



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

*Evaluation Report*

Benefit Payments Managed by  
Representative Payees of Children in  
California's Foster Care Program

*A-13-13-23029 | August 2014*



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: August 14, 2014

Refer To:

To: Grace M. Kim  
Regional Commissioner  
San Francisco

From: Inspector General

Subject: Benefit Payments Managed by Representative Payees of Children in California's Foster Care Program (A-13-13-23029)

The attached final report presents the results of our audit. Our objective was to identify children in California's foster care program served by representative payees who may not have been suitable.

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 black ink, appearing to read 'Patrick P. O'Carroll, Jr.' with a stylized flourish at the end.

Patrick P. O'Carroll, Jr.

Attachment

# Benefit Payments Managed by Representative Payees of Children in California's Foster Care Program

## A-13-13-23029



August 2014

Office of Audit Report Summary

### Objective

To identify children in California's foster care program served by representative payees who may not have been suitable.

### Background

The Social Security Administration (SSA) selects representative payees for individuals who are not able to manage or direct the management of their finances because of their youth or mental and/or physical impairment. According to SSA, foster care agencies have traditionally been among its most dependable payees. State foster care agencies may not always know whether the child is receiving SSA payments. States can use SSA's State Verification and Exchange System (SVES) to determine whether the child is receiving Social Security payments.

The California Department of Social Services (CDSS) supervises the foster care program throughout the State. However, county agencies administer the program.

We performed a computerized comparison of foster care data with SSA's beneficiary records to identify children served by representative payees who were not the county agency or foster care parents.

### Our Findings

The State of California reported that, while it used SVES to validate Social Security numbers, it did not use the system to determine whether children were receiving Social Security payments.

Of the 50 children in our sample, SSA concluded that 30 had unsuitable representative payees, 17 had suitable payees, and 3 did not have completed assessments. However, in one case, the payee became the child's foster care parent after our review began and an assessment was not necessary. Of the 30 children who had unsuitable payees, SSA determined 15 payees misused about \$87,000 in Social Security payments. For 11 children, the Agency planned to complete reviews to determine whether payees misused payments that belonged to the children. SSA concluded there were four children with unsuitable payees who did not misuse payments.

Based on our sample results, we estimate unsuitable payees served 359 children. Of these, we estimate representative payees misused about \$1 million in benefit payments for 180 children. If the Agency does not identify and replace the unsuitable payees, we estimate the unsuitable representative payees will misuse an additional \$552,000 during the next 12 months.

### Our Recommendations

1. Advise CDSS to expand its use of SVES to include verifying whether a child is receiving SSA payments.
2. Complete suitability assessments of payees serving 2 children; complete misuse assessments of unsuitable payees serving 11 children; and appoint a new payee for 1 child whose representative payee committed misuse and continues to serve as the child's payee.
3. Conduct suitability assessments for the representative payees associated with the remaining 288 children in current pay status as of January 3, 2014 with payees who were not a county agency or the foster care parent(s).

SSA agreed with our recommendations.

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## **ABBREVIATIONS**

|        |   |
|--------|---|
| CDSS   | California Department of Social Services    |
| CWS    | Child Welfare Services                      |
| OASDI  | Old-Age, Survivors and Disability Insurance |
| OI     | Office of Investigations                    |
| OIG    | Office of the Inspector General             |
| POMS   | Program Operations Manual System            |
| SSA    | Social Security Administration              |
| SSI    | Supplemental Security Income                |
| SVES   | State Verification and Exchange System      |
| U.S.C. | United States Code                          |

## OBJECTIVE

The objective of our review was to identify children in California’s foster care program served by representative payees who may not have been suitable.

## BACKGROUND

Some beneficiaries are not able to manage or direct the management of their finances because of their youth or mental and/or physical impairment. For these beneficiaries, Congress provided for payment through a representative payee who receives and manages payments on the beneficiary’s behalf.<sup>1</sup> A representative payee may be an individual or an organization. The Social Security Administration (SSA) selects representative payees for Old-Age, Survivors and Disability Insurance (OASDI)<sup>2</sup> and Supplemental Security Income (SSI)<sup>3</sup> beneficiaries<sup>4</sup> when payments to a representative payee would serve the individual’s interests.

