

Accounting for Large Underpayments Released to Organizational Representative Payees

A-02-15-13056



May 2016

Office of Audit Report Summary

Objective

To determine whether organizational representative payees (1) had effective controls over the receipt and disbursement of large Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) underpayments and (2) managed the payments in accordance with the Social Security Administration's (SSA) policies and procedures.

Background

Congress granted SSA the authority to appoint representative payees for those beneficiaries who are incapable of managing or directing the management of their benefit payments. A representative payee may be an individual or an organization. Representative payees receive and manage payments on behalf of these beneficiaries.

An underpayment is any amount SSA owes a person that it has not yet paid. Underpayments usually result from unpaid benefits that have accumulated or checks that have not been cashed.

We reviewed 23 organizational representative payees that received an OASDI or SSI underpayment of \$10,000 or more from January 2013 through January 2015 on behalf of at least 1 beneficiary under their care.

Findings

While the 23 organizational representative payees generally had effective controls over the receipt of large OASDI and SSI underpayments, 9 did not have effective controls over the disbursement for underpayments received. Specifically, the nine organizational representative payees did not maintain receipts that supported expenditures made on behalf of the beneficiaries they represented. In addition, six of these nine organizational representative payees, and an additional two organizational representative payees, did not always manage the underpayments in accordance with SSA's policies and procedures. Specifically, the organizational representative payees did not

- use underpayments only on the beneficiaries' behalves;
- monitor SSI recipients' resources; or
- invest conserved funds in interest-bearing accounts.

Lastly, some of the organizational representative payees acted as conduit payees, passing the underpayment funds directly to the beneficiaries.

Recommendations

We made five recommendations, advising SSA to review the organizational representative payees we identified that did not properly manage the funds they received on behalf of the beneficiaries they represented.

SSA agreed with our recommendations.