

OIG

Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

*Audit Report*

Payments to Aged Representative  
Payees

*A-09-17-50246 | June 2018*

**MEMORANDUM**

**Date:** June 22, 2018

**Refer To:**

**To:** The Commissioner

**From:** Acting Inspector General

**Subject:** Payments to Aged Representative Payees (A-09-17-50246)

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration needs additional controls to identify aged representative payees who are incapable of, or no longer, managing beneficiaries' funds.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, 410-965-9700.



Gale Stallworth Stone

Attachment

# Payments to Aged Representative Payees

## A-09-17-50246



June 2018

Office of Audit Report Summary

### Objective

To determine whether the Social Security Administration (SSA) needs additional controls to identify aged representative payees who are incapable of, or no longer, managing beneficiaries' funds.

### Background

SSA appoints representative payees to receive and manage the payments of those beneficiaries who cannot manage or direct the management of their benefits because of youth or mental and/or physical impairments. A representative payee may be an individual or an organization. SSA selects representative payees when representative payments would serve the individual's interests.

A representative payee is responsible for reporting changes in address or circumstances that may affect his/her performance as payee, notifying SSA if the beneficiary no longer needs a payee, and submitting an annual Form SSA-623, *Representative Payee Report*, to SSA.

Medical statistics state that up to 50 percent of individuals over age 85 may suffer from Alzheimer's disease or dementia. We identified 42,931 representative payees who, according to the Master Beneficiary and Supplemental Security Records, were age 85 or older and had at least 1 beneficiary in their care.

### Findings

SSA needs to improve controls to identify aged representative payees who are incapable of, or no longer, managing beneficiary funds. Based on our sample results, we estimate approximately 6,859 representative payees were over age 85 and no longer managed approximately \$6.8 million in monthly benefits for the beneficiaries in their care. These beneficiaries had other individuals or organizations managing their Social Security benefits without SSA's knowledge and approval or were capable of managing their own benefits.

Generally, this occurred because representative payees did not always notify SSA of events or changes that affected their performance as representative payees, as required. In addition, the Form SSA-623 does not specifically ask representative payees whether the beneficiary no longer needs a payee or they are no longer responsible for the beneficiary.

### Recommendation

We recommend that SSA determine whether it should conduct random reviews or revise the Form SSA-623 to better identify aged representative payees who are incapable of, or no longer, managing beneficiary funds.

SSA agreed with our recommendation.

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## ABBREVIATIONS

C.F.R.	Code of Federal Regulations
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
Pub. L. No.	Public Law Number
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
SSR	Supplemental Security Record
U.S.C.	United States Code

## FORMS

Form SSA-11	<i>Request to be Selected As Payee</i>
Form SSA-623	<i>Representative Payee Report</i>

## OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) needs additional controls to identify aged representative payees who are incapable of, or no longer, managing beneficiaries' funds.

## BACKGROUND

The Old-Age, Survivors and Disability Insurance (OASDI) program provides monthly benefits to retired and disabled workers, including their dependents and survivors. The Supplemental Security Income (SSI) program provides payments to financially needy individuals who are aged, blind, and/or disabled.<sup>1</sup> SSA appoints representative payees to receive and manage the payments of those beneficiaries who cannot manage or direct the management of their benefits because of youth or mental and/or physical impairments. A representative payee may be an individual or organization. SSA selects representative payees for beneficiaries when it would serve the beneficiaries' interests.<sup>2</sup>

An individual is required to complete a representative payee application to serve as a representative payee.<sup>3</sup> SSA must verify the applicant's identity; Social Security number (SSN); income; and, in certain instances, custody of the beneficiary and criminal history.<sup>4</sup> In addition, SSA must interview the applicant to evaluate his/her suitability and explain the representative payee's duties and responsibilities.<sup>5</sup> These include (1) using the benefits received for the beneficiary's needs and best interests, (2) notifying SSA of any event or change that may affect the beneficiary's eligibility or benefit amount, (3) maintaining accounting records for the receipt and disbursement of benefits, and (4) reporting changes in address or circumstances that may affect his/her performance as representative payee.<sup>6</sup>

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<sup>1</sup> *Social Security Act*, 42 U.S.C. §§401, 1381a and 1382 (2018).

<sup>2</sup> *Social Security Act*, 42 U.S.C. §§405(j), and 1383(a)(2) (2018), 20 C.F.R. part 404, subpart U; part 416, subpart F.

<sup>3</sup> SSA, *POMS, GN-General*, ch. GN 005, subch. GN 00502.107, sec. A (January 5, 2018).

<sup>4</sup> SSA verifies custody when the payee applicant is a parent alleging custody of a minor and the other parent does not live in the same household. SSA verifies criminal history when there are indications of criminal history from systems queries, a criminal background check, or the payee applicant. SSA, *POMS, GN-General*, ch. GN 005, subch. GN 00502.117, sec. A (June 23, 2017).

<sup>5</sup> SSA, *POMS, GN-General*, ch. GN 005, subch. GN 00502.113 (June 23, 2017).

<sup>6</sup> SSA, *POMS, GN-General*, ch. GN 005, subch. GN 00502.114, sec. A (February 27, 2014).