According to SSA policy,<sup>5</sup> cases involving children in foster care are among the most sensitive. It is essential that SSA protect the rights of children and their Social Security payments. Therefore, it is important that SSA follow its requirements to ensure children in foster care have the appropriate representative payee.

SSA policy<sup>6</sup> states, “Foster care agencies have traditionally been among SSA’s most dependable payees; however, their appointment as rep [representative] payee is not automatic . . . when a child is removed from parental custody and the court places the child in the custody of a foster care agency, the agency has legal custody of the child . . .” Sometimes, the foster care agency is also the child’s legal guardian. SSA policy<sup>7</sup> states that a child’s legal guardian has a higher standing on the payee preference list than an agency that has a custodial relationship.

SSA may not always be aware a child is in foster care. The Agency relies on a payee to report changes pertaining to beneficiaries served. SSA policy<sup>8</sup> states that payee responsibilities include reporting address and custody changes. If the payee does not report when children leave their care, SSA may not know that a child is now being served by a foster care program.

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

<sup>2</sup> The OASDI program provides retirement and disability benefits to qualified individuals and their dependents as well as to survivors of insured workers. *Social Security Act* § 201 *et seq.*, 42 U.S.C. § 401 *et seq.*

<sup>3</sup> The SSI program provides payments to individuals who have limited income and resources and who are age 65 or older, blind, or disabled. *Social Security Act* § 1601 *et seq.*, 42 U.S.C. § 1381 *et seq.*

<sup>4</sup> We use the term “beneficiaries” generically in this report to refer to both OASDI beneficiaries and SSI recipients.

<sup>5</sup> SSA, POMS, GN 00502.159 A. (June 25, 2007).

<sup>6</sup> SSA, POMS, GN 00502.159 A. and B.2. (June 25, 2007).

<sup>7</sup> SSA, POMS, GN 00502.105 B. (August 2, 2011).

<sup>8</sup> SSA, POMS, GN 00502.114 A. (February 27, 2014).

The California Department of Social Services (CDSS) supervises the Child Welfare Services (CWS) system and foster care program throughout the State. However, county agencies actually administer the CWS system and foster care program. The CWS system is an array of programs and services, such as foster care, designed to protect neglected and abused children. Foster care is the 24-hour, out-of-home care provided to children who need substitute parenting because their own families are unable or unwilling to care for them. After the State removes children from their parents' care, it is responsible for providing for the children's safety and well-being.

The State foster care agency may not always know whether a child is receiving Social Security payments. Therefore, States can use SSA's State Verification and Exchange System (SVES) to determine whether the child is receiving Social Security payments.<sup>9</sup> If the child is receiving payments, the State foster care agency can apply to SSA to become the child's representative payee. However, SSA determines who is best suited to be the child's representative payee. We requested information from CDSS to determine whether it used SVES. According to a CDSS official, its use of SVES was limited to Social Security number validation. The State agency did not use SVES to determine whether children were receiving Social Security payments.

In December 2012, we performed a computerized comparison of October 2012 foster care data provided by CDSS with SSA's beneficiary records. This comparison identified 4,397 children who were being served by representative payees in California's foster care program. See Table 1 for details.

**Table 1: Representative Payees of Children in California's Foster Care Program**

| Type of SSA Payment Received | Payee is County Agency | Payee is Foster Care Parent | Payee is Neither Agency nor Parent <sup>10</sup> | Total Children |
|------------------------------|------------------------|-----------------------------|--|----------------|
| OASDI                        | 1,563                  | 631                         | 473  | 2,667          |
| SSI                          | 945                    | 412                         | 220  | 1,577          |
| OASDI and SSI                | 109                    | 35                          | 9  | 153            |
| <b>Totals</b>                | <b>2,617</b>           | <b>1,078</b>                | <b>702</b>                                       | <b>4,397</b>   |

We identified 702 children who were being served by representative payees who were not the county agency or foster care parents. We believe these children's payments were at a higher risk of misuse since these payees may not have had contact with the children. The payees included such individuals as the children's mothers, fathers, and relatives as well as others who received and managed about \$4.4 million in payments, annually.

<sup>9</sup> SSA's SVES provides authorized State partners with a standardized method to verify Social Security numbers and OASDI and SSI benefit information.

<sup>10</sup> When the payee was neither a county agency nor a foster care parent, but the child's address matched that of an agency or foster care parent, we included the children in one of the other two categories.

