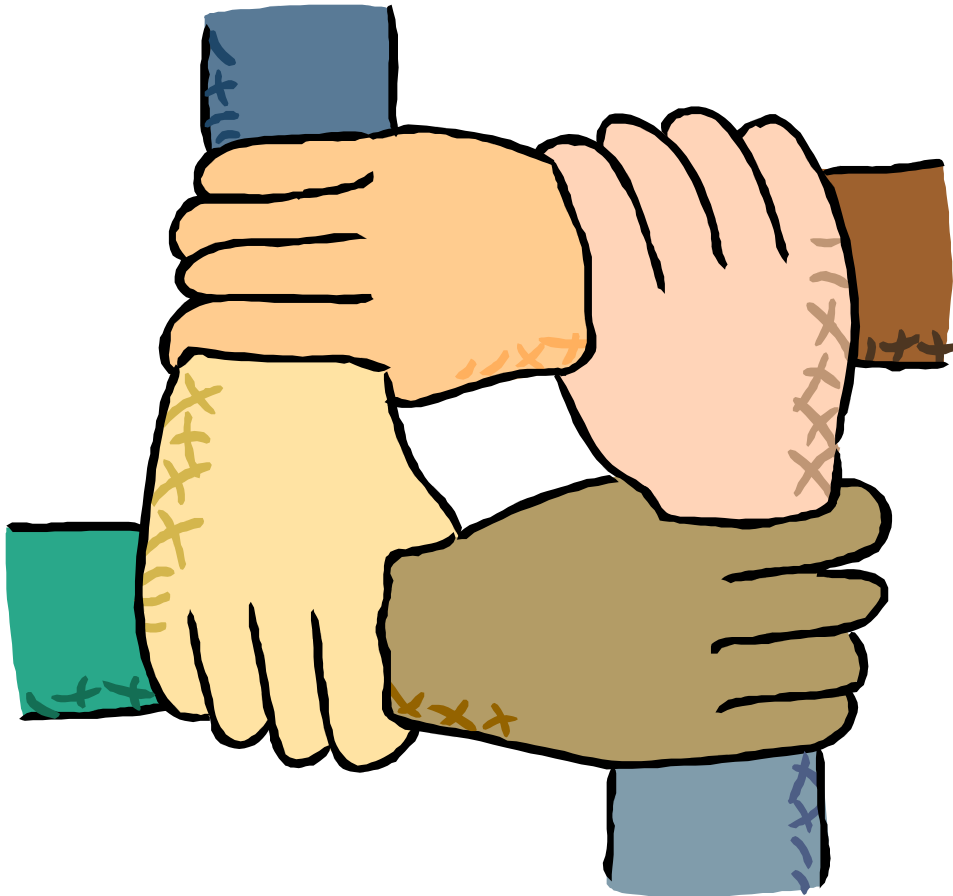




# **Kansas City Regional Representative Payee Conference**



**Many People Working Towards One Goal**

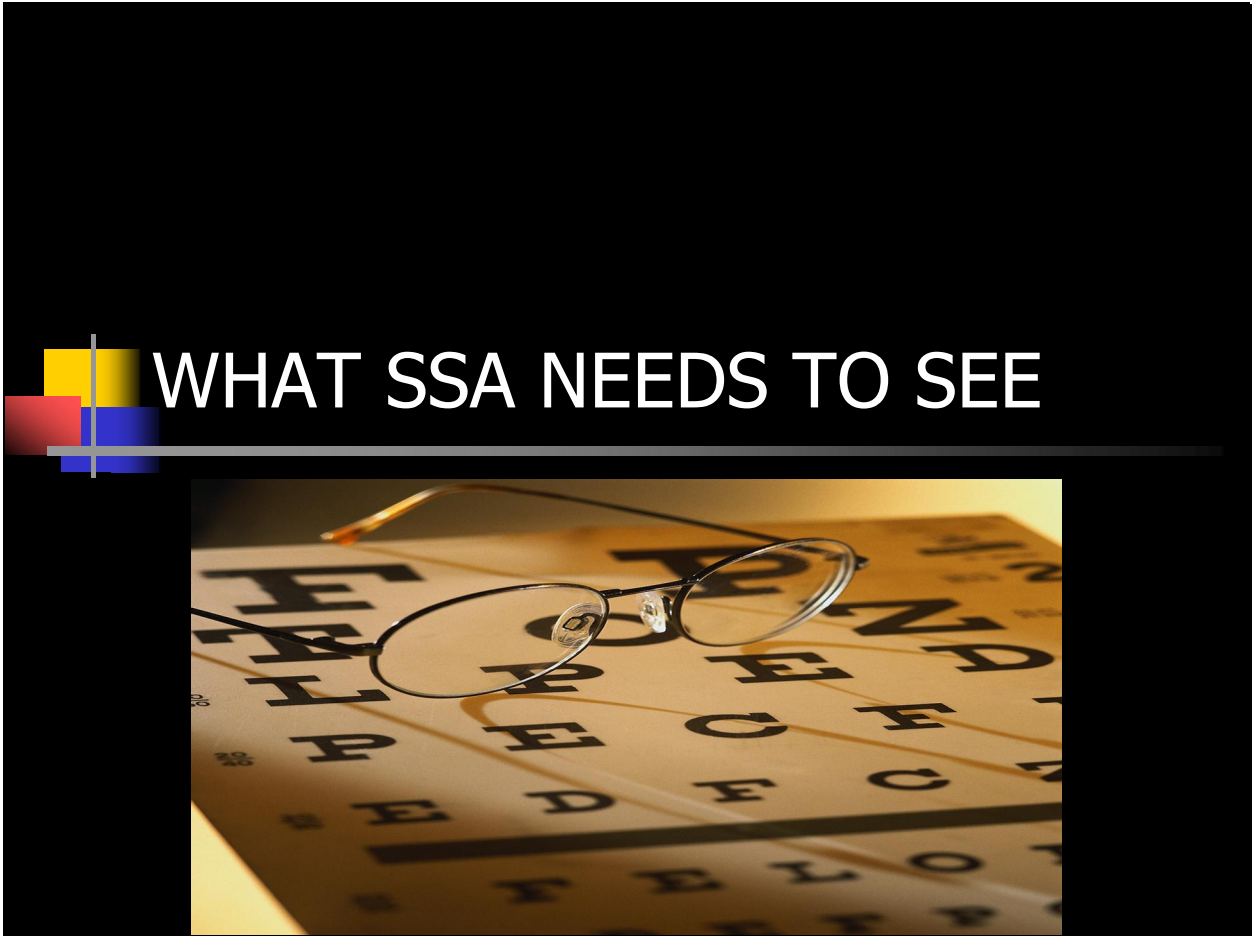
**September 2007**

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# Proper Documentation

Slide 1



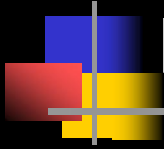
# CURRENT MAINTENANCE NEEDS



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- FOOD
- HOUSING
- CLOTHING
- MEDICAL CARE
- PERSONAL COMFORT ITEMS

# DETAILED & ACCURATE RECORDS



- RECEIPTS, RECEIPTS, RECEIPTS



# DETAILED & ACCURATE RECORDS

- BANK STATEMENTS

Date	Amount
	\$ 738.97
10/20	526.82
10/21	590.53
10/22	524.21
10/23	362.24
10/26	308.42
10/27	

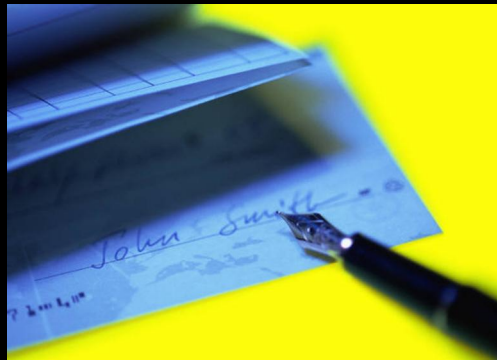
# DETAILED & ACCURATE RECORDS

- LEASES, RENTAL AGREEMENTS, ETC.



# DETAILED & ACCURATE RECORDS

- CANCELLED CHECKS





# DETAILED & ACCURATE RECORDS

- **BILLS OR INVOICES**



# DETAILED & ACCURATE RECORDS

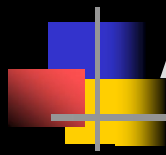
- SIGNED STATEMENT FROM CLAIMANT CONFIRMING PERSONAL USE FUNDS



# ACCOUNTING SYSTEM

- HOW MUCH MONEY WAS RECEIVED
- HOW MUCH MONEY WAS SPENT
- THE BALANCE SAVED, IF ANY





## ACCOUNTING SYSTEM

---

- ALERT YOU WHEN SSI BENEFICIARY IS APPROACHING \$2000 RESOURCE LIMIT
- PRORATE INTEREST EARNED BASED ON BENEFICIARY'S BALANCE PORTION
- PROVIDE UNDERSTANDABLE & UP-TO-DATE REPORTS SO KNOW HOW MONEY WAS SPENT

# REPRESENTATIVE PAYEE REPORT



---

- HOW MUCH OF BENEFIT WAS SPENT
- WHAT THE MONEY WAS SPENT ON
- HOW MUCH WAS SAVED AND IN WHAT TYPE OF ACCOUNT



REPRESENTATIVE PAYEE  
REPORT

# Overpayment Liabilities

## ➤ ***What is the organizations' liability and responsibility for an overpayment?***

An overpayment is any amount of money received for any period that exceeds the total amount of money that should have been paid. The overpaid amount is a debt owed to the United States Government.

When a beneficiary is overpaid, the current representative payee should file for waiver on behalf of the beneficiary. The waiver request will determine the beneficiary's liability for repayment of the total overpayment amount.

If the beneficiary is overpaid through no fault of your organization and the incorrect payments were used to meet the beneficiary's needs, then you, the payee, will not be liable.

If SSA determines that a former representative payee is liable for repayment of the overpayment (or a portion thereof), recovery is initiated against the former representative payee and not the current representative payee.