Each year, a representative payee must complete a Form SSA-623, *Representative Payee Report*, for the beneficiaries in his/her care (see Appendix A).<sup>7</sup> SSA uses the Form SSA-623 to monitor how representative payees are spending and saving their beneficiaries' funds and identify situations where the payees may no longer be suitable.<sup>8</sup> The Form SSA-623 instructions state that a representative payee's responsibilities include notifying SSA whether the beneficiary no longer needs a payee or they are no longer responsible for the beneficiary.

We initiated this review to examine a concern that SSA may not have been aware of aged representative payees who were incapable of, or no longer, managing beneficiary funds. Medical statistics state that up to 50 percent of individuals over age 85 may suffer from Alzheimer's disease or dementia.<sup>9</sup> We identified 42,931 representative payees who, according to the Master Beneficiary and Supplemental Security Records, were age 85 or older as of December 2016 and had at least 1 beneficiary in their care. From this population, we selected a random sample of 100 representative payees for review (see Appendix B).

## RESULTS OF REVIEW

SSA needs to improve controls to identify aged representative payees who are incapable of, or no longer, managing beneficiary funds. Based on our sample results, we estimate approximately 6,859 representative payees were over age 85 and no longer managed approximately \$6.8 million in monthly benefits for the beneficiaries in their care. These beneficiaries had other individuals or organizations managing their Social Security benefits without SSA's knowledge and approval or were capable of managing their own benefits (see Appendix C).

Generally, this occurred because representative payees did not always notify SSA of events or changes that affected their performance as representative payees, as required. In addition, the Form SSA-623 does not specifically ask representative payees whether the beneficiary no longer needs a payee or they are no longer responsible for the beneficiary.

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<sup>7</sup> SSA, *POMS, GN-General*, ch. GN 005, subch. GN 00502.114, sec. A (February 27, 2014). Effective April 13, 2018, some representative payees are exempt from the annual accounting requirement. *Strengthening Protections for Social Security Beneficiaries Act of 2018*, Pub. L. No. 115-165, 132 Stat. 1257.

<sup>8</sup> SSA, *POMS, GN-General*, ch. GN 005, subch. GN 00502.114, sec. A (February 27, 2014) and SSA, *POMS, GN-General*, ch. GN 006, subch. GN 00605.001 (August 19, 2016).

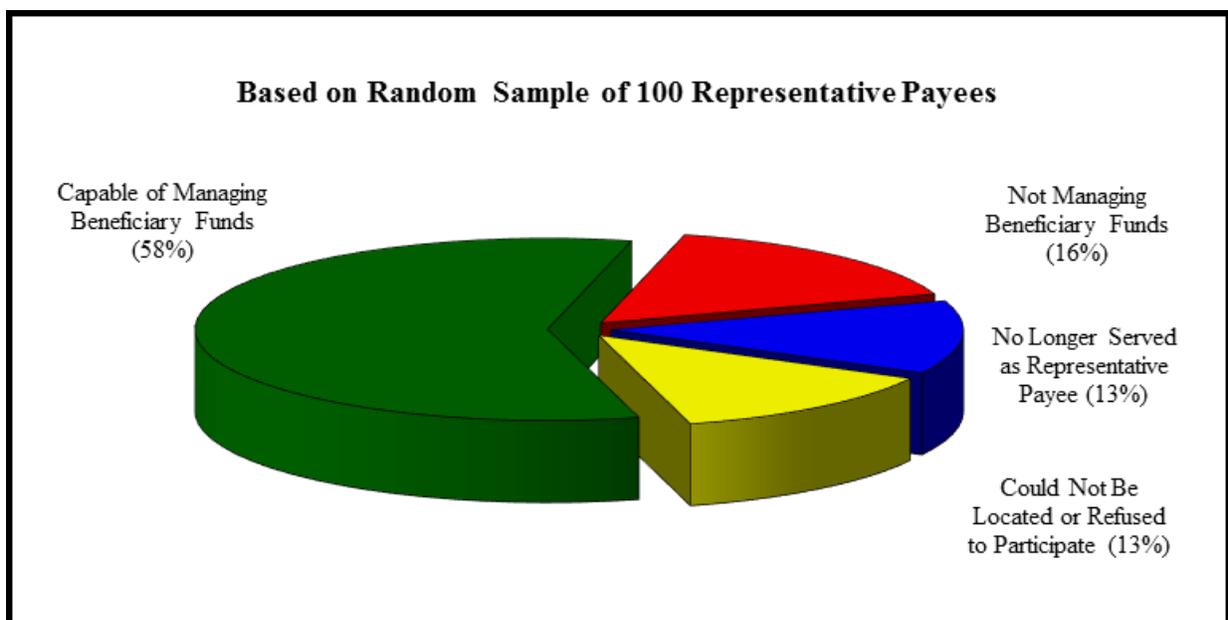
<sup>9</sup> Cleveland Clinic, *Alzheimer's Disease: An Overview*, clevelandclinic.org (last visited February 5, 2018); American Psychological Association, *Aging: When Should I Be Concerned About A Senior's Forgetfulness*, apa.org (last visited July 6, 2017); and Johns Hopkins University, *Alzheimer's Disease - When Will We Conquer It*, jhsph.edu (last visited April 18, 2018).

For the 100 representative payees in our sample, we found the following.