Of the 702 children, we found 599 received \$100 or more a month in Social Security payments. We randomly selected 50 of the 599 children for review. For these 50 children, we requested SSA perform suitability assessments to determine whether the children had appropriate representative payees. Since these children had payees who were neither the foster care agency nor the foster care parent, we were concerned they may not have had suitable payees to manage their Social Security payments. See Appendix A for our scope and methodology and Appendix B for our sampling methodology.

## RESULTS OF REVIEW

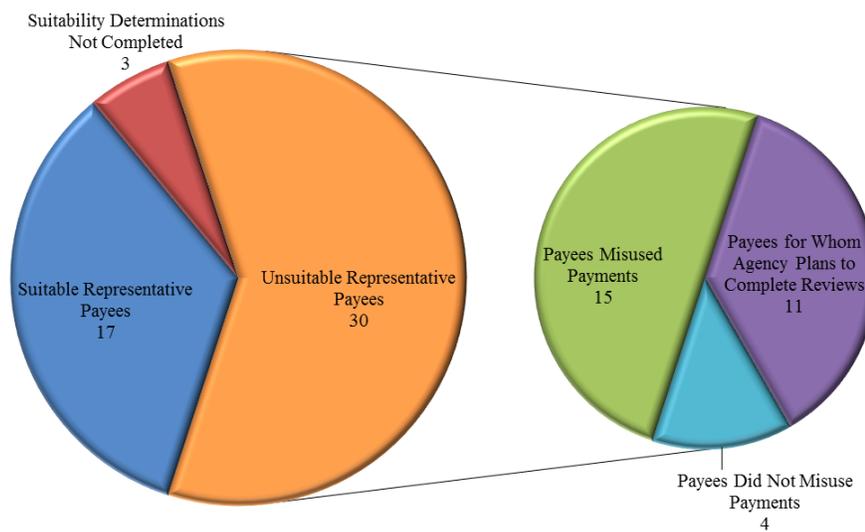
The payees serving the children in our sample were not county agencies or foster care parents. Generally, the payees did not report to SSA that the children had been placed in foster care. Of the 50 children in our sample, SSA concluded that 30 had unsuitable<sup>11</sup> representative payees, and 17 had suitable payees. As of March 2014, the Agency had not determined whether payees serving two children were suitable. However, according to SSA's records, as of July 17, 2014, one child's benefits were terminated. The second child was in current pay and the payee had not been changed. The remaining child's representative payee became the child's foster care parent after our review began. Thus, an assessment was not necessary (see Figure 1).

Of the 30 children with unsuitable payees, SSA determined 15 payees misused about \$87,000 in Social Security payments. For 11 children, the Agency plans to complete reviews to determine whether the unsuitable representative payees misused payments belonging to the children. SSA concluded that representative payees for four children were unsuitable, but they did not misuse payments.

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<sup>11</sup> The Agency assesses the payee's suitability based on whether payments are used properly and whether the payee continues to be the best choice.

**Figure 1: Results of Review**



Based on the results of SSA’s assessments, we estimate unsuitable payees served 359 children in California’s foster care program. Of these, we estimate unsuitable representative payees misused about \$1 million in payments for 180 children. If the Agency does not identify and replace the unsuitable payees who misused Social Security payments, we estimate the representative payees will misuse an additional \$552,000 during the next 12 months.

## SSA’s Suitability Assessments

Of the 50 children in our sample, SSA performed suitability assessments of the representative payees and determined the payees for 30 were unsuitable while payees for 17 were suitable. Of the 47 payees SSA assessed, payees did not report 39 children’s placement in foster care. SSA did not complete suitability assessments for three children’s payees. One child relocated to Dallas, Texas, where the payee resided—outside the region where SSA was conducting the assessments. The other child beneficiary initially resided in the Seattle Region, but moved to the San Francisco Region. We subsequently requested the Agency complete a suitability assessment for both of these children’s payees. As of March 21, 2014, SSA had not completed those assessments. According to SSA’s records, as of July 17, 2014, one child’s benefits were terminated. The second child was in current pay and the payee had not been changed. The remaining child’s representative payee became the child’s foster care parent after our review began. Thus, it was not necessary for SSA to complete a suitability assessment for this payee.

