

The Social Security Administration's Processing of Misuse Allegations of Individual Representative Payees

A-13-18-50712



June 2021

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) complied with its policies and procedures for allegations of misuse by individual representative payees (payee) who served 14 or fewer beneficiaries. Specifically, we examined SSA's negligence determinations and whether it reimbursed beneficiaries and obtained restitution of misused funds from payees.

Background

According to SSA policy, misuse of benefits occurs when a payee does not use the benefits for the beneficiary's use and benefit or save unused benefits for the beneficiary's future needs. To protect the beneficiary's interests, SSA employees must obtain and review information relevant to all allegations of misuse.

When the misuser is an individual payee serving 14 or fewer beneficiaries at the time of the misuse, the *Social Security Act* requires that SSA re-issue the misused benefits for payment to the beneficiary or a new payee only if the Agency determines it was negligent.

We reviewed 62 beneficiaries. This comprised a sample of 50 beneficiaries who had 1 instance of misuse and 12 beneficiaries who had 2 instances of misuse.

Findings

SSA complied with its policies and procedures when it made negligence determinations for most of the beneficiaries we reviewed. However, we identified SSA negligence determinations that (1) did not have adequate support and (2) were not appropriately reviewed and approved. We also found SSA staff did not always comply with applicable policies and procedures when they (1) collected restitution from misuser payees and (2) reimbursed beneficiaries after the Agency received remittances from misuser payees.

Of the 62 beneficiaries in our sample, 48 had payees who did not pay restitution, and approximately \$211,565 remains uncollected. Further, SSA did not reimburse 11 beneficiaries for the full amount of the remittances it collected from the payee who misused the funds. The non-compliance we identified generally involved manual actions Agency employees are required to take.

We estimate the Agency did not collect approximately \$2 million in misused funds for 488 beneficiaries because it did not use all available collection tools to obtain restitution from payees. Additionally, we estimate SSA did not reimburse 175 beneficiaries approximately \$125,000 in misused funds it collected from payees.

We found SSA did not complete corrective actions for some payees on three of five recommendations in a related 2012 report. This could result in misuser payees not returning restitution and beneficiaries not receiving the misused funds due them.

Recommendations

We made eight recommendations related to negligence determinations, restitution, reimbursements, and incomplete actions from a prior audit.

SSA agreed with our recommendations.