds are returned to SSA in a timely manner.
4. Direct FDCF to return conserved funds of beneficiaries no longer in its care to the appropriate responsible party.
5. Direct FDCF to modify the Client Trust Fund checking account title to specifically identify the fiduciary relationship between it and the beneficiaries.
6. Correct the RPS information and implement controls or review procedures to prevent future occurrences.

## AGENCY COMMENTS

SSA concurred with our recommendations. The Agency stated it is pleased with the Office of the Inspector General's overall conclusion that FDCF generally (1) had effective safeguards over the receipt and disbursement of SSA and SSI benefits and (2) ensured SSA and SSI benefit payments were used and accounted for in accordance with SSA's policies and procedures. SSA also stated it would address the areas requiring corrective action or reminders when case-specific information is provided.

Although SSA concurred with Recommendation 5, it expressed concern that our suggested bank account title precludes income other than SSA benefits from being deposited into the account. The full text of SSA's comments is included in Appendix B.

## **REP PAYEE COMMENTS**

The Rep Payee responded it has strengthened its controls and procedures to reduce the potential for erroneous payments and loss of beneficiary funds. Regarding Recommendation 1, FDCF responded that, as of June 30, 2002, it had returned \$104,746.25 to SSA and requested appropriate waivers for those clients with balances less than the overpayment amount. To address Recommendation 5, FDCF stated it changed the bank account title to our suggested title. The full text of the Rep Payee's comments is included in Appendix C.

## **OFFICE OF THE INSPECTOR GENERAL RESPONSE**

We believe SSA's and the Rep Payee's responses and planned actions adequately address our recommendations.

Regarding SSA's response to Recommendation 5, we do not believe our suggested title precludes income other than SSA benefits from being deposited into the account. Our intent was to ensure that FDCF modify the account title to specifically identify the fiduciary relationship between it and the beneficiaries. As such, we continue to believe our suggested title would assist FDIC in determining ownership interest in the account in the event of a bank failure.



### **SSA's Retrieval of RPRs**

To determine whether FDCF properly reported to SSA how benefits were used, we requested that SSA provide the most recently completed RPRs for 58 of the Rep Payee's beneficiaries, 25 from the random sample and 33 from the beneficiaries identified with excess resources. SSA only provided 11 of the requested RPRs. We determined the reported expense amounts appeared reasonable for these 11 RPRs, even though we could not independently confirm that FDCF met its reporting responsibilities.

# *Appendices*

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## **Sampling Methodology and Results**

Our audit covered the period May 1, 2000 to April 30, 2001. During this period, the Florida Department of Children and Families – District 6 (FDCF) served as an organizational representative payee for 451 individuals. From this population, we selected a random sample of 50 individuals for substantive testing. However, where applicable, we conducted additional field work to fully develop our findings and recommendations. We describe our sampling methodology and results below.

### **Oversight of Social Security Administration Benefits**

We selected a random sample of 50 individuals from the population of 451 individuals described above. We did not attempt to statistically project our results because we identified only one instance of lack of documentation for an immaterial expense amount.

### **Excess Resources Resulted in Supplemental Security Income Overpayments**

We determined that 40 of the 320 Supplemental Security Income recipients in our population had conserved funds in excess of \$2,000 during the period May 1, 2000 through April 30, 2001, resulting in \$135,717 in overpayments. We could not determine whether FDCF reported the excess resources to the Social Security Administration (SSA) because SSA could not provide us Representative Payee Reports that identified excess conserved funds. However, FDCF should have notified SSA of the excess resources and avoided the overpayments, since many of the instances occurred on a month-by-month basis between annual report due dates.

### **FDCF Did Not Return Conserved Funds Timely**

We reviewed the Client Trust Fund transactions for both the random sample and the excess resources sample described above. We found five instances in which FDCF did not return conserved funds timely to the appropriate individual.

## Agency Comments

## SOCIAL SECURITY

MEMORANDUM

Date: August 28, 2002

Refer To:Bluke21322

To: Inspector General

Atlanta Regional Office

From: Regional Commissioner  
Atlanta GA

Subject: RESPONSE-Financial-Related Audit of Florida Department of Children and Families-District 6, and Organizational Representative Payee for the Social Security Administration (A-08-02-12007)

**This is an amended response. Please see changes made under the fifth recommendation.**

We appreciate the time and effort put forth in the audit conducted on the representative payee, Florida Department of Children and Families-District 6 (FDCF). We have the following comments in reference to the draft report submitted for review:

**First recommendation-Concur-**We agree that SSA should direct FDCF to return funds for 40 recipients who were ineligible for SSI because their resources exceeded the SSI limit. We do not anticipate a problem with the payee complying with this request (once the names, SSNs and amounts are provided), since funds are available.

**Second recommendation-Concur-**SSA will re-emphasize the importance of timely reporting events affecting eligibility of individuals in their care. The local field office had a system in place where the financial office called directly to report changes as they were notified by the individual caseworkers. The financial office is dependent on the accuracy and timeliness of the caseworker's reports. A reminder by FDCF for caseworkers appears appropriate.