## Unsuitable Representative Payees

Of the 30 children served by unsuitable payees, SSA determined 15 had misused about \$87,000 in Social Security payments. SSA referred these 15 cases to our Office of Investigations (OI) according to SSA’s Electronic Representative Payee System. OI closed 12 cases and referred the cases to SSA for it to take any action it deemed appropriate. For example, a payee claimed they had custody of a child. Additionally, the payee indicated that the child was only

out of her custody for 1 month during the prior year. However, a group home stated the child resided there for 9 months before she relocated to another group home. During this time, the group home did not receive any benefits from the child's payee. After further review, SSA determined the payee misused \$15,045 of the child's benefits from September 2011 to July 2013. SSA suspended the child's benefits until it can appoint a new payee. OI referred the case to the Agency for it to take any action it deems appropriate. Of the remaining three, no SSA violation was determined for one case. SSA changed the beneficiary's payee. OI continues its investigation for the remaining two cases. These two cases (numbers 7 and 8 in Table 2) relate to siblings assigned the same representative payee, their mother. As of August 2014, our investigators continue to try to locate the mother. We will refer the results of our investigation for prosecution or to SSA for administrative action as deemed appropriate. See Table 2 for more details about the payees SSA determined misused children's Social Security payments.

**Table 2: Representative Payees Misused Payments**

| <b>Child Beneficiaries</b> | <b>Payment Misuse Period</b>         | <b>Misuse Amount<sup>12</sup></b> |
|----------------------------|--------------------------------------|-----------------------------------|
| 1                          | September 1, 2011 - July 1, 2013     | \$15,045                          |
| 2                          | September 16, 2011 - August 6, 2013  | \$12,523                          |
| 3                          | September 1, 2012 - July 30, 2013    | \$9,233                           |
| 4                          | February 8, 2012 - June 21, 2013     | \$7,318                           |
| 5                          | October 1, 2012 - April 30, 2013     | \$5,376                           |
| 6                          | October 1, 2012 - July 1, 2013       | \$4,875                           |
| 7                          | October 7, 2011 - June 30, 2013      | \$4,595                           |
| 8                          | October 7, 2011 - June 30, 2013      | \$4,595                           |
| 9                          | October 1, 2011 - September 30, 2012 | \$4,368                           |
| 10                         | February 1, 2010 - July 30, 2010     | \$3,898                           |
| 11                         | December 1, 2011 - June 30, 2013     | \$3,669                           |
| 12                         | August 3, 2012 - October 3, 2013     | \$3,388                           |
| 13                         | May 24, 2012 - April 12, 2013        | \$3,243                           |
| 14                         | January 1, 2012 - June 30, 2012      | \$3,012                           |
| 15                         | August 7, 2012 - June 30, 2013       | \$1,398                           |
| <b>Total Misuse</b>        |                                      | <b>\$86,536</b>                   |

<sup>12</sup> When the misuse amount and/or period was not confirmed in SSA's misuse determination, we used the suspected misuse amount and/or period found in the Electronic Representative Payee System.

Of the 15 children whose payments were misused, SSA:

- stopped payments for 3,
- suspended payments for 2 while locating a new payee,
- changed payees for 9, and
- did not change the payee for 1.

The Agency reports it did not change the payee for one child because the payee gave all funds to the child. This payee acted as a conduit payee. As of July 17, 2014, the Agency had not changed the child's payee. SSA policy states a conduit payee is one who turns over the full amount of benefits to the beneficiary or to another person without giving any direction or instruction about how to use the funds.<sup>13</sup> If SSA develops the child's capability to manage their own benefits, the Agency may determine the child no longer needs a payee.

For four children with unsuitable payees, SSA determined no misuse occurred. SSA reported one child's mother lost custody but continued visiting the child and using benefits for the child's needs. This information was based on statements provided by the child's foster mother and social worker. SSA concluded no misuse occurred. For the second child, the county agency assigned the child's aunt as legal guardian. The San Francisco Region reported the representative payee provided the child's payments to the legal guardian for shelter, food, and school expenses. In the third instance, the child was unwilling to cooperate with the review, and the Region could not contact the payee. Therefore, the Region could not provide substantial evidence that misuse occurred. Again, SSA concluded no misuse occurred. In the final instance, the foster parent stated the payee was providing funds for the child's board, care, and needs. However, the payee was recovering from drug and alcohol abuse and did not have custody of the child. Thus, the Region determined the payee was unsuitable but did not misuse funds. The Agency changed the payees serving three children. SSA terminated the fourth child's benefits.

