



## SOCIAL SECURITY

### MEMORANDUM

Date: August 14, 2003

Refer To:

To: Manuel J. Vaz  
Regional Commissioner  
for Boston

From: Assistant Inspector General  
for Audit

Subject: The Connecticut Mental Health Center, Money Management Program – An Organizational Representative Payee for the Social Security Administration (A-13-03-23009)

Attached is a copy of our final report. Our objectives were to determine whether the Connecticut Mental Health Center, Money Management Program, (1) had effective safeguards over the receipt and disbursement of Social Security benefits and (2) ensured Social Security benefits were used and accounted for in accordance with the Social Security Administration's policies and procedures.

Please comment within 60 days from the date of this memorandum on corrective action taken or planned on each recommendation. If you wish to discuss the final report, please call me or have your staff contact Shirley E. Todd, Director, General Management Audit Division, at (410) 966-9365.

A handwritten signature in cursive script that reads 'Steven L. Schaeffer'.

Steven L. Schaeffer

Attachment

cc:  
Fritz Streckewald  
JoEllen Felice  
Candace Skurnik

---

**OFFICE OF  
THE INSPECTOR GENERAL**

---

**SOCIAL SECURITY ADMINISTRATION**

---

**THE CONNECTICUT MENTAL HEALTH  
CENTER, MONEY MANAGEMENT PROGRAM –  
AN ORGANIZATIONAL REPRESENTATIVE  
PAYEE FOR THE  
SOCIAL SECURITY ADMINISTRATION**

August 2003

A-13-03-23009

---

**AUDIT REPORT**

---



## **Mission**

**We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.**

## **Authority**

**The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:**

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

**To ensure objectivity, the IG Act empowers the IG with:**

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

## **Vision**

**By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.**

# Executive Summary

---

## OBJECTIVE

Our objectives were to determine whether Connecticut Mental Health Center, Money Management Program (CMHC), (1) had effective safeguards over the receipt and disbursement of Social Security benefits and (2) ensured Social Security benefits were used and accounted for in accordance with the Social Security Administration's (SSA) policies and procedures.

## 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 (Rep Payee) to receive and manage these beneficiaries' payments. A Rep Payee may be an individual or an organization. SSA selects Rep Payees for Old-Age, Survivors and Disability Insurance beneficiaries or Supplemental Security Income recipients when representative payments would serve the individual's interests. Rep Payees are responsible for using benefits in the beneficiary's best interests.

CMHC provides services to adults with mental health concerns. CMHC serves about 50 individuals and is the Rep Payee for about 35 SSA beneficiaries. The remaining 15 individuals voluntarily receive money management services. SSA paid CMHC approximately \$200,000 for the 35 beneficiaries from May 1, 2001 through April 30, 2002.

## RESULTS OF REVIEW

Our audit showed that CMHC needed to (1) improve its safeguards over the receipt and disbursement of Social Security benefits and (2) ensure that Social Security benefit payments were used and accounted for in accordance with SSA's policies and procedures. Specifically, CMHC

- did not have the Rep Payee bank account properly titled to show that funds deposited into the account belonged to SSA beneficiaries;
- did not place beneficiaries' conserved funds into an interest-paying account;
- had a check disbursement approval process but did not include an independent verification against original invoices;

- did not establish direct deposit for beneficiary payments, leaving beneficiary checks vulnerable to loss and theft;
- improperly endorsed and deposited at least 76 benefit checks totaling about \$45,000 made payable to 8 beneficiaries for whom CMHC was not the Rep Payee; and
- did not ensure a beneficiary's medication needs were being met (see Other Matters).

We also identified three areas for SSA's attention.

- SSA did not record in its Representative Payee System (RPS) two beneficiaries in CMHC's care.
- SSA could not provide 25 of the 35 RPRs we requested (see Other Matters). We therefore could not determine whether CMHC properly reported to SSA how benefits were spent and invested for all cases.
- SSA did not reinstate a beneficiary's Title II benefits after being notified he was eligible for payments (see Other Matters).

## **CONCLUSIONS AND RECOMMENDATIONS**

CMHC had internal control and accounting weaknesses, which prevented it from fully meeting its responsibilities as a Rep Payee. We believe CMHC needs to improve several areas of its Rep Payee program. We recommend that SSA:

1. Require that CMHC change the bank account titling to show the funds belong to the beneficiaries.
2. Request CMHC to deposit conserved funds in an interest-paying account.
3. Ensure CMHC's check disbursement approval process includes verification with original invoices by a second person.
4. Request that CMHC establish direct deposit for all beneficiaries in its care.
5. Instruct CMHC to stop the practice of negotiating Social Security checks that are made payable to beneficiaries.
6. Determine whether CMHC should continue to serve as a Rep Payee in light of its improper endorsement of benefit checks.
7. Determine whether the eight beneficiaries that have their Social Security checks sent directly to CMHC need a Rep Payee.

8. Correct RPS to include all beneficiaries for whom CMHC was selected as a Rep Payee.

## **AGENCY COMMENTS**

SSA agreed with all our recommendations (see Appendix A for the full text of SSA's comments).

## **REP PAYEE COMMENTS**

CMHC generally agreed with our recommendations. With respect to Recommendation 2, CMHC stated that tracking interest-bearing funds for each participant in the program would be impractical, and the balances maintained in the account do not warrant the receipt of interest. With regard to Recommendation 4, CMHC stated that banking procedures do not allow individual direct deposit transactions for group accounts (see Appendix B for the full text of CMHC's comments).

## **OIG RESPONSE**

We acknowledge that tracking interest for very small conserved fund balances may not be practical. However, we believe CMHC should place conserved funds in excess of \$500 in interest-bearing accounts, in accordance with SSA's recommendation for Rep Payees.