In some cases, the beneficiary's benefit payments are suspended or terminated. The beneficiary may request continuation of payment while appealing the cessation of payment. Any resulting overpayment due to losing the appeal may not have to be repaid to SSA.





## What is an Overpayment?

- An overpayment is any amount of money received for any period that exceeds the total amount of money that should have been paid.
- The overpaid amount is a debt owed to the United States Government.

## Waiver and Appeal

- When a recipient is overpaid, the current representative payee may file a request for waiver or appeal the facts of the overpayment on behalf of the recipient.
- The waiver request will determine the recipient's liability and the representative payee's liability for repayment of the total overpayment amount.

## Representative Payee is Not Liable

- If the recipient is overpaid through no fault of yours or your organization and the incorrect payments were used to meet the recipient's needs, then you will not be held liable for repayment of the overpayment.

## Individual and Payee are Liable

- The recipient and representative payee are both liable when the incorrect payments have been expended on the recipient and the representative payee was aware of the facts causing the overpayment.

## Payee is Solely Liable

- The representative payee is solely liable when the overpaid funds were not used for the overpaid individual's support and maintenance.
- Knowledge by the representative payee of the facts causing the overpayment does not affect responsibility to repay.

# SSI Eligibility Income & Resources

## What is income?

Income is any item an individual receives in cash or in-kind that can be used to meet his or her need for food or shelter. Income includes, for the purposes of title XVI, the receipt of any item which can be applied, either directly or by sale or conversion, to meet basic needs of food or shelter.

### Examples of Income Sources for SSI Recipients

- Foster care funding sources (IV-E, GA, Chafee, etc.)
- Wages
- Railroad Retirement benefits from a living or deceased parent's record
- Veteran's benefits received due to entitlement based on the record of a living or deceased parent who was a veteran
- Inheritances
- Interest, dividends
- Gifts

## What are resources?

Resources are cash and any other personal property, as well as any real property, that an individual (or spouse, if any):

- owns;
- has the right, authority, or power to convert to cash (if not already cash); and
- is not legally restricted from using for his/her support and maintenance.

