

# Report Summary

Social Security Administration Office of the Inspector General

June 2012



## Objective

To determine whether children in foster care programs in the Social Security Administration's (SSA) Chicago Region had appropriate representative payees. Specifically, we reviewed payees of children in the State of Michigan Department of Human Services (MDHS) and the State of Indiana Department of Child Services' (IDCS) foster care programs.

## Background

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

To view the full report, visit <http://oig.ssa.gov/audits-and-investigations/audit-reports/A-04-11-11146>

## *Benefit Payments Managed by Representative Payees of Children in Foster Care in the Social Security Administration's Chicago Region* (A-13-11-21105)

### Our Findings

Our comparison of data from MDHS and IDCS with SSA's records identified 192 children in Michigan and 505 children in Indiana served by representative payees who were not the foster care agency or the foster care parent. We randomly selected 50 children from each State to determine whether they had suitable payees. The Agency reported 17 of the 50 children in Michigan and 24 of the 50 children in Indiana had suitable representative payees. For the remaining 33 children in Michigan, SSA determined (a) 31 were being served by unsuitable payees—19 of whom had misused children's benefits, 7 did not have misuse determinations completed, and 5 did not misuse benefits; and (b) 2 had suitable payees, but SSA changed the payees in accordance with Agency policy. For the remaining 26 children in Indiana, the Agency determined (a) 24 were being served by unsuitable payees—16 of whom had misused the children's benefits and (b) 2 had suitable payees, but SSA changed the payees in accordance with Agency policy. We estimated about \$954,000 in benefits were misused and \$1,073,000 may be misused during the next 12 months, if SSA does not identify and replace these payees.

### Our Recommendations

1. Partner with the State of Michigan to increase opportunities to share information, such as establishing an agreement to use SVES, and discuss with the State of Indiana the existing SVES agreement to maximize the potential to identify unsuitable representative payees and decrease instances of benefit payment misuse.
2. Conduct suitability assessments for the representative payees associated with the remaining 67 children in Michigan and 253 children in Indiana in pay status as of February 2012 with payees who were not the foster care agency or the foster care parents.
3. Consider (a) referring to the Office of the Inspector General for further review the four payees it could not locate; (b) making a formal misuse determination for the one payee that did not provide SSA with the requested information; and (c) contacting the two payees who SSA had not contacted to determine how benefits were used for the children while they were in foster care.

SSA agreed with our recommendations.