

# Beneficiaries Serving as Representative Payees Who Have a Representative Payee

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Office of Audit Report Summary

### Objective

To determine whether the Social Security Administration (SSA) had adequate controls to prevent the selection of representative payees who were incapable of managing their own benefits.

### Background

SSA selects representative payees when it would serve the beneficiaries' interests. Beneficiaries whom SSA has determined are incapable of managing their own benefits may not serve as a representative payee for other beneficiaries.

SSA's Representative Payee System (RPS) contains information about pending, selected, non-selected, and terminated representative payees. SSA employees must verify a representative payee applicant's Social Security number (SSN), record it on the Master Beneficiary (MBR) and Supplemental Security Records (SSR), and use it to establish an individual in RPS.

For our review, we identified from the MBR and SSR (1) 680 beneficiaries who had representative payees managing their benefits while serving as representative payees for others and (2) 1,230 beneficiaries whose representative payees' SSNs were the same as the beneficiaries. From each of these populations, we selected a random sample of 50 beneficiaries for review.

### Findings

SSA needs to improve its controls to prevent the selection of representative payees who are incapable of managing their own benefits. We also found SSA needs to ensure it records representative payees' correct SSNs on the MBR/SSR/RPS, and, when required, retain representative payee applications. Based on our random samples, we estimate that SSA paid

- \$6.3 million to 381 incapable beneficiaries who were serving as representative payees and
- \$53.6 million to representative payees who did not have a verified SSN, RPS record, or application supporting their selection as representative payees for 812 beneficiaries.

### Recommendations

We recommend that SSA:

1. Take appropriate action for the one incapable beneficiary serving as representative payee identified by our audit.
2. Take appropriate action to verify and correct the representative payees' SSNs, establish an RPS record, obtain a paper application, or correct the type of payee for 50 beneficiaries identified by our audit.
3. Evaluate the results of its corrective action for the sampled beneficiaries and take appropriate action to address the remaining populations of beneficiaries identified by our audit.
4. Determine whether it should develop additional systems controls to prevent incapable beneficiaries from serving as representative payees and to ensure it accurately records representative payees' SSNs on the MBR/SSR/RPS.

SSA agreed with our recommendations.