

Concurrently Entitled Beneficiaries Receiving Representative Payee and Direct Payments

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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 direct payments to concurrently entitled beneficiaries who had a representative payee.

Background

Some individuals cannot manage or direct the management of their finances because of their youth or mental or physical impairments. Congress granted SSA the authority to appoint representative payees to receive and manage these beneficiaries' payments. A representative payee may be an individual or an organization. SSA policy states that it must select one representative payee for all benefits to which the beneficiary is entitled.

In prior audits, we found that SSA needed to improve its controls to prevent the direct payment of concurrent benefits to individuals who had a representative payee.

For our current review, we identified 16,533 records where, according to the Master Beneficiary (MBR) and Supplemental Security Records (SSR), concurrently entitled beneficiaries were receiving benefits both directly and through a representative payee as of July 2014.

Findings

SSA needs to improve controls to ensure it does not make direct payments to concurrently entitled beneficiaries who have a representative payee. Based on our random sample, we estimate 10,912 beneficiaries received approximately \$78 million in direct payments, and their representative payees received about \$137 million on their behalf.

Furthermore, we estimate SSA will pay \$91.1 million in benefits, annually, if it does not determine whether it should pay the 10,912 concurrently entitled beneficiaries directly or through a representative payee. This includes approximately \$36.8 million that SSA will pay directly to the beneficiaries.

Recommendations

We recommend that SSA:

1. Assess whether it should develop a systems alert to identify when discrepant payment information is on the MBR and SSR.
2. Conduct timely MBR and SSR matches to identify and correct discrepant payment information.

SSA agreed with our recommendations.