### Examples of Resources for SSI Recipients

- Bank accounts
- Life insurance policies
- Trust funds
- Automobiles
- Property in the child's name
- Unprobated estates (e.g., relative dies leaving property to child but it hasn't been through probate court)

## Why does SSA ask about living arrangements?

SSA follows a prescribed sequence in developing an individual's living arrangement (LA) to ensure that the correct \*in-kind support and maintenance (ISM) valuation rule is used to ensure correct payment to SSI recipients.

\*Note: In-kind support and maintenance is unearned income in the form of food, or shelter or any combination of these. All food and shelter is considered to meet an individual's basic needs even if an item could be subjectively construed to be a "luxury" item.

### Examples Living Arrangements for SSI Recipients

- Move to new resource family (i.e., family home care)
- Incarceration
- HCBS placement
- State hospital
- Detention and AWOL
- Return to parent
- Adoption
- Emancipation

## Why does SSA ask about living arrangements?

SSA follows a prescribed sequence in developing an individual's living arrangement (LA) to ensure that the correct \*in-kind support and maintenance (ISM) valuation rule is used to ensure correct payment to SSI recipients.

\*Note: In-kind support and maintenance is unearned income in the form of food, or shelter or any combination of these. All food and shelter is considered to meet an individual's basic needs even if an item could be subjectively construed to be a "luxury" item.





# Supplemental Security Income Eligibility

Income, Resources, and Living Arrangements

## Who Can Get Supplemental Security Income?

- People age 65 or older, or disabled or blind, who have low income and few resources, may be able to get Supplemental Security Income (SSI).

## What is Income?

- Income is any item an individual receives in cash or in-kind that can be used to meet his or her need for food or shelter.
- Income includes the receipt of any item which can be applied, either directly or by sale or conversion, to meet basic needs of food or shelter.
- Income lowers the amount of an SSI payment.

## What We Count as Income

- Wages
- Net earnings from self-employment
- Annuities
- Pensions
- Social Security benefits
- Support and alimony payments
- Interest
- Inheritances in cash or property

## What We Do Not Count as Income

- Income tax refunds
- Social services
- Medical care and services
- Food stamp assistance
- Wages used to pay for items or services that help a disabled person work
- Victim compensation payments

## What are Resources?

Resources are cash and any other personal property, as well as any real property, that an individual (or spouse, if any):

- Owns;
- Has the right, authority, or power to convert to cash (if not already cash); and
- Is not legally restricted from using for his/her support and maintenance.

## Resource Limit

- To get Supplemental Security Income benefits, countable resources must not be worth more than \$2,000.00 for an individual or \$3,000.00 for a couple.

## What We Count as Resources

- Checking and savings accounts
- Cash
- Certificates of deposit
- Stocks and bonds
- Property or land
- Vehicles



## What We Do Not Count as Resources

- The home serving as the principal place of residence
- Household goods and personal effects
- One vehicle used for transportation
- Burial plots or spaces for a person and immediate family

## What is a Living Arrangement?

- A "living arrangement" for SSI refers to where a recipient lives, who else is in the household, and what the recipient and others pay towards the household expenses.

## Why are Living Arrangements Important?

Living arrangements are another factor used to determine how much SSI is payable. This means SSI benefits may vary depending on where the recipient lives:

- In their own home;
- In someone else's household;
- In a group care or board and care facility;  
or
- In an institution

## Living Arrangements That May Reduce SSI Benefits

- Living in another person's house, apartment, or mobile home, and paying less than the fair share of your food or housing costs
- Living in your own house, apartment, or mobile home, and someone else pays for all or part of your food, rent or mortgage, or other things like electricity and garbage removal

## Living Arrangements That May Reduce SSI Benefits

- Living in a hospital or nursing home for the whole month and Medicaid pays for over one-half of the bill
- Living in an institution run by a Federal, State, or local government for the whole month

# Reporting Changes

## What does an organizational representative payee need to report to SSA?

You must report to SSA any changes in your (the payee's) circumstances that would affect your performance as payee. Also, be sure to notify SSA if your organization's address changes.

You must make timely reports to your local Social Security office by telephone, mail or in person regarding events that may affect a beneficiary's benefits. A beneficiary's benefits may stop if any of the events listed under "Reporting Requirements" for Social Security or SSI occur. When you make a report, we will tell you the effect of the event and whether the Social Security or SSI benefits need to be returned.

Your reporting responsibilities differ depending upon whether the beneficiary is receiving Social Security benefits or SSI payments. Some beneficiaries receive payments from both programs and for these beneficiaries you will receive both sets of reporting responsibilities at the time of application.

## Reporting Requirements for SOCIAL SECURITY Benefits

**(These reporting responsibilities are on page 5 of the [SSA-11](#) and the payee applicant receives a copy when they apply to be payee.)**

Representative payees who receive **Social Security** benefits must notify SSA promptly if any of the following events occur and promptly return any payment to which the claimant is not entitled:

- the beneficiary **dies** (Social Security entitlement ends the month before the month the beneficiary dies);
- the beneficiary **marries** (when the beneficiary is entitled to child's, widow's, mother's, father's, widower's, or parent's benefits, or to wife's or husband's benefits as a divorced wife/husband, or to special age 72 payments);
- the beneficiary's marriage ends in **divorce or annulment**, if the beneficiary is entitled to wife's, husband's or special age 72 payments;
- the beneficiary's **school attendance** changes if the beneficiary is age 18 or over and entitled to child's benefits as a full time student;
- the beneficiary is entitled as a stepchild and the parents **divorce** (benefits terminate the month after the month the divorce becomes final);
- the beneficiary is under **full retirement age (FRA)** and **works** for more than the annual limit (as determined each year) or for more than the allowable time (for work outside the United States);

- the beneficiary receives a **government pension or annuity** or the amount of the annuity changes, if the beneficiary is entitled to husband's, widower's, or divorced spouse's benefits;
- the beneficiary leaves your custody or care or otherwise **changes address**;
- the beneficiary **no longer has a child in care**, if he/she is entitled to benefits because of caring for a child under age 16 or who is disabled;
- the beneficiary is confined to jail, prison, penal institution or correctional facility for **conviction of a crime**;
- the beneficiary is confined to a public institution by court order in connection **with a crime**.

