

Chicago Region Large Volume Individual Representative Payee for the Social Security Administration

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May 2014

Office of Audit Report Summary

Objectives

To determine whether the (1) representative payee had effective safeguards over the receipt and disbursement of Social Security benefit payments and (2) Social Security benefit payments were used and accounted for in accordance with Social Security Administration (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.

A representative payee may also act as an individual's guardian, conservator, or both. A guardian has the power and responsibility to make certain decisions about the individual's care. A court must appoint a payee as guardian or conservator. A guardian or conservator may charge fees for their services.

The representative payee under review is an individual volume payee who served 165 beneficiaries. The representative payee was the court-appointed guardian and/or conservator for 106 beneficiaries she served.

Our Findings

The representative payee did not always adhere to SSA policies and procedures when handling the Social Security benefits she received on behalf of the beneficiaries in her care. We also found the payee did not use proper accounting practices, such as maintaining adequate supporting documentation for expenses paid to family members for services provided and purchases made on behalf of the beneficiaries. In addition, we noted the payee collected guardianship fees from both the beneficiaries and a county court. We also have concerns about the payee's financial stability for maintaining the payee practice.

Our Recommendations

We recommend SSA:

1. Refrain from placing additional beneficiaries with this representative payee until a thorough review of the payee's accounting and reporting practices is performed.
2. Instruct the representative payee on the proper handling of benefit payments in accordance with SSA's policies.
3. Determine whether a new payee should be appointed or the beneficiaries no longer need a payee in the noted cases of the payee acting as conduit.
4. Determine whether the payee is charging fees for guardian and conservator services in accordance with SSA's policy. If SSA determines these fees are inconsistent, it should ensure the payee reimburses the beneficiary.
5. Review the payee's financial stability to determine whether the payee can continue providing representative services to the high volume of beneficiaries.
6. Develop procedures to require that high volume individual representative payees have bond coverage and financial credit risk reviews.

SSA agreed with all of our recommendations.