

Payments to Terminated or Non-selected Representative Payees

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) had adequate controls to ensure it did not make payments to representative payees it terminated or did not select.

Background

Some individuals cannot manage or direct the management of their benefits because of their youth or mental and/or physical impairments. Congress granted SSA the authority to appoint representative payees to receive and manage beneficiaries' payments. SSA selects representative payees for Title II and XVI beneficiaries when representative payments would serve the individual's interest.

SSA's Representative Payee System (RPS) is a nation-wide database of pending, selected, non-selected, and terminated representative payees. SSA uses RPS to take and process representative applications. When SSA selects a representative payee in RPS, it should automatically update the Master Beneficiary (MBR) and Supplemental Security Records (SSR) with information about the representative payee. If the representative payee information in RPS does not agree with the MBR/SSR, RPS produces an alert to resolve the discrepancy.

Findings

SSA needs to improve its controls to ensure it does not make payments to representative payees it terminated or did not select. Based on our random sample, we estimated that SSA paid terminated or non-selected representative payees approximately \$367 million in benefits payable to 13,539 beneficiaries. We also estimated that SSA improperly (1) terminated in RPS representative payees who were serving 14,809 beneficiaries and (2) did not select in RPS representative payees who were serving 29,194 beneficiaries.

This occurred because SSA did not (1) remove terminated or non-selected representative payees from the MBR/SSR or (2) correct representative payees' status in RPS from terminated or non-selected to selected. We also found that RPS did not always generate alerts when representative payee information in RPS did not agree with representative payee information on the MBR/SSR.

Recommendations

We recommend that SSA:

1. Take appropriate action for the payments made to the terminated or non-selected representative payees for the 31 beneficiaries identified by our audit.
2. Take appropriate actions for the improperly terminated and non-selected representative payees in RPS for the 104 beneficiaries identified by our audit.
3. Evaluate the results of its corrective action for the beneficiaries identified by our audit and determine the appropriate action it should take with the remaining population of beneficiaries who have active representative payees on the MBR/SSR that are terminated or not selected in RPS.
4. Improve controls to ensure it generates alerts whenever there is a discrepancy between representative payee information in RPS and the MBR/SSR.

SSA agreed with our recommendations.