Regarding the remaining 11 children with unsuitable payees, SSA did not complete misuse determinations of whether misuse occurred. In May 2013, we requested the Agency complete suitability assessments of payees serving certain children. However, as of July 16, 2014, SSA records did not indicate the Agency had determined whether these unsuitable payees had misused payments. As of July 17, 2014, for the 11 children without completed misuse determinations, 7 children were in current pay and SSA had terminated payments for 1 and suspended benefits for 3. Additionally, SSA changed the payee for 9 of the 11 children.

## Suitable Representative Payees

SSA determined that 17 of the 50 children had suitable representative payees. We reviewed information and documentation SSA provided to support its assessments of the payees serving

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<sup>13</sup> SSA, POMS, GN 00605.066 B.2. (November 9, 2001).

the 17 children. SSA provided a document it developed to assess the suitability of the children's representative payees as well as determine whether any misuse occurred. We found this information sufficient and reliable.

For example, information provided by the Agency indicated a child resided in a group home from May to November 2012. The mother subsequently regained custody of the child. However, neither the child's mother nor the group home reported the change in custody to CDSS or SSA. According to the mother, she provided for the child's clothing and personal needs while the child was out of her custody. The child's probation officer confirmed that the mother met the child's needs and occasionally took the child home for the weekend. SSA determined the payee was suitable and no misuse of Social Security payments occurred.

## CONCLUSIONS

Our comparison of data from CDSS with SSA's records identified 702 children with representative payees who managed their Social Security payments, but those representative payees were not a foster care agency or foster care parent. A CDSS official reported it did not use SVES to determine whether children were receiving Social Security payments. As a result, we believe CDSS was not always aware that a child in its foster care program was receiving Social Security payments. SSA's SVES allows States to determine whether a child is receiving payments. With this information, the CDSS can determine whether it should apply to be a child's representative payee.

We identified 599 children who were also receiving at least \$100 in monthly Social Security payments and selected 50 children to review. SSA conducted representative payee suitability assessments for 47 of the 50 children we selected. Of the 47, payees did not self-report 39 children's placement in foster care. As of March 21, 2014, SSA did not determine whether payees serving two children were suitable. However, according to SSA's records, as of July 17, 2014, one child's benefits were terminated. The second child was in current pay and the payee had not been changed. The remaining child's representative payee became the child's foster care parent subsequent to our review beginning. Thus, it was not necessary for SSA to complete a suitability assessment for this payee.

Of the 47 suitability assessments SSA performed, SSA determined representative payees for 30 children were unsuitable. Of those 30 children, SSA determined the payees serving 15 children misused about \$87,000. As of July 16, 2014, SSA records did not indicate the Agency had determined whether the 11 children's unsuitable payees misused payments.

Based on our sample results, we estimate unsuitable representative payees served 359 children in the California State foster care program. Of these, we estimate unsuitable payees misused about \$1 million in benefit payments for 180 children. If the Agency does not identify and replace the unsuitable payees who misused Social Security payments, we estimate the payees will misuse an additional \$552,000 during the next 12 months.

Of the 599, we reviewed the remaining children to determine how many did not have a county agency or foster care parent payee as of January 3, 2014. Further, we determined how many children were still in current pay status or were receiving their benefits directly. Our review

determined 288 children had a representative payee other than a county agency or foster care parent and were in current pay status.

## **RECOMMENDATIONS**

We recommend SSA:

1. Advise CDSS to expand its use of SVES to include verifying whether a child is receiving SSA payments.
2. Complete suitability assessments of payees serving 2 children; complete misuse assessments of unsuitable payees serving 11 children; and appoint a new payee for 1 child whose representative payee committed misuse and continues to serve as the child's payee.
3. Conduct suitability assessments for the representative payees associated with the remaining 288 children in current pay status as of January 3, 2014 with payees who were not a county agency or the foster care parent(s).

## **AGENCY COMMENTS**

SSA agreed with our recommendations. The Agency's comments are included in Appendix C.