If the **beneficiary is receiving disability benefits**, you must also report if:

- the beneficiary's **medical condition improves**;
- the beneficiary **starts working**;
- the beneficiary applies for or receives **worker's compensation benefits**, Black Lung Benefits from the Department of Labor, or a public disability benefit;
- the beneficiary is **discharged from the hospital** (if now hospitalized).

If the **beneficiary is receiving special age 72 payments**, you must also report if:

- the beneficiary or spouse becomes **eligible for periodic governmental payments**, whether from the U.S. Federal government or from any State or local government;
- the beneficiary or spouse receives **Supplemental Security Income** or **public assistance cash benefits**;
- the beneficiary or spouse moves outside the United States (the 50 States, the District of Columbia and the Northern Mariana Islands).

## **Reporting Requirements for SUPPLEMENTAL SECURITY INCOME (SSI) Payments**

**(These reporting responsibilities are on page 7 of the [SSA-11](#) and the payee applicant receives a copy when they apply to be payee.)**

Representative payees who receive **SSI** payments must notify the SSA promptly if any of the following events occur and promptly return any payment to which the beneficiary is not entitled:

- the beneficiary or any member of the beneficiary's household **dies** (SSI eligibility ends with the month in which the beneficiary dies);
- the beneficiary's **household changes** (someone moves in/out of the place where the beneficiary lives);
- the beneficiary **leaves the United States** (the 50 states, the District of Columbia, and the Northern Mariana Islands) for 30 consecutive days or more;
- the beneficiary **moves** or otherwise changes the place where he/she actually lives (including adoption, and whereabouts unknown);
- the beneficiary is **admitted to a hospital**, skilled nursing facility, nursing home, intermediate care facility, or other institution;

- the **income** of the beneficiary or anyone in the beneficiary's household **changes** (this includes income paid by organization as employer);
- the **resources** of the beneficiary or anyone in the beneficiary's household **changes** (this includes when conserved funds reach over \$2,000);
- the beneficiary or anyone in the beneficiary's household **marries**;
- the marriage of the beneficiary or anyone in the beneficiary's household ends in **divorce or annulment**;
- the beneficiary **separates** from his/her spouse;
- the beneficiary is confined to jail, prison, penal institution or correctional facility for **conviction of a crime**;
- the beneficiary is confined to a public institution by court order in connection **with a crime**;
- the beneficiary **left a jurisdiction within the United States** to avoid prosecution or custody or confinement after conviction for a crime that is a felony, or in New Jersey, a high misdemeanor;
- the beneficiary is in **violation of a condition of probation or parole**.

If the **beneficiary is receiving payments due to disability or blindness**, you must also report if:

- the beneficiary's **medical condition improves**;
- the beneficiary goes to **work**;
- the beneficiary's **vision improves**, if the beneficiary is entitled due to blindness.

## **If an organization is receiving SSI payments for a child, is there anything special required?**

If you are a payee for a child receiving SSI payments, you may be required to obtain treatment for the child's disabling condition when medically necessary. If you are not sure whether treatment is required for the beneficiary, you should contact the child's physician and/or your Social Security office. **Failure to obtain medical treatment for the child may require Social Security to remove you as payee.**

## **Information regarding the death of a beneficiary**

If the beneficiary dies, saved benefits belong to his or her estate. Give the saved benefits to the legal representative of the estate or otherwise handle according to state law. If you need information about state law, contact the probate court or an attorney. Do not return any saved benefits that the beneficiary was due to Social Security.

When a person who receives **Social Security** dies, no check is payable for the month of death, even if he or she dies on the last day of the month. Return any check received for the month of death or later.

An **SSI** check, however, is payable for the month of death. But you must return any **SSI** checks that come after the month of death.



## **What is the organizations' liability and responsibility for an overpayment?**

An overpayment is any amount of money received for any period that exceeds the total amount of money that should have been paid. The overpaid amount is a debt owed to the United States Government.

When a beneficiary is overpaid, the current representative payee should file for waiver on behalf of the beneficiary. The waiver request will determine the beneficiary's liability for repayment of the total overpayment amount.

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If SSA determines that a former representative payee is liable for repayment of the overpayment (or a portion thereof), recovery is initiated against the former representative payee and not the current representative payee.

In some cases, the beneficiary's benefit payments are suspended or terminated. The beneficiary may request continuation of payment while appealing the cessation of payment. Any resulting overpayment due to losing the appeal may not have to be repaid to SSA.

## **Title II Reporting Requirements**

- 20 CFR §404.2035 states that a representative payee has a responsibility to notify SSA of any event that will affect the amount of benefits the beneficiary receives or the right of the beneficiary to receive benefits.

## **Title XVI Reporting Requirements**

- 20 CFR §416.635 states that a representative payee has a responsibility to notify SSA of any event that will affect the amount of benefits the beneficiary receives or the right of the beneficiary to receive benefits.
- 20 CFR §416.710 states that reports must contain:
  - The name and social security number under which benefits are paid.
  - The name of the person about whom you are reporting.
  - The event you are reporting and the date it happened.
  - Your name.
  - 20 CFR §416.712 states that reports may be written, oral, or in some other form (e.g., telegram, cable, etc.)