The FDCF financial office has been relocated since this audit was conducted. They are now under the jurisdiction of our Carrollwood field office. FDCF is currently under a major reorganization in the State of Florida. The agency is in the process of becoming privatized. We will make the necessary changes relative to SSA's representative payee process when the conversion has taken place.

**Third recommendation**-Concur-FDCF has no problem complying with reporting changes when individuals are no longer in their care. They are cooperative in returning the funds in a timely manner, once the caseworker has informed the financial office of the client's removal from their custody. SSA will reinforce the importance of timely reporting at the caseworker level.

**Fourth recommendation**-Concur- SSA will request return of conserved funds for 5 individuals no longer in their care. We anticipate no problem with FDCF returning conserved funds of these beneficiaries, once the names, SSNs and amounts have been provided.

**Fifth recommendation**-Concur-The current title of the bank account (Florida Dept of Children and Families District 6 Client Trust Fund) sufficiently designates FDCF's fiduciary relationship between the agency and the beneficiaries. The payee has taken action to change the account as suggested by OIG in order to provide FDIC's preferred specificity to determine insurance amounts in the event of bank failure. The title now reads "FDCF Representative-Payee Trust of Social Security Benefits for Current Clients".

SSA rules and regulations require collective accounts be titled to show "the funds belong to the beneficiaries, not the payee", and the account "is separate from the institution's operating account". FDCF's collective account meets both requirements. However, we have a concern about the limitations resulting from the new title. Some beneficiaries have income other than SSA funds. The new title will preclude income other than SSA benefits from being deposited into the account. SSA does not require the payee to separate SSA benefits from other income belonging to a beneficiary. We propose that a more suitable title would be "FDCF Representative Payee for Social Security Beneficiaries". This would allow the payee to deposit funds other than SSA funds to the collective account. The payee is responsible for maintaining records to indicate how much of the collective account belongs to each beneficiary, as well as the source of the income.

**Sixth recommendation**-Concur- The RPS system has been updated to show the accounts for the old zip code terminated and the account is now established for zip 33612, based on the relocation of the FDCF financial office. Once specific SSNs are identified, SSA can determine what additional RPS corrective actions are necessary and process required updates immediately.

**Other matter**-SSA is aware of the difficulties encountered when attempting to retrieve representative payee accounting forms (referred to in this audit as RPRs). A pilot is scheduled to begin January 2003 where select organizations will test an electronic accounting method. If successful, this manner of accounting will provide ready access to completed reports. In the meantime, the Agency is scanning accounting reports. However, this does not eliminate the

transfer of forms from one location to another for resolution of questionable issues and storage. SSA continues to work to improve this process.

We are pleased with OIG's overall conclusion that FDCF generally 1) has effective safeguards over the receipt and disbursement of SSA and SSI benefits, and 2) ensured SSA and SSI benefits were used and accounted for in accordance with SSA's policies and procedures. The areas requiring corrective action or reminders will be addressed when case specific information (e.g., names, SSNs, amounts, periods, etc) is provided.

The representative payee program is an ongoing priority. We are committed to continue improving our service to all beneficiaries and recipients. We are especially attentive to our most vulnerable citizens, those requiring the services of a representative payee.

Questions concerning these comments should be directed to Barbara Luke at 404-562-1322.

/s/  
Paul D. Barnes

## Representative Payee's Comments





**Kathleen A. Kearney**  
Secretary

August 16, 2002

Mr. Steven L. Schaeffer  
Assistant Inspector General for Audit  
Social Security Administration  
2001 12th Avenue North, 11th Floor  
Birmingham, Alabama 35285

Dear Mr. Schaeffer:

We are in receipt of your draft report entitled *Financial-Related Audit of Florida Department of Children and Families (FDCF) - District 6, an Organizational Representative Payee for the Social Security Administration (A-08-02-12007)*.

Thank you for the opportunity to respond to your conclusions and recommendations and allowing our comments to be included as an appendix to your final report. We present the enclosed information in response to page 7 of your draft report.

If you have any questions or need additional information, please contact Ms. Armetha Williams, Finance & Accounting Director III, at (813) 558-5796.

Sincerely,

Lynn A. Richard, Jr.  
Regional Director

Enclosure

SunCoast Region • 9393 North Florida Avenue • Tampa, Florida 33612-7236

The Department of Children and Families is committed to working in partnership with local communities to ensure safety, well-being and self-sufficiency for the people we serve.

TOTAL P.05

## Conclusions and Recommendations

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Generally, FDCF met its responsibilities. However, FDCF needs to strengthen its controls and procedures to reduce the potential for erroneous payments and loss of beneficiary funds.

We recommend that SSA:

- 1. Direct FDCF to return funds to SSA for recipients who were ineligible for SSI because their resources exceeded the SSI limit.**

### FDCF Response

SSI overpayments to clients exceeding their asset limit identified in the audit report have been returned to the Social Security Administration. As of 6/30/2002, \$104,746.25 was returned to the Social Security Administration and appropriate waivers requested for those clients with balances less than the overpayment amount (see attached list). The remaining amount for six clients identified in the report by the SSA was returned to the Social Security Administration and waivers requested for the balance of the overpayment for those clients with balances less than the overpayment amount will also be submitted to SSA.