# *APPENDICES*

## Appendix A – SCOPE AND METHODOLOGY

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To accomplish our objective, we:

- Reviewed applicable Federal laws and regulations and the Social Security Administration’s (SSA) policies and procedures.
- Identified and reviewed prior relevant audits.
- Held discussions with SSA staff and State of California Department of Social Services (CDSS) staff.
- Obtained from CDSS an electronic data extract of children in California’s foster care program as of October 12, 2012.
- Used SSA’s Enumeration Verification System to validate the Social Security numbers for CDSS’ foster care data.
- Performed a computerized comparison in December 2012 of the foster care data provided by CDSS with SSA’s Master Beneficiary and Supplemental Security Records to determine the
  - number of children in California State’s foster care program receiving Old-Age, Survivors and Disability Insurance (OASDI)<sup>1</sup> and/or Supplemental Security Income (SSI)<sup>2</sup> payments managed by representative payees and
  - number of children where the representative payee was someone other than the county agency or foster care parent.
- Based on this comparison of SSA and CDSS data, we identified 4,397 children in California’s foster care program receiving OASDI and/or SSI payments managed by representative payees.
  - Identified 702 children where the representative payee was someone other than a county agency or the child’s foster care parent.
  - Identified 599 of these 702 children who were receiving at least \$100 in monthly Social Security payments.

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<sup>1</sup> The OASDI program provides benefits to qualified, retirement-eligible and disabled workers and their dependents, as well as to survivors of insured workers (*Social Security Act* § 201 et seq., 42 U.S.C. § 401 et seq.).

<sup>2</sup> The SSI program provides payments to individuals who have limited income and resources; and who are age 65 or older, blind, or disabled (*Social Security Act* § 1601 et seq., 42 U.S.C. § 1381 et seq.).

- Randomly selected 50 children for review. After continuously reviewing and replacing children who (a) were no longer in foster care; (b) had their payee changed to a county agency or foster care parent; or (c) had their payments suspended, an additional 36 children were selected. We requested the Agency complete suitability determinations for 50 children's payees.
- Requested information from SSA regarding the suitability assessments it completed and the basis for those determinations.
- Reviewed such documents as the Master Beneficiary Record; the Supplemental Security Record; Electronic Representative Payee System notes; and Representative Payee System notes that supported the Agency's decision on the suitability assessments of the representative payees. In addition, we considered the Agency's detailed explanations about its payee assessments.

We performed our review at SSA's Headquarters in Baltimore, Maryland, from March 2013 to July 2014. We tested the data obtained for our review and determined it to be sufficiently reliable to meet our objective. We conducted our review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

## Appendix B – SAMPLING METHODOLOGY

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We obtained from the California Department of Social Services (CDSS) a file containing children in California’s foster care program as of October 12, 2012. In December 2012, we conducted a computerized comparison of CDSS foster care data with the Social Security Administration’s (SSA) Master Beneficiary and Supplemental Security Records. This comparison identified 4,397 children with representative payees in California’s foster care program who were receiving Social Security payments. Of these children, we determined that 702 had representative payees who were not a county agency or the foster care parent. Of the 702, we identified 599 who were receiving at least \$100 or more in monthly Social Security payments. We focused our fieldwork on children with greater amounts of payments at risk.

From this population of 599 children, we randomly selected children for review. We initially selected 50 children to review. We continuously updated the children in our sample by replacing those who (a) were no longer in foster care; (b) had their payee changed to a county agency or foster care parent; or (c) had their payments suspended. Consequently, of the 86 children selected, 50 were included in our review.

The following tables provide details of our sample results, statistical projections, and estimates. Of the 50 children in our sample, SSA determined 30 to be unsuitable. Projecting these results to our sampling frame of 599 children, we estimate unsuitable payees served 359 children.

**Table B–1: Number of Children with Unsuitable Payees**

| Projections                               | Number of Children |
|---|--------------------|
| Number of Children with Unsuitable Payees | 30                 |
| Point Estimate                            | 359                |
| Projection Lower Limit                    | 287                |
| Projection Upper Limit                    | 426                |

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

Of the 30 unsuitable payees, SSA determined 15 misused payments totaling approximately \$87,000. Projecting these results to our sampling frame of 599 children, we estimate unsuitable payees misused \$1 million in benefits for 180 children.