# Personal Spending

## Acceptable Personal Expenditures

Expenditure	Example
<ul style="list-style-type: none"> <li>☀ Clothing</li> </ul>	Coats, caps, gloves, swimming suits, shoes, uniforms for school
<ul style="list-style-type: none"> <li>☀ Therapeutic equipment (<i>if recommended by a doctor and not covered by any other source</i>)</li> </ul>	Hearing aids, glasses, walkers, book holders, wheelchairs
<ul style="list-style-type: none"> <li>☀ Health and Hygiene items</li> </ul>	Soaps, cosmetics, lotions, combs, brushes, bath scale, dermatology treatments, cosmetic dental treatments
<ul style="list-style-type: none"> <li>☀ Room furnishings</li> </ul>	Carpet, curtains, bedding items, pictures, posters, mirrors, or clothes hamper
<ul style="list-style-type: none"> <li>☀ Transportation</li> </ul>	Mileage to visit family, go to amusement parks, State fairs, or summer camps
<ul style="list-style-type: none"> <li>☀ Hobby items</li> </ul>	Art supplies, photo albums, cameras, film video tapes
<ul style="list-style-type: none"> <li>☀ School items</li> </ul>	Supplies, class fees, activity tickets, yearbooks
<ul style="list-style-type: none"> <li>☀ Convenience items</li> </ul>	Radios, TV's, clocks, CD players, watches
<ul style="list-style-type: none"> <li>☀ Miscellaneous items</li> </ul>	Magazine subscriptions, telephone expenses for out of town calls, restaurant meals, or reasonably priced holiday presents

# Fees

## What is a "fee-for-service" organization?

Certain qualified organizations **may be authorized** to collect a fee from a beneficiary's monthly Social Security or SSI payment. The fee is intended to cover expenses incurred in providing payee services to that beneficiary.

To qualify as a fee-for-service organization, you must be:

- A community based, nonprofit social service agency, which is bonded or licensed in the state in which it serves as payee;
- A state or local government agency with responsibility for income maintenance, social service, health care, or fiduciary responsibilities; and
- Regularly serving as a representative payee for at least five beneficiaries, and are not a creditor of the beneficiary.

## How does an organizational payee receive authorization to collect a fee?

You must contact your local Social Security office to request authorization and submit documentation for SSA to approve. The request must include all the information and documents listed below:

- Your Employer Identification Number (EIN);
- Your organization's statement of purpose (mission statement);
- Your organization's service area (e.g., the neighborhoods, cities, counties served);
- A list of the names, Social Security numbers, and residence addresses of beneficiaries for whom you are already serving as a representative payee;
- A statement as to whether or not your organization currently charges any of the beneficiaries for its services; and
- The signature of the director of your organization or of another individual who can legally act for the organization.

If your organization is **NOT** a state or local government agency, you must also include the following documents with the request:

- Proof of tax-exempt status under section 501(c) of the Internal Revenue Code; and
- A copy of your organization's current bonding agreement with an insurance company or mortgage holder. (The type of bond requested is one that guarantees payment to the organization for unforeseen financial loss through the actions of a corporate officer or employee dishonesty.); or
- If your organization is not bonded, you must submit a copy of the organization's current state license, certificate or notice that allows it to provide services within the State.

## What are the current fee amounts?

Effective December 2006, the authorized fee is the **lesser** of 10% of the monthly benefit amount or \$34.

For individuals receiving disability payments who have been determined by SSA to have a drug addiction or alcoholism condition, the fee is the **lesser** of 10% of the monthly benefit amount or \$66.

Fees may be increased when Social Security beneficiaries are given their cost of living adjustment. We will notify authorized fee-for-service payees by mail when these amounts are increased.

## When can an organization begin collecting a fee?

You can charge the beneficiary a fee for any month in which:

- You meet all qualification requirements **AND** have been authorized by SSA to collect a fee; and
- The beneficiary receives a Social Security and/or SSI payment; and
- The organization is performing payee services for the beneficiary.

## When can't a fee for payee services be collected?

Do not collect a fee if any of the following apply:

- No payment is received in the month,
- Your organization is receiving compensation for performing representative payee services from another source (i.e., guardianship fees);
- Payee services were not performed in the month; and
- Fees for prior months cannot be collected from current benefits.

**NOTE:** There is an exception—an organization may collect a fee from current benefits when a past due payment is made for a prior period of nonpayment or incorrect payment **AND**

- The organization was approved to collect a fee for the months for which the payment is made;
- The organization provided payee services in the months for which payment is made; and
- The organization is payee of record when the past due payment is received.

## How does SSA monitor a fee-for-service payee?

SSA monitors a fee-for-service payee through accounting reports **and** site visits. We will visit fee-for-service payees six months after we initially approve authorization to ensure that you fully understand your duties and responsibilities and are keeping accurate records and notifying SSA when events occur that may affect a beneficiary's payment.

There is also an annual certification. This is when a fee-for-service payee must show that they continue to meet the requirements for charging a fee. SSA will need a copy of the organization's current licensing and/or bonding agreement and we will verify that the organization continues to be payee for at least five beneficiaries.

In addition, SSA will review fee-for-services payees at least once every three years. The reviews will ensure representative payee compliance through a face-to-face meeting and examination of a sample of beneficiary records. We will verify expenses with providers of the services provided to the beneficiary (e.g., landlord, phone company, etc.). We will review the organization's record keeping and we will include interviews with beneficiaries.

We have found that our face-to-face meetings provide an excellent opportunity to clarify procedures and explain our reporting requirements. It also improves lines of communication between organizations and SSA and gives you an opportunity to discuss information you may need from us and to ask questions.

Below are some of the problems identified during our reviews.

- Payees did not monitor resource limits of SSI beneficiaries (in order to prevent exceeding the \$2,000 limit);
- Failure to report changes to SSA that affect entitlement to benefits;
- Improper titling of bank accounts;
- Commingling of beneficiaries' funds;
- Poor record keeping;
- Overcharging of fee amount;
- Expiration of bond and/or license; and
- Serving less than 5 beneficiaries.

# Insurance & Bonds

## Bond and Insurance Coverage

---

When and why is it necessary to maintain a bond and/or insurance coverage?

All non-governmental organizations requesting to collect a fee must be bonded prior to receiving Social Security approval to become a fee-for-service payee.

