

Children and Families of Iowa, a Fee-for-Service Representative Payee for the Social Security Administration

A-07-16-50055



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Office of Audit Report Summary

Objective

To determine whether Children and Families of Iowa (CFI) (1) had effective safeguards over the receipt and disbursement of Social Security benefits, (2) used and accounted for Social Security benefits in accordance with Social Security Administration (SSA) policies and procedures, and (3) adequately protected beneficiaries' personally identifiable information.

Background

Some individuals cannot manage or direct the management of their finances because of their youth or mental and/or physical impairments. Congress granted SSA the authority to appoint representative payees to receive and manage these beneficiaries' payments. Representative payees are responsible for managing benefits in the beneficiaries' best interests.

Findings

CFI adequately protected beneficiaries' personally identifiable information and had effective controls over the receipt of Social Security benefits. However, we found

- CFI did not have an adequate segregation of duties in its accounting process and did not maintain receipts to support all expenditures;
- CFI charged unallowable representative payee fees and served as a conduit payee for some beneficiaries; and
- CFI did not determine whether beneficiaries' living conditions were adequate.

Recommendations

We recommend SSA:

1. Ensure CFI establishes effective safeguards over the accounting process including a proper segregation of duties.
2. Instruct CFI to establish effective internal controls regarding adequate documentation to support the use of Social Security benefits in the beneficiaries' best interest.
3. Seek restitution from CFI for the \$201 in unallowable representative payee fees.
4. Determine whether CFI is the appropriate representative payee for those beneficiaries for whom it acted as a conduit payee.
5. Direct CFI to obtain sufficient information from beneficiaries to ascertain the adequacy of their living conditions.

SSA agreed with our recommendations.