- Sixteen were incapable of, or no longer, managing beneficiary funds—14 had other individuals or organizations who managed the beneficiary funds without SSA’s knowledge and approval, and 2 were conduit payees<sup>10</sup> who turned over the full amount of benefits to the beneficiaries and allowed them to manage their own funds.
- Thirteen could not be located or refused to participate in our review. Therefore, we were unable to determine whether the representative payees were managing beneficiary funds.
- Thirteen were no longer representative payees because the beneficiary or payee had died, the beneficiary was capable of managing his/her benefits and paid directly, the beneficiary was not entitled to benefits, or SSA had appointed a new representative payee.

The remaining 58 representative payees were capable of managing beneficiary funds at the time of our review. Figure 1 summarizes the results of our review.

**Figure 1: Payments to Aged Representative Payees**



<sup>10</sup> A conduit payee does not exercise control over the beneficiary’s funds and turns over the full amount of benefits to the beneficiary without any direction or instruction on how to use the funds.

## SSA's Monitoring of Representative Payees

SSA generally relies on representative payees to report any changes in address or circumstances that may affect their performance as representative payees. SSA policy does not require that it identify or contact aged representative payees who may be incapable of managing their beneficiaries' funds.

Each year, a representative payee must complete a Form SSA-623 for the beneficiaries in his/her care.<sup>11</sup> SSA uses the Form SSA-623 to monitor how representative payees are spending and saving their beneficiaries' funds and identify situations where the payees may no longer be suitable.<sup>12</sup> The Form SSA-623 instructions state that a representative payee's responsibilities include notifying SSA whether the (1) payee is no longer responsible for the beneficiary or (2) beneficiary no longer needs a representative payee.

SSA conducts random reviews and quick response checks of all fee-for-service and certain volume payees.<sup>13</sup> We found that none of the individual representative payees in our sample—most of whom were family members—met the requirements for random reviews and quick response checks. As a result, SSA may be unaware of aged representative payees who are no longer capable of managing beneficiary funds or have allowed other individuals or organizations to do so without its knowledge and approval.

## Representative Payees Were Incapable of, or No Longer, Managing Beneficiary Funds

Of the 100 representative payees in our sample, 16 were incapable of, or no longer, managing their beneficiaries' funds. Of these, 14 had other individuals or an organization managing the beneficiary funds without SSA's knowledge and approval, and 2 were conduit payees who turned over the full amount of benefits to the beneficiaries to manage their own funds.

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<sup>11</sup> SSA, *POMS, GN-General*, ch. GN 005, subch. GN 00502.114, sec. A (February 27, 2014). Effective April 13, 2018, some representative payees are exempt from the annual accounting requirement. *Strengthening Protections for Social Security Beneficiaries Act of 2018*, Pub. L. No. 115-165, 132 Stat. 1257.

<sup>12</sup> SSA, *POMS, GN-General*, ch. GN 005, subch. GN 00502.114, sec. A (February 27, 2014) and SSA, *POMS, GN-General*, ch. GN 006, subch. GN 00605.001 (August 19, 2016).

<sup>13</sup> A fee-for-service payee is an organization authorized to collect from beneficiaries a fee for representative payee services. A volume payee is an organizational payee serving 50 or more beneficiaries or an individual payee serving 15 or more beneficiaries.

## *Other Individuals or an Organization Managing Beneficiaries' Funds*

In selecting a representative payee, SSA evaluates an applicant's qualifications and suitability to serve the beneficiary's interests. Applicants are required to submit a Form SSA-11, *Request to be Selected As Payee*. SSA generally requires face-to-face interviews with applicants to evaluate their suitability and explain their duties and responsibilities as representative payees.<sup>14</sup> SSA also reviews the applicant's SSN; verifies identity and income; reviews criminal history; and evaluates any relationship to the beneficiary, custody arrangements, and past performance if they currently or previously served as a representative payee.<sup>15</sup>

Of the 100 representative payees in our sample, 14 had other individuals (such as family members) or an organization that managed the beneficiaries' funds without SSA's knowledge and approval for up to 30 years. These representative payees were responsible for managing \$13,937 in monthly benefits. However, at the time of our review, the representative payees were no longer managing their beneficiaries' funds. Neither the representative payees nor the beneficiaries had informed SSA. In addition, the representative payees had not reported these changes on the Form SSA-623. Therefore, SSA could not evaluate the qualifications and suitability of these individuals or organizations to determine whether they would serve the beneficiaries' best interests.

Of the 14 representative payees, 11 were incapable of managing beneficiary funds because of mental or physical illnesses and had family members or an organization managing the benefits. For example, a 94-year-old woman was the representative payee for her daughter who received \$1,385 in monthly benefits. However, the representative payee suffered from dementia, and her other daughter managed the beneficiary's funds for 7 years. We found no evidence the representative payee or her daughter had notified SSA or reported these changes on the Form SSA-623. As a result, SSA was unaware the representative payee was incapable of managing the beneficiary's funds and the beneficiary needed a new representative payee.