Bonding constitutes a bond or insurance contract which protects the representative payee and Social Security from financial loss caused by the action or inaction of the organization, or corporate officer/owner(s), or an employee of the organization.

What are Social Security's requirements?

The coverage must:

- show that Social Security is guaranteed payment if they are the "loss party"
- Include employee and corporate officer/owner theft coverage
- be sufficient to compensate the beneficiary for any loss of Social Security, Supplemental Security or Veterans benefits and any conserved funds on hand.

**EXAMPLE:** An organization is holding conserved funds of \$5000 for its beneficiaries and receives an average of \$12,000 a month in social security payments. The minimum bond/insured amount should be \$17,000.00.

**NOTE:** Fee for service organizations must maintain coverage for at least the minimum amount described above in order to be authorized to collect a fee.

# Bond and Insurance Definitions

---

**Fiduciary** – A person or institution who manages money or property for another and who must exercise a standard of care in such management activity imposed by law or contract.

**Joint Insured** – This is an insurance industry term that means in addition to the first name insured, eligible entities that meet certain conditions may be included as “joint insured” under the same policy. Such conditions include stock ownership, voting control, holdings, operation by contract, individual owners and trustees, the existence of common officers, common premises, or the intermingling of employees.

**NOTE:** Social Security should not be listed as a joint insured on insurance contracts.

Bond Characteristics –

- In dishonestly bonds, the surety companies classify the coverage as “Professional and business” and “non-profit social service organizations”.
- Coverage for non-profit directors, officers and volunteers of an organization often requires a separate clause. Such coverage may be subject to underwriter approval and may require a “Conviction Clause”.
- A Conviction clause – in order for coverage to apply and protect the business and it’s employees against unjustified allegations of dishonesty, the employee must be convicted of a crime which is punishable under criminal code in the jurisdiction within which the act occurred. This means that for the bond or insurance company to be required to pay, the officer or employee must be convicted, in which case, the allegation of dishonesty is neither unjustified not unsubstantiated, but an established fact.

## Types of Bond and Insurance Policies

**Surety Bond** – is a type of insurance where one party (the surety) obligates itself to a second party (the obligee) to answer for the default of a third party (the principal).

- The representative payee = the principal
- SSA = Obligee, the party to whom the obligation is owed

The obligation to be secured is the honest handling of the beneficiaries’ funds. If the principal (payee) defaults its obligation, the obligee (SSA) is able to make a claim directly against the surety bond.

***This policy covers company employees, including the owner.***

**Fidelity Bond and Dishonesty Bond** – is a type of insurance that indemnifies the insured for loss caused by the dishonest or fraudulent acts of its employees. In addition, the fidelity bond typically covers the insured against:

- Forgery or alteration



- Loss inside the premises caused by theft, disappearance and destruction
- Robbery and safe burglary
- Loss outside the premises caused by the robbery of a messenger.
- 

The fidelity bond covers only losses incurred by the insured, and claims may be made under the policy only by the insured and paid to the insured. These policies do not cover losses caused by owners or partners of the insured.

NOTE: If this bond is secured, a separate rider or additional bond is required to cover the corporate officer/owner/director(s).

There are two types of fidelity bonds:

- Blanket Bond – bond that guarantees the honesty of all employees of an entity up to the stated amount of the bond.
- Schedule Bond – bond that guarantees the honesty of only named employees of an entity up to the stated amount of the bond.

An employee dishonesty bond is usually a blanket bond covering all company employees except non-profit officers, directors and volunteers (unless specifically mentioned in a separate rider). For dishonesty bonds of high amounts, the surety company may require the bond-holder to have certain loss prevention procedures in place, such as:

- Countersignature procedures for check signing;
- Audits by a Certified Public Accountant or an independent financial examiner, performed at least annually;
- Bank account reconciliation by someone not authorized to deposit or withdraw from the account;
- Employee discharge notification from an employer and reason for discharge or separation; and/or
- Joint handling of any securities

Fiduciary Bond – is designed to insure honest accounting and unfaithful performance of duties by administrators, trustees, guardians, executors and other fiduciaries. Fiduciary bonds are sometimes referred to as probate bonds and not to be confused with fidelity bonds.

Insurance Contact – “Insurance contract” or “insurance policy” is intended to protect the employer from financial loss due to the fraudulent activities of an employee or group of employees. For a loss to be covered the employer must suffer financial loss and the employee must obtain financial benefit from the act or provide direct financial benefit to another person or organization. The loss can be the result of the employee’s theft of money, securities, or other property of the insured. Most employee dishonesty insurance policies are written on a blanket basis so that all employees are covered.

Corporate officer/owner/director(s) **must** also be covered. The insurance agent should advise if the corporate officer/owner/director(s) are covered under the employee dishonesty or theft clause and exhibited in the policy.

In addition, SSA must also be reflected as an insured party in the event of financial loss. If not, then a separate clause/rider must be obtained to cover these individuals and SSA.

Simplified Crime Insurance Policy – offers types of coverage under one policy. The organization can choose the type and amounts of coverage based on the number of employees, assets managed, and risk factors.

The types of coverage offered in a simplified crime insurance policy may include (but not limited to):

- Employee theft/dishonesty
- Depositors forgery or alteration
- Theft, disappearance, and destruction of money, securities and other property (inside and outside the premises)
- Computer fraud and funds-transfer fraud
- Money orders and counterfeit currency.

# Protecting Personal Information

## Protecting Beneficiaries from Identity Theft

Identity theft is a common crime. Careless handling of personal information makes identity theft easier. As a representative payee, you or your organization keeps records that have personal information for Social Security and Supplemental Security Income (SSI) beneficiaries. Examples of personal information include a person's name, date of birth, Social Security number, Medicare claim number, bank account information, address, health records and Social Security and SSI benefit payment data.

To prevent identity theft or accidental loss or disclosure of confidential information, you should have documented procedures in place that protect personal information. If contractors or volunteers perform services for you or your organization, these procedures also should cover their activities. The Social Security Administration (SSA) expects you to oversee the performance of any representative payee duties that you assign to volunteers or contract out.