**Table B–2: Number of Children with Payment Misuse**

| Projections                         | Number of Children |
|-------------------------------------|--------------------|
| Number of Cases with Payment Misuse | 15                 |
| Point Estimate                      | 180                |
| Projection Lower Limit              | 120                |
| Projection Upper Limit              | 250                |

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

**Table B-3: Amount of Payment Misuse**

| Projections              | Amount of Misuse |
|--------------------------|------------------|
| Amount of Payment Misuse | \$86,536         |
| Point Estimate           | \$1,036,701      |
| Projection Lower Limit   | \$582,060        |
| Projection Upper Limit   | \$1,491,343      |

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

SSA determined 15 representative payees had misused benefit payments. If the Agency does not identify and replace these unsuitable payees, additional Social Security payments may be misused. To project these results, we reviewed each of the 15 cases of misuse to determine whether the children's payments would have continued had we not alerted the Agency. We determined that nine children would have had an additional \$46,084 paid over a 12-month span after their misuse period. Projecting these results to our sampling frame of 599 children, we estimate payees may misuse an additional \$552,000 of benefits over the next 12 months.

**Table B-4: Additional Payments Misused (for a 12-Month Period)  
if SSA Does Not Take Action**

| Projections                                       | Amount of Misuse |
|---|------------------|
| Amount of Future Payment Misuse (12-month period) | \$46,084         |
| Point Estimate                                    | \$552,086        |
| Projection Lower Limit                            | \$ 254,371       |
| Projection Upper Limit                            | \$ 849,802       |

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

## Appendix C – AGENCY COMMENTS

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July 02, 2014

**Subject:** OIG Review of Benefit Payments Managed by Representative Payees of Children in California's Foster Care Program - San Francisco Response

Thank you for the opportunity to comment on the draft report “Benefit Payments Managed by Representative Payees of Children in California’s Foster Care Program.” We appreciate your staff’s efforts in this review. We found the review and findings helpful, particularly the specific information about the foster children OIG obtained from California Department of Social Services (CDSS). While our Field Offices have good working relationships with the local foster care agencies, we are not always informed when a minor beneficiary becomes a foster child. This information was helpful to identify situations when the current payee may no longer be the most suitable payee.

The following are our specific comments on the three OIG recommendations:

1. Advise CDSS to expand its use of SVES (State Verification and Exchange System) to include verifying whether a child is receiving SSA payments.

SSA Comment: We agree with this recommendation.

The San Francisco Region will continue working with CDSS and encourage CDSS to use SVES to identify children who receive SSA benefits. This information will be helpful for CDSS and local foster care agencies to make correct foster care eligibility determinations. We understand that most determinations of Federal foster care eligibility are predicated on whether the child met or would have met Temporary Assistance to Needy Families (TANF) eligibility requirements prior to foster care. Section 1137 of the act requires states’ to use the income and eligibility data available (SVES for SSA-held data) in establishing or verifying eligibility or benefit amounts for TANF (Title IV). The Administration of Children and Families (ACF) would likely need to require Foster Care Agencies to use SSA data for foster care eligibility determinations.

In addition to CDSS using SVES, we will also encourage CDSS to have local foster care agencies contact the corresponding field offices in situations where the foster care agency identifies a child who receives benefits and enters foster care. This will allow SSA to properly evaluate the current payee's suitability in a timely manner and limit the likelihood of the payee misusing the child's benefits.

2. Complete suitability assessments of payees serving 2 children; complete misuse assessments of unsuitable payees serving 12 children; and appoint a new payee for 1 child whose representative payee committed misuse and continues to serve as the child’s payee.

SSA Comment: We agree with this recommendation.

We will continue to address any potential misuse and payee suitability with these cases. As needed, we will take the necessary steps to select the most suitable payee for the child. We will also continue our development for potential misuse and make the appropriate determinations.

3. Conduct suitability assessments for the representative payees associated with the remaining 288 children in current pay status as of January 3, 2014 with payees who were not a county agency or the foster care parent.

SSA Comment: We agree with this recommendation. We look forward to receiving the information about the 288 children and reviewing the children's circumstances to ensure the children have the most suitable payee. As needed, we will address any situations of misuse.

Grace M. Kim  
Regional Commissioner  
Social Security Administration  
Region IX – San Francisco

## **Appendix D – MAJOR CONTRIBUTORS**

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