The remaining three representative payees appeared capable, but other individuals or an organization was managing their benefits. For example, an 87-year-old man was the representative payee for his son who received \$931 in monthly benefits. The representative payee appeared capable of managing his son's benefits; however, his daughter managed the beneficiary's funds. According to the representative payee, the daughter had lived with him and the beneficiary, managed the beneficiary's benefits, and paid all household expenses for 30 years. We found no evidence the representative payee had notified SSA or reported these changes on the Form SSA-623. As a result, SSA was unaware the representative payee was no longer managing the beneficiary's funds.

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<sup>14</sup> SSA, *POMS, GN-General*, ch. GN 005, subch. GN 00502.107, sec. A (January 5, 2018); SSA, *POMS, GN-General*, ch. GN 005, subch. GN 00502.113, sec. A (June 23, 2017); and SSA, *POMS, GN-General*, ch. GN 005, subch. GN 00502.130, sec. B (January 31, 2006).

<sup>15</sup> SSA, *POMS, GN-General*, ch. GN 005, subch. GN 00502.117, sec. A (June 23, 2017) and SSA, *POMS, GN-General*, ch. GN 005, subch. GN 00502.132, sec. A (October 31, 2017).

In October 2017, we referred these 14 individuals and an organization to SSA for appropriate action. As of March 2018, SSA had selected 10 new representative payees, determined that 2 representative payees were suitable to continue serving as payee, and determined that 1 beneficiary was capable of managing her own funds and therefore paid her directly. In addition, one representative payee stopped receiving benefits because the beneficiary had died.

### *Representative Payees Acting as Conduit Payees*

According to SSA, a conduit payee turns over the full amount of benefits to the beneficiary or other individual without giving them any direction or instruction on how to use the funds. These representative payees do not exercise control over beneficiary funds and cannot accurately account for how the funds are spent. A conduit payee may indicate a lack of interest in the beneficiary or suggest the beneficiary should be receiving his/her own benefits directly.<sup>16</sup>

Of the 100 representative payees in our sample, 2 were acting as conduit payees. These representative payees were responsible for managing \$1,926 in monthly benefits for the beneficiaries in their care. In one case, a 93-year-old woman was the representative payee for her two grandchildren. However, she turned over the full amount of benefits to her grandchildren. Both grandchildren used the Direct Express debit card to withdraw their benefits every month. The beneficiaries stated they had been managing their own benefits for 1 or 2 years. In the other case, an 87-year-old woman was the representative payee for her daughter. However, she was not managing the daughter's funds. The daughter stated she had been handling her own finances for 40 years. We found no evidence the representative payees had notified SSA or reported these changes on the Form SSA-623.

When a conduit payee is identified, SSA must determine whether a new representative payee is needed or the beneficiary is capable of receiving direct payment.<sup>17</sup> In October 2017, we referred these two conduit payees to SSA for appropriate action. In March 2018, SSA determined the beneficiaries for both conduit payees were capable of managing their own funds and therefore paid them directly.

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<sup>16</sup> SSA, *POMS, GN-General*, ch. GN 006, subch. GN 00608.044 (January 29, 1996) and SSA, *POMS, GN General*, ch. GN 006, subch. GN 00605.066, sec. B.2 (November 9, 2001).

<sup>17</sup> SSA, *POMS, GN-General*, ch. GN 006, subch. GN 00605.067, sec. D (September 18, 2007) and SSA, *POMS, GN-General*, ch. GN 006, subch. GN 00608.044, sec. C (January 29, 1996).

## Representative Payees Could Not Be Located or Refused to Participate

According to SSA policy, a representative payee is required to report any changes in address or circumstances that would affect his/her performance as a payee and notify SSA if the beneficiary no longer needs a payee.<sup>18</sup> During our review, we could not locate 11 aged representative payees who received \$9,142 in monthly benefits. Although we mailed letters and made numerous telephone calls to the representative payees, we were unable to determine their whereabouts. We also used LexisNexis and public databases to obtain current telephone numbers for the representative payees, but we were unable to contact them.

In addition, two aged representative payees, who received \$2,400 in monthly benefits, refused to participate in our review.<sup>19</sup> We contacted the representative payees by mail and telephone to arrange an interview. However, the representative payees declined our request. In one case, an individual who alleged to be the representative payee's son stated we could not speak to the payee because he was at a doctor's appointment. We made several follow-up calls but were unable to contact the representative payee. In the other case, an individual who alleged to be the representative payee refused to meet for an interview unless she received a letter from SSA.

We could not verify all 13 representative payees' identities or determine whether they were alive, had moved, were capable of managing their beneficiaries' funds, or had another individual or organization who managed the benefits. As a result, the beneficiaries in their care may have been at-risk. In October 2017, we referred these 13 representative payees to SSA for appropriate action. As of March 2018, SSA determined that seven representative payees were suitable to continue serving as payee. In addition, three representative payees stopped receiving benefits because the beneficiaries had died. SSA selected an organizational payee to manage the funds for one beneficiary; and determined one beneficiary was capable of managing her own funds and therefore paid her directly. Finally, SSA did not take action for one representative payee who refused to participate in our review; however, we verified the payee had recently submitted a Form SSA-623, as required.

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<sup>18</sup> SSA, *POMS, GN-General*, ch. GN 005, subch. GN 00502.114, sec. A (February 27, 2014).

<sup>19</sup> Participation in our review was voluntary.