Below are the most common practices used to deter identity theft. You should include these practices in your procedures for protecting personal information, if you do not already follow them.

### Actions Managers Should Take to Prevent Identity Theft

- Screen your organization's employees, volunteers and contractors before allowing them to access confidential paper or electronic records;
- Explain to employees, volunteers and contractors that they are responsible for protecting personal information at all times, both on and off duty. Only permit them to access the personal information they need to do their jobs and to disclose personal information only when appropriate (for example, a bank needs a beneficiary's Social Security number to set up an account or a health care provider needs the beneficiary's date of birth for patient identification);
- Train employees, volunteers and contractors to handle personal information responsibly and remind them periodically of their responsibilities;
- Educate employees, volunteers and contractors about which confidential records can be taken off site and when they can be taken off site. This includes any records and information on laptop computers or other electronic devices as well as paper files.
- Have a system that tracks any confidential records taken off site (for example, an employee must take work home) to ensure their timely return to the office. Require the records be transported and stored when not in use in a locking device such as a briefcase; and

- Train managers to recognize situations where employees, volunteers, or contractors have failed to adequately safeguard personal information by failing to secure it from theft, loss, or accidental disclosure. If theft, loss, or accidental disclosure occurs, document each case for future reference, and consider notifying law enforcement, when appropriate.

### **Actions Everyone Should Take to Prevent Identity Theft**

- Avoid leaving paper documents and records containing personal information unprotected on desktops;
- Store confidential records in locking file cabinets or locking desks both on and off site. When taking records or laptops offsite, lock them in the car trunk. Do not leave them in the passenger compartment; and
- Shred papers with personal information, preferably with a cross-cutting shredder, before throwing them out.

### **Protecting Records Kept on a Computer**

- Do not send personal information via E-Mail unless encrypted. Send reports and documents with personal information via regular mail or send them to a secure FAX location.
- Install firewalls, anti-spyware, and anti-virus software to protect your computer from hacking and keep this software up-to-date;
- Use password protection and encryption software to protect confidential files from unauthorized access. Choose a password that others cannot guess and change it frequently. Peripheral data storage devices, such as CDs and flash drives, with records containing personal information should be password protected and encrypted as well. Password protect and encrypt personal information stored on these devices both on and off the work site.
- Encrypt files with personal information before deleting them from your computer or a peripheral storage device. This will ensure that unauthorized users cannot recover the files.
- Lock or logoff the computer when leaving it unattended.

### **Contact Information**

If you believe one of your clients is a victim of identity theft, go to SSA's online pamphlet, [Identity Theft And Your Social Security Number](#) (SSA Publication No. 05-10064, ICN 463270), and follow the instructions. Contact SSA if you think someone is using a client's Social Security number for work purposes.

For more ideas on preventing identity theft and to learn what else you can do if identity theft occurs, visit the Federal Trade Commission's (FTC) website, [Fighting Back Against Identity Theft](#). The FTC is the lead government agency on identity theft issues.



# Best Practices

## Maintaining an Effective Accounting System

The "Guide for Organizational Representative Payees" recommends that your organization establish internal procedures and guidelines governing how your organization manages beneficiary funds. These internal procedures should also include internal controls to help ensure the integrity and accuracy of your accounting system.

What follows is a brief description of some common practices for ensuring the integrity and accuracy of an accounting system, whether it is manual or automated. Many of these practices are standard in a well-designed accounting system. Your organization may already follow many of these best practices, but you may also find some useful new ideas.

### **Separation of Employee Duties**

Separation of employee duties helps deter both check fraud and employee theft. When establishing or re-evaluating your internal procedures, consider the best way to separate employee duties. Ideally, assign a different person to perform each of the following basic duties:

- Logging paper checks into the organization as soon as received;
- Depositing paper checks into bank accounts promptly;
- Maintaining ledgers and bank records;
- Making requests for goods and services on behalf of beneficiaries;
- Holding blank check stock;
- Writing checks for approved disbursements;
- Signing checks for approved disbursements; and
- Reconciling ledgers and banks accounts.

SSA realizes that your ability to achieve separation of duties can be affected by the size of your accounting staff.

### **Adequate Oversight**

Your internal procedures should provide for adequate review and supervision of accounting functions. For example, you may require a second employee's approval when a proposed disbursement exceeds a certain limit, assign a second employee

to review bills for propriety before a check can be written, and establish a countersignature requirement for all checks written or those that exceed a certain threshold.

You should perform monthly reconciliations of ledgers and bank records as soon as you receive bank statements. Monthly reconciliations will give you the opportunity to adjust for any differences in your records. The reconciliation should include explanations for any differences you find and be kept to document your accounting records. You should not assign an employee who is authorized to deposit or withdraw beneficiary funds to perform this job. Have someone other than the preparer certify that the reconciliation is complete and accurate.

Besides monthly reconciliations, you should conduct internal audits of financial and bank records regularly. The person who performs the internal audit should be someone who can verify the accuracy and completeness of your records, but not the same person responsible for the daily upkeep of ledgers and bank accounts. Finally, you should have an outside contractor or entity conduct annual audits of your financial and bank records.

### **Keeping Checks Secure**

In a secure cabinet or container, preferably in an access-controlled area, lock up:

- Checks for beneficiaries, until deposited;
- Stock of blank checks; and
- Check signature stamps.

Be sure to change the key or combination to the cabinet or container periodically.

Remember: If your organization receives paper checks, record them right away and deposit them promptly.

### **Preventing Identity Theft**

When you throw out papers, shred any papers with information identifying beneficiaries. Examples of identifying information that your organization may keep includes name, Social Security number, date of birth, sex, and address. Identifying information could be on bank records, bills, and internal records you throw out.

### **Paper and Electronic File Security**

Your organization should have a backup procedure and disaster recovery plan whether its accounting system is manual or automated. You should regularly (for example, daily, weekly, or monthly, as appropriate) make backup copies of computer and/or paper records and files so you can recover records if your master files are lost, stolen or destroyed. Arrange to store backup copies in a safe place,

such as a fireproof, locking cabinet. You should also have a disaster recovery plan so that procedures are in place for using backup copies to restore records and files if this ever becomes necessary.

