

Disabled Beneficiaries Receiving Direct Payments Who Previously Had 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 ensure it made capability determinations for disabled beneficiaries who previously had a representative payee.

Background

SSA appoints representative payees to receive and manage the payments of those beneficiaries who cannot manage or direct the management of their own benefits because of their youth or mental and/or physical impairments.

When SSA learns a beneficiary has a mental or physical impairment that may prevent him/her from managing or directing the management of benefits, it must make a capability determination as to whether representative or direct payment is in the beneficiary's best interest.

If SSA employees subsequently determine a beneficiary does not need a representative payee, they must document their capability determination in the Electronic Representative Payee System (eRPS).

For our review, we identified 99,658 disabled beneficiaries who had a mental impairment, previously had a representative payee, and were receiving benefits directly as of July 2015.

Findings

SSA needs to improve controls to ensure it makes and documents capability determinations for disabled beneficiaries who previously had a representative payee. Based on our random sample, we estimate that, for 44,348 disabled beneficiaries who previously had a representative payee, there was no evidence of SSA's capability determination of whether the beneficiaries were capable of managing or directing the management of their benefits. If SSA determined these beneficiaries were incapable, it should not have paid the estimated \$2.8 billion in direct payments it paid to these beneficiaries. Conversely, if SSA found they were capable and it simply did not document its capability determinations, the payments to these beneficiaries would have been proper.

This occurred because SSA employees (1) did not make capability determinations or (2) made capability determinations but did not document those determinations in eRPS. In addition, there were no controls to ensure SSA employees had documented their capability determinations.

Recommendations

We recommend that SSA:

1. Take appropriate action to obtain evidence of capability and make capability determinations for the 76 beneficiaries identified by our audit.
2. Evaluate the results of its corrective action for the sample of beneficiaries and, if a substantial number are incapable of managing or directing the management of their benefits, determine the appropriate action it should take for the remaining population of 99,458 beneficiaries.
3. Improve controls to ensure SSA employees document their capability determinations.

SSA agreed with our recommendations.