## CONCLUSIONS

SSA needs to improve controls to identify aged representative payees who are incapable of, or no longer, managing beneficiary funds. Based on our sample results, we estimate approximately 6,859 representative payees were over age 85 and no longer managed approximately \$6.8 million in monthly benefits for the beneficiaries in their care. These beneficiaries had other individuals or organizations managing their Social Security benefits without SSA's knowledge and approval or were capable of managing their own benefits (see Appendix C).

Generally, this occurred because representative payees did not always notify SSA of events or changes that affected their performance as representative payees, as required. In addition, the Form SSA-623 does not specifically ask representative payees whether the beneficiary no longer needs a payee or they are no longer responsible for the beneficiary.

## RECOMMENDATION

We recommend that SSA determine whether it should conduct random reviews or revise the Form SSA-623 to better identify aged representative payees who are incapable of, or no longer, managing beneficiary funds.

## AGENCY COMMENTS

SSA agreed with our recommendation. The Agency's comments are included in Appendix D.



Rona Lawson  
Assistant Inspector General for Audit

# *APPENDICES*

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## Social Security Administration Representative Payee Report

**Why You Received This Form** We must regularly review how representative payees used the benefits they received on behalf of the Social Security and/or Supplemental Security Income (SSI) beneficiaries. We do this to ensure the benefits are used properly. When you were appointed representative payee, you were informed of the duties and responsibilities of a representative payee, including keeping records and reporting on the use of benefits.

**What You Need To Do** You must report to SSA on your use of benefits if you received any Social Security and/or SSI payments during the 12 month period shown on the enclosed form. You must do this if you wish to continue receiving benefits on behalf of another person. You should use the records you have saved to answer the questions on the enclosed form.

You may submit this form online via [www.ssa.gov/payee](http://www.ssa.gov/payee). Please follow the instructions for Internet Payee Accounting Report. If you complete the form online, you will be able to print a receipt and a copy of your report. If you report online, you should have all your records and the enclosed form handy to help you answer the questions. You should not send in a paper form if you complete the online version.

Any records you have saved such as bank statements, cancelled checks, receipts for rent, etc., should be kept for two years from the time you file your report with SSA. You should not send in any of these records with your report form. If we have any questions or require proof, we will contact you.

**General Instructions If You Complete and Return The Enclosed Form** Please read these instructions before you complete the enclosed report form or submit your report online. You should either complete and return the report form, or submit the online report, within 30 days.

To help us process your report, please follow these instructions:

1. Use black ink.
2. Keep your numbers and "X's" inside the boxes.
3. Do not use dollar signs.
4. Show money amounts in dollars only. Do not show cents.

For example, show \$1,540.30 like this:

DOLLAR AMOUNT

		1	,	5	4	0
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5. Use the REMARKS section on the back of the form to provide additional information as requested.
6. Review the payee mailing address and correct if necessary. If you change the payee mailing address to a P.O. Box, show the payee's actual physical address in REMARKS.
7. Be sure you, the representative payee, sign the form.

<b>Some Definitions To Help You</b>	<p><b>Benefits</b> – The Social Security and/or SSI money that you receive.</p> <p><b>Payee</b> – You. The person (or organization) who receives Social Security and/or SSI benefits for someone else.</p> <p><b>Beneficiary</b> – The person for whom you receive Social Security and/or SSI benefits.</p> <p><b>Legal Guardian</b> – The person or organization appointed by a State court to manage the affairs of a beneficiary.</p> <p><b>Report Period</b> – The 12-month period shown on the report for which you must account for the benefits you received.</p> <p><b>Total Accountable Amount</b> – The amount of benefits paid to you during the report period plus any amount you reported as saved on last year’s report.</p>
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**HOW TO FILL OUT THE FORM**

<b>QUESTION 1 - Payee Felony Convictions</b>	Place an “X” in the “YES” box if during the report period, you (the payee) were convicted of a crime considered to be a felony and explain the type of crime under REMARKS. Otherwise, place an “X” in the “NO” box.
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<b>QUESTION 2 - Beneficiary Custody Changes</b>	Place an “X” in the “YES” box if the beneficiary continued to live alone, or with the same person, or in the same institution during the entire report period. Place an “X” in the “NO” box if different people or different institutions took care of the beneficiary during any part of the report period. Explain the change and provide the beneficiary’s current address under REMARKS.
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<b>QUESTION 3 - Accounting For Benefits</b>	The total accountable amount includes the benefits you received during the report period plus any benefits you reported as saved on last year’s report.
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<b>A. Who Decided How Benefits Were Used?</b>	Place an “X” in the “YES” box if you (the payee) decided how the benefits were to be spent or saved. Place an “X” in the “NO” box if the beneficiary or someone else decided how to use the money, and explain under REMARKS.
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<b>B. Food And Housing</b>	Show the total amount of benefits spent for food and housing for the beneficiary during the report period. If the beneficiary lives in an institution or nursing home and you pay monthly charges, multiply the monthly charge by 12 and show this total amount.
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<b>C. Personal Items</b>	Show the total amount of benefits spent on clothing, medical/dental care, education, and recreational items like toys, movies, cameras, radios, candy, stationary, grooming aids, etc. during the report period. <b>Note:</b> If the beneficiary lives in an institution or other care facility, you should spend at least \$360 a year for the beneficiary’s personal needs. If you spent less than \$360, explain under REMARKS.
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<b>D. Unused Benefits</b>	Show the total amount of benefits you have saved for the beneficiary at the end of the report period, including any interest earned. Show zeroes if you did not save any of the benefits.
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**Note** For Social Security beneficiaries who are residing in an institution, use REMARKS to provide the amount of benefits, if any, the state Medicaid agency has determined are for the use of the community spouse and other dependents, if applicable.