If you keep your accounting records on a computer, you can help protect your files from unauthorized access by using password protection. Many off-the-shelf software programs include a password protection feature that you can enable for this purpose.

### **Protecting Beneficiary Bank Accounts**

The "Guide for Organizational Representative Payees" explains how representative payees must title bank accounts holding beneficiary funds. Keep in mind that proper account titling will ensure Federal Deposit Insurance Corporation (FDIC) protection of up to \$100,000 per depositor in an FDIC insured bank.

SSA has received reports from representative payees that some beneficiaries have gained access to bank accounts even though the accounts were titled correctly. To prevent beneficiaries from making unauthorized telephone and internet transactions, do not reveal their bank account numbers to them.

Occasionally organizations report internal fraud or check fraud to SSA. Fraud might take the form of embezzlement, forged signatures on checks, theft of check stock, and forged check endorsements. We recommend that you work with your bank to help prevent fraud. You may be able to arrange for your bank to check for two signatures whenever a check exceeding a certain amount is presented for payment. Your bank should also be able to advise you about check security features and any fraud prevention programs it has. For example, if a bank has a "positive pay program," it can compare a check number and amount to a list of check numbers and amounts that your organization provides. With a "positive payee program," if you identify the payee of a check you issue, the bank will verify if the payee information is correct when the check is presented.

# Best Practices

## Shared by Other Organizational Payees

Listed below are some "Best Practices" that organizations have shared with us. You may also find them useful.

1. Establish a line of communication with your local Social Security office.
2. Some organizations flag the financial accounts of SSI beneficiaries when conserved funds reach \$1,500. This serves as an alert to assess the personal needs of the beneficiary and maintain countable resources below the \$2,000 limit by meeting these needs.
3. Call the Social Security office and schedule an appointment to come into the office and take care of all your business for your clients at one time.
4. Discuss with your local Social Security office the types of forms you should use to advise SSA of changes affecting beneficiaries. You may be able to "package" materials in such a way that when the local office receives them they can more quickly take the necessary actions.
5. Some Social Security offices are able to designate a contact person for specific organizational payees. When you call the office, you can ask for this person and they will advise you how to proceed.
6. Some representative payees have negotiated arrangements with local merchants to purchase goods such as food, clothing or household furnishings. The beneficiary can select his or her items and buy them with a pre-approved credit voucher or after the merchant verifies the purchase with the representative payee. Alcohol is excluded from these arrangements.
7. Representative payees have negotiated with financial institutions to provide checking accounts with no or reduced service charges. An organization with a substantial number of beneficiaries may be able to get a more favorable group rate.
8. Some organizations use a "contract" between the organization and the beneficiary to ensure cooperation. It is not required, but many organizations have found it useful. (A copy follows at the end of this Unit.)
9. You may wish to use a "Change of Events—Representative Payee Reporting Form" when sending information to your local SSA office. (A copy follows at the end of this Unit.)
10. Items such as TVs, radios and computers should be engraved with the beneficiary's name.
11. Develop internal procedures and guidelines governing how your organization manages beneficiary funds and make sure that your employees follow them.
12. Instead of disbursing spending money by check or cash, some payees use gift cards or debit cards from a retail store.
13. Some payees report beneficiary changes by fax to their local SSA office, instead of reporting by phone or mail.



## CONTRACT

I have discussed my needs with [Name of Organization Staffer]. I agree to have [Name of Organization] serve as my representative payee for Social Security and/or SSI payments.

**I will:**

- Be clean and sober when I come to conduct business,
- Treat staff with courtesy and respect,
- Come to conduct business only on [days and hours organization has set up],
- Receive \$[amount] for spending money every [length of time] as agreed, and
- Sign a receipt when I receive my spending money.

In the event of a financial emergency: [Organization's Provision].

I understand that if I fail to comply with these rules, [Organization] may refuse to continue to serve as my representative payee.

**[Organization] will:**

- Treat me with courtesy and respect;
- Be available on [days and hours] to meet with me;
- Use funds received on my behalf to meet my current needs for food, clothing and housing;
- Report to SSA any events that may affect my eligibility for payments or payment amount; and
- Account to the Social Security Administration (SSA) on how my money has been spent or saved;
- Save any unspent funds, if any, in a way that clearly shows the funds belong to me; and
- Return to SSA any funds that have been saved for me or to which I am not entitled.

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Beneficiary Signature and Date	Organization Signature and Date

**NOTE:** *This contract is not an agreement to collect fees for payee services.*

## REPRESENTATIVE PAYEE REPORTING FORM

<b>Social Security Administration</b>	<b>Date:</b>
<b>Fax No:</b>	
<b>Beneficiary Name:</b>	<b>Social Security/Claim Number:</b>
<b>Please check which of the following apply:</b>	
<input type="checkbox"/> <b>Beneficiary died</b>	<b>Date of Death</b> Month Day Year
<input type="checkbox"/> <b>Beneficiary left your care or custody</b>	Month Day Year
<b>Are there any conserved funds?</b>	<b>Yes</b> <b>No</b>
<b>IF YES, THE CONSERVED FUNDS MUST BE RETURNED TO SOCIAL SECURITY UNLESS THE BENEFICIARY DIED, AND IN THAT CASE, CONSERVED FUNDS MUST BE GIVEN TO THE LEGAL REPRESENTATIVE OF THE ESTATE OR OTHERWISE HANDLED ACCORDING TO STATE LAW.</b>	
<b>Name and address of a relative or a close friend:</b>  _____	
<b>Please provide beneficiary's new address:</b>  _____	
<b>Beneficiary entered the hospital when?</b>	<b>Month/Day/Year ( ___ / ___ / _____ )</b> MM/DD/YYYY
<b>Length of Stay if Known:</b>	
<b>Signature and Title:</b>	<b>Date:</b>
<b>Name and Address of Organization:</b>  _____	