We continue to believe direct deposit provides improved safeguards over benefit payments and would save CMHC the time and effort of handling numerous checks. We contacted CMHC's bank, and it advised us there are no banking procedures that prohibit individual direct deposits for group accounts.

# Table of Contents

---

	Page
<b>INTRODUCTION</b> .....	1
<b>RESULTS OF REVIEW</b> .....	4
Rep Payee Bank Account Was Not Properly Titled .....	4
Beneficiary-Conserved Funds Were Not Held in an Interest-Paying Account .....	4
Check Disbursement Approval Process Needs Improvement.....	5
Direct Deposit Was Not Used .....	5
Improper Endorsement of Beneficiary Checks .....	6
Not All Beneficiaries Were Recorded in the RPS.....	6
<b>CONCLUSIONS AND RECOMMENDATIONS</b> .....	7
<b>OTHER MATTERS</b> .....	9
Rep Payee Reports .....	9
Beneficiary Medication Needs Were Not Met .....	9
Beneficiary Payment Status Was Incorrect .....	9
 <b>APPENDICES</b>	
<b>APPENDIX A</b> – Agency Comments	
<b>APPENDIX B</b> – Representative Payee’s Comments	
<b>APPENDIX C</b> – OIG Contacts and Staff Acknowledgments	

# Acronyms

---

CMHC	Connecticut Mental Health Center, Money Management Program
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
Rep Payee	Representative Payee
RPR	Representative Payee Report
RPS	Representative Payee System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record



## OBJECTIVE

Our objectives were to determine whether Connecticut Mental Health Center, Money Management Program (CMHC) (1) had effective safeguards over the receipt and disbursement of Social Security benefits and (2) ensured Social Security benefits were used and accounted for in accordance with the Social Security Administration's (SSA) policies and procedures.

## 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 (Rep Payee) to receive and manage these beneficiaries' benefit payments.<sup>2</sup> A Rep Payee may be an individual or an organization. SSA selects Rep Payees for Old Age, Survivors and Disability Insurance (OASDI) beneficiaries or Supplemental Security Income (SSI) recipients when representative payments would serve the individual's interests.

Rep Payees are responsible for using benefits to serve the best interests of the beneficiary or recipient. Their duties include:

- using benefits to meet the beneficiary's current and foreseeable needs;
- conserving and investing benefits not needed to meet the beneficiary's current needs;
- maintaining accounting records of how the benefits are received and used;
- reporting events to SSA that may affect the beneficiary's entitlement or benefit payment amount;
- reporting any changes in circumstances that would affect their performance as a Rep Payee; and
- providing SSA an annual Representative Payee Report (RPR) accounting for how benefits were spent and invested.<sup>3</sup>

---

<sup>1</sup> We use the term "beneficiary" generically in this report to refer to both OASDI beneficiaries and SSI recipients.

<sup>2</sup> 42 U.S.C. §§ 405(j), 1383(a)(2) (2002).

<sup>3</sup> See *id.*; 20 Code of Federal Regulations (C.F.R.), Part 404.2001 et seq., Part 416.501 et seq., and

About 7.6 million individuals have Rep Payees—approximately 4.5 million are OASDI beneficiaries, 2.3 million are SSI recipients, and 800,000 are entitled to both OASDI and SSI. The following chart reflects the types of Rep Payees and the number of individuals they serve.

<b>Type of Rep Payee</b>	<b>Number of Rep Payees</b>	<b>Number of Individuals Served</b>
<b><i>Individual Payees: Parents, Spouses, Adult Children, Relatives, and Others</i></b>	<i>5,333,200</i>	<i>6,685,100</i>
<b><i>Organizational Payees: State Institutions, Local Governments and Others</i></b>	<i>41,500</i>	<i>807,400</i>
<b><i>Organizational Payees: Fee-for-Service</i></b>	<i>900</i>	<i>104,200</i>
<b><i>TOTAL</i></b>	<i>5,375,600</i>	<i>7,596,700</i>

Source: Master Rep Payee File as of January 2003.

## **CONNECTICUT MENTAL HEALTH CENTER, MONEY MANAGEMENT PROGRAM**

CMHC provides services to adults with mental health concerns. CMHC serves about 50 individuals and is the Rep Payee for about 35 SSA beneficiaries. The remaining 15 individuals voluntarily receive money management services. SSA paid approximately \$200,000 to CMHC for the 35 beneficiaries from May 1, 2001 through April 30, 2002.

CMHC assists clients in developing a budget for food, shelter, and clothing. CMHC deposits client funds into a State of Connecticut checking account and establishes grocery accounts at local food markets. CMHC prepares computer-generated statements accounting for monies spent and balances remaining. Annually, CMHC reviews clients' budgets and money management plans. The review assesses clients' progress toward reaching established money management goals and the appropriateness of the level of money management assistance CMHC provides. Clients' money management goals are intended to assist individuals in developing the skills necessary to manage funds more independently.

## **SCOPE AND METHODOLOGY**

Our audit covered the period May 1, 2001 through April 30, 2002.

To accomplish our objectives, we:

---

20 CFR 404.2035 (2002).

- Reviewed the Social Security Act and SSA policies and procedures pertaining to Rep Payees.
- Contacted SSA regional office and field office staff to obtain background information about CMHC performance as a Rep Payee.
- Obtained from SSA's RPS a list of individuals who were in CMHC's care between May 1, 2001 and April 30, 2002.
- Obtained from CMHC a list of individuals who were in its care between May 1, 2001 and April 30, 2002.
- Compared and reconciled the RPS and the CMHC list to identify the population of SSA individuals who were in CMHC's care from May 1, 2001 through April 30, 2002.
- Reviewed and tested CMHC's internal controls over the receipt and disbursement of