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**QUESTION 4 - Savings Information** Answer this question if you showed an amount in 3.D.

- A. Type Of Account** Place an "X" in the box which shows how you are saving the benefits. Place an "X" in the "Other" box if your method of saving the benefits is not listed.
- B. Account Title** Place an "X" in the box which most accurately describes the wording of the account title you have on the beneficiary's savings. Place an "X" in the "Other" box if the account title is different or if you have not placed the savings in any type of account. **Note:** A savings or checking account title should always show that the money belongs to the beneficiary, but the beneficiary should not have direct access to the funds.

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**QUESTION 5 - Other Savings/ Account Titles** Answer this question only if you checked "OTHER" in 4.A. or 4.B.

- A. Type Of Account** Indicate whether the saved benefits are in cash, Treasury Bills, or some other investment such as mutual funds. For mutual funds, be sure to show the name of the fund in your response (e.g., "XYZ Growth" mutual fund).
- B. Title Of Account** Show the title of the account if the savings are in an account or other investment. Show "none" if the savings are not in an account or investment.

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- 6. Payee's Signature** Sign your name in this block. If you sign by mark ("X"), please have two witnesses sign their names and show the date. If the payee is an institution or agency, the form **must** be signed by an authorized person.

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## Your Responsibilities As Representative Payee

We appreciate your services as representative payee. As payee, you must use the Social Security and/or SSI benefits you receive for the care and well being of the beneficiary. You need to know the beneficiary's needs so that you can use the money properly.

In addition to reporting on the use of benefits, you must report any changes which may affect the beneficiary's eligibility for benefits, or the payment amount. You should report the changes as soon as possible by calling SSA at 1-800-772-1213, or by calling or writing your local SSA office. For example, you must tell us if the beneficiary:

- dies,
- moves (especially if he/she enters or leaves a hospital or other institution),
- marries,
- starts or stops working,
- is imprisoned,
- is adopted,
- no longer needs a payee, or
- you are no longer responsible for the beneficiary.

If you are payee for a child receiving SSI benefits, we may ask you for proof that the child is receiving medical treatment for his/her disabling condition. We may ask for this information at the time we review the child's case. If we do ask for this information, you must give it to us.

If you are no longer payee for the beneficiary, you must return any Social Security funds you have saved to SSA.

## Privacy Act Statement Collection and Use of Personal Information

Sections 205(j) and 1631(a) of the Social Security Act, as amended, authorize us to collect this information to enable us to account for the beneficiary's payments and to ensure that you use the payments for the beneficiary's needs.

Your responses are voluntary. However, without the information, we may not be able to continue sending the beneficiary's payments to you.

We rarely use the information you give us for any purpose other than for accounting purposes. However, we may use it for the administration and integrity of Social Security programs.

We may also disclose information to another person or to another agency in accordance with approved routine uses, which include, but are not limited to, the following:

1. To comply with Federal laws requiring the release of information from Social Security records (e.g. to the Government Accountability Office and Department of Veterans Affairs);
2. To facilitate statistical research, audit, or investigative activities necessary to assure the integrity and improvement of Social Security programs;
3. To respond to a request on your behalf from a Congressional office or the Office of the President; and
4. To other Federal agencies and our contractors, including external data sources, to assist us in efficiently administering our programs.

We may also use the information you give us in computer matching programs. Matching programs compare our records with records kept by other Federal, State, or local government agencies. We use the information from these programs to establish or verify a person's eligibility for federally funded or administered benefit programs and for repayment of incorrect payments or delinquent debts under these programs.

A complete list of routine uses for this information is available in our Privacy Act System of Records Notice (SORN) entitled, Master Representative Payee File (60-0222). The complete SORN, additional information about this form, routine uses of information, and our programs and systems are available online at [www.socialsecurity.gov](http://www.socialsecurity.gov) or your local Social Security office.

**Paperwork Reduction Act Statement** - This information collection meets the requirements of 44 U.S.C. §3507, as amended by section 2 of the Paperwork Reduction Act of 1995. You do not need to answer these questions unless we display a valid Office of Management and Budget control number. We estimate that it will take about 15 minutes to read the instructions, gather the facts, and answer the questions. *You may send comments on our time estimate above to: SSA, 6401 Security Blvd, Baltimore, MD 21235. Send only comments relating to our time estimate to this address, not the completed form.*

## If You Have Any Questions

If you have any questions, please call us at 1-800-772-1213. We can answer most questions over the phone. If you prefer to visit one of our offices, please use the 800 number and we will give you the address and telephone number of the office nearest you. Please take this report with you if you visit an office. You may also visit our website at [www.socialsecurity.gov](http://www.socialsecurity.gov).