One Client Trust Fund balance of \$5,156 identified on your list as an overpayment was returned to the client, \_\_\_\_\_, on 1/2/02. \_\_\_\_\_ came into the Fiscal Office and requested the balance of his trust fund be returned to him as he turned 18 years of age and needed to get an apartment. He indicated that he had been to the local Social Security Office to apply to withdraw his SSI and the Social Security Office sent him to us. Armetha Williams, Finance & Accounting Director, called the Social Security Office and spoke to Luis Perez to find out if we should release funds to \_\_\_\_\_ and was told to release the funds to him, but to make sure the records were documented properly.

Three clients were still over the asset limit after returning the requested amount to SSA. Therefore, we submitted additional amounts totaling \$6,455.37 on these clients, reducing their balances to the allowable asset limit. The total returned to Social Security as of 8/16/02 is \$142,172.62 (see attached list).

- 2. Re-emphasize to FDCF procedures for notifying SSA when events occur that affect the eligibility of individuals in its care.**

### FDCF Response

The Fiscal Office and the local Family Safety Program Office personnel received training from the FDCF Family Safety-Central Office in February of this year on the Master Trust Agreement which covers the responsibilities of a Representative Payee.

The local office of the Social Security Administration also provided training in March of 2002 to Fiscal staff that covered eligibility, asset limits and specific FDCF responsibilities as Representative Payee.

Since the audit period covered in the draft report, Foster Care, Adoption and other related services have been outsourced to a Community-based Care Agency (CBC), Hillsborough Kids, Inc. We have contacted the local Social Security Administration and the FDCF Program Office to provide training to the appropriate community based care personnel, Fiscal and local Family Safety Program Office staff on the Master Trust Agreement and responsibilities as Representative Payee. In the meantime, a memo is being distributed to the local Family Safety Program Office staff, CBC provider agencies and Fiscal staff from the Regional Director, advising them to follow CFOP 175-59 in promptly notifying the Social Security Administration of changes in clients' circumstances.

**3. Direct FDCF to establish controls to determine when individuals no longer in its care have conserved funds and ensure these funds are returned to SSA in a timely manner.**

FDCF RESPONSE

The FDCF local Program Office, in conjunction with the CBC agencies, will track kids in Foster Care, Adoption and other placements on a monthly basis, through the required communication form report and notify the Fiscal Office of any change in the clients' circumstances and request funds to be returned to the Social Security Administration or appropriate party.

When Fiscal receives the request from the Program Office to close the client's account because the client is no longer in care because of adoption placement, release to parent, the client turns 17 years of age or any legitimate reason, we will keep a log on these requests. Once the check is generated and mailed to Social Security Administration, the check number and date mailed will be entered on the log. The log will be checked at the end of each week by the Staff Assistant to ensure all requests have been completed.

All requests received from the Program Office to return conserved funds to Social Security or responsible party have been completed.

**4. Direct FDCF to return conserved funds of beneficiaries no longer in its care to the appropriate responsible party.**

FDCF RESPONSE

All funds for which notification of changed circumstances were received have now been returned to the Social Security Administration or responsible party as of 8/16/02. The Fiscal Office will follow the procedures in item three (3) above to ensure funds are returned in a timely manner.

**5. Direct FDCF to modify the Client Trust Fund checking account title to specifically identify the fiduciary relationship between it and the beneficiaries.**

**FDCF RESPONSE**

The Client Trust Fund bank account title has now been changed to the suggested title in the report as of 8/16/02. There is no longer a D6 Client Trust Fund. It has now been merged with six counties. The new name is FDCF Suncoast Region Representative Payee Trust of Social Security Benefits for Current Clients.

## OIG Contacts and Staff Acknowledgments

### ***OIG Contacts***

Kimberly A. Byrd, Director, Southern Audit Division, (205) 801-1605

Jeff Pounds, Deputy Director, Birmingham Field Office, (205) 801-1606

### ***Staff Acknowledgments***

In addition to the persons named above:

Kathy L. Youngblood, Auditor-in-Charge

Ellen Justice, Auditor

Susan Phillips, Auditor

Kimberly Beauchamp, Writer/Editor

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President, National Council of Social Security Management Associations, Incorporated	1
Treasurer, National Council of Social Security Management Associations, Incorporated	1
Social Security Advisory Board	1
AFGE General Committee	9
President, Federal Managers Association	1
Regional Public Affairs Officer	1
Florida Department of Children and Families – District 6	1
<b>Total</b>	<b>97</b>

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

## **Office of Audit**

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers' Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations and cash flow. Performance audits review the economy, efficiency and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency, rather than detecting problems after they occur.

## **Office of Executive Operations**

OEO supports the OIG by providing information resource management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the *Government Performance and Results Act*. OEO is also responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from SSA, as well as conducting investigations of OIG employees, when necessary. Finally, OEO administers OIG's public affairs, media, and interagency activities, coordinates responses to Congressional requests for information, and also communicates OIG's planned and current activities and their results to the Commissioner and Congress.

## **Office of Investigations**

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

## **Counsel to the Inspector General**

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.