# Representative Payee Report

FORM APPROVED  
OMB NO. 0960-0068

PAYEE'S NAME AND ADDRESS	REPORT PERIOD		SOCIAL SECURITY NUMBER		
	FROM:	TO:			
	BENEFICIARY			FP	
	ID	BIC	D	TP	
	CC	GS		PC	
	DOC	CF	TAA		
	PF	BSSN			

If change of address, check box and enter new address on back of report.

This report is about the benefits you received between \_\_\_\_\_ and \_\_\_\_\_ for the beneficiary, \_\_\_\_\_. Please read the enclosed instructions before completing this form to help you answer each question.

<b>1.</b> Were you (the payee) convicted of a crime considered to be a felony between _____ and _____? If YES, please explain in REMARKS on the back of this form.	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>2.</b> Did the beneficiary continue to live alone, or with the same person, or in the same institution from _____ to _____? If NO, please explain and provide the beneficiary's current address in REMARKS on the back of this form.	<input type="checkbox"/>	<input type="checkbox"/>
<b>3.</b> Benefits paid to you between _____ and _____ = \$ _____ Benefits you reported as saved on last year's report = \$ _____ Total Accountable Amount = \$ _____		
<b>A.</b> Did you (the payee) decide how the _____ was spent or saved? If NO, please explain in REMARKS on the back of this form.	YES <input type="checkbox"/>	NO <input type="checkbox"/>
<b>B.</b> How much of the _____ did you spend for the beneficiary's food and housing between _____ and _____?	DOLLAR AMOUNT (NO CENTS) [ ][ ] , [ ][ ][ ]	
<b>C.</b> How much of the _____ did you spend on other things for the beneficiary such as clothing, education, medical and dental expenses, recreation, or personal items between _____ and _____?	[ ][ ] , [ ][ ][ ]	
<b>D.</b> How much, if any, of the _____ did you save for the beneficiary as of _____? If none, show zeroes.	[ ][ ] , [ ][ ][ ]	

**4.** If you showed an amount in 3.D. above, place an "X" in the boxes below to show how you are saving the benefits. If you have more than one account, you may mark more than one box in each section.

A. TYPE OF ACCOUNT						B. TITLE OF ACCOUNT		
Savings / Checking Account	U.S. Savings Bonds	Certificates of Deposit	Collective Savings/Checking Account	Treasury Bills	Other	Beneficiary's Name by Your Name	Your Name for Beneficiary's Name	Other
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Form SSA-623-F6 (08-2013) ef (08-2013)

Continued on the Reverse

FOR SSA USE ONLY					
ATT	<input type="checkbox"/>	MARK	<input type="checkbox"/>	SIG	<input type="checkbox"/>
UND1	<input type="checkbox"/>	UND2	<input type="checkbox"/>	OTH	<input type="checkbox"/>

**5. A.** Answer this question if you answered "OTHER" in 4.A. on the front page. If you answered "OTHER" in 4.A., show the type of account or investment in which the benefits are saved. →

TYPE OF ACCOUNT

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**B.** Answer this question only if you answered "OTHER" in 4.B. on the front page. If you answered "OTHER" in the 4.B., show the title of the account in which the benefits are saved. →

TITLE OF ACCOUNT

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**REMARKS**

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**NEW ADDRESS**

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I declare under penalty of perjury that I have examined all the information on this form, and on any accompanying statements or forms, and it is true and correct to the best of my knowledge. I understand that anyone who knowingly gives a false or misleading statement about a material fact in this information, or causes someone else to do so, commits a crime and may be sent to prison, or may face other penalties, or both.

**PAYEE'S SIGNATURE**  
(If signed by mark (X), two witnesses must sign below)

DATE

**7.**

DAYTIME TELEPHONE NUMBER(S)  
(Include area code)

**8.**

Area Code

**6.**

**WITNESS SIGNATURES ARE REQUIRED ONLY IF THE PAYEE'S SIGNATURE ABOVE HAS BEEN SIGNED BY MARK (X).**

SIGNATURE OF WITNESS

DATE

SIGNATURE OF WITNESS

DATE

## Appendix B – SCOPE AND METHODOLOGY

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From the Social Security Administration’s (SSA) Master Beneficiary (MBR) and Supplemental Security Records (SSR), we obtained data extracts of individual representative payees for Old-Age, Survivors and Disability Insurance beneficiaries and Supplemental Security Income recipients in current pay status. From the data extracts, we identified 42,931 representative payees who were age 85 or older as of December 2016. We refined the data extracts to identify a population of 13,676 representative payees who had beneficiaries residing within 100 miles of an Office of Audit location. These representative payees managed funds for 16,656 beneficiaries.

For our review, we limited our population to the 13,676 representative payees who had beneficiaries residing within 100 miles of an Office of Audit location.<sup>1</sup> We selected a random sample of 100 representative payees for review.

To accomplish our objective, we

- reviewed the applicable sections of the *Social Security Act* and SSA’s Program Operations Manual System;
- reviewed medical studies related to Alzheimer’s disease and dementia;
- interviewed SSA employees from the Offices of Operations, Systems, and Retirement and Disability Policy;
- obtained and reviewed queries from SSA’s MBR, SSR, electronic Representative Payee System, and Claims File Records Management System; and
- interviewed the representative payees and beneficiaries in their care to evaluate the representative payees’ ability to properly manage beneficiary funds.

We determined the computer-processed data from the MBR and SSR were sufficiently reliable for our intended purpose. We conducted tests to determine the completeness and accuracy of the data. These tests allowed us to assess the reliability of the data and achieve our audit objective.

We conducted audit work in Baltimore, Maryland; Boston, Massachusetts; New York, New York; Philadelphia, Pennsylvania; Atlanta, Georgia; Birmingham, Alabama; Chicago, Illinois; Arlington, Virginia; Dallas, Texas; Denver, Colorado; Kansas City, Missouri; and Richmond, California, between June 2017 and March 2018. The entity audited was the Office of Operations under the Office of the Deputy Commissioner for Operations.

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<sup>1</sup> These locations included Baltimore, Maryland; Boston, Massachusetts; New York, New York; Philadelphia, Pennsylvania; Atlanta, Georgia; Birmingham, Alabama; Chicago, Illinois; Arlington, Virginia; Dallas, Texas; Denver, Colorado; Kansas City, Missouri; and Richmond, California.

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.

## Appendix C – SAMPLING METHODOLOGY AND RESULTS

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From the Social Security Administration’s (SSA) Master Beneficiary and Supplemental Security Records, we obtained data extracts of individual representative payees for Old-Age, Survivors and Disability Insurance beneficiaries and Supplemental Security Income recipients in current pay status. From the data extracts, we identified 42,931 representative payees who were age 85 or older as of December 2016. We refined the data extracts to identify a population of 13,676 representative payees who had beneficiaries residing within 100 miles of an Office of Audit location. From this population, we selected a random sample of 100 representative payees for review.

We found that 16 representative payees, receiving \$15,863 in monthly benefits, were incapable of, or no longer, managing their beneficiaries’ funds. Of these, 14 had other individuals or an organization who managed the beneficiary funds without SSA’s knowledge and approval, and 2 were conduit payees who turned over the full amount of benefits to the beneficiaries to manage their own funds. Projecting these results to our population, we estimate that 2,188 representative payees received approximately \$2.2 million in monthly benefits but were no longer managing their beneficiaries’ funds.

For purposes of this audit, we considered the characteristics and findings observed for the representative payees in our sample to be representative of the representative payees over age 85 in the United States. Therefore, we estimate that 6,859 representative payees in the United States received approximately \$6.8 million in monthly benefits but were no longer managing their beneficiaries’ funds.

The following tables provide the details of our sample results, statistical projections, and estimates.

**Table C–1: Population and Sample Size**

Description	Representative Payees
Population Size	13,676
Sample Size	100

**Table C-2: Representative Payees No Longer Managing Beneficiary Funds**

Description	Number of Representative Payees	Monthly Benefits
Sample Results	16	\$15,863
Point Estimate	2,188	\$2,169,398
Projection - Lower Limit	1,412	\$1,287,992
Projection - Upper Limit	3,180	\$3,050,804
Monthly Estimate for Population <sup>1</sup>	6,859	\$6,800,621

**Note:** All statistical projections are at the 90-percent confidence level.

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<sup>1</sup> Our audit population of 13,676 representative payees who had beneficiaries residing within 100 miles of an Office of Audit location represents approximately 31.9 percent of the total population of 42,931 representative payees over age 85 in the United States. As a result, the estimate for the population is based on the point estimate divided by 0.319.

## Appendix D – AGENCY COMMENTS

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### SOCIAL SECURITY

#### MEMORANDUM

Date: June 18, 2018 Refer To: S1J-3

To: Gale S. Stone  
Acting Inspector General

*Stephanie Hall*

From: Stephanie Hall  
Acting Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Payment to Aged Representative Payees"  
(A-09-17-50246) -- INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Trae Sommer at (410) 965-9102.

Attachment

**SSA COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT, “PAYMENTS TO AGED REPRESENTATIVE PAYEES” (A-09-17-50246)**

**GENERAL COMMENTS**

We always want to ensure that we select the most qualified and appropriate representative payees for our beneficiaries. Approximately six million representative payees assist more than eight million Social Security or Supplemental Security Income beneficiaries in managing their benefits.

In the review, the auditor’s sample consisted mainly of representative payees who were family members, and, therefore, were exempt from the requirement of random reviews. As a result of this exemption, we may be unaware of aged representative payees who are no longer capable of managing beneficiary funds or have allowed other individuals or organizations to do so without our knowledge and approval. We note that the recently passed legislation, “*The Strengthening Protections for Social Security Beneficiaries Act of 2018*” (Public Law 115-165) (Act) requires we conduct reviews of representative payees that include family members based on the risk of potential misuse of funds or unsuitability. We are taking steps to implement the requirements of the Act, and we expect additional reviews to help identify individuals, including family members, who should no longer serve as representative payees.

We believe that these reviews will be more effective than revising the Representative Payee Report (Form SSA-623) we use to monitor how representative payees are using funds and to identify situations where payees may no longer be suitable. This form relies heavily on self-reporting, and as a result, representative payees may not notify us of events or changes that affect their performance as payees, as required.

**Recommendation**

Determine whether it should conduct random reviews or revise the Form SSA-623 to better identify aged representative payees who are incapable of, or no longer, managing beneficiary funds.

**Response**

We agree.

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Baltimore, Maryland 21235

**FAX:** 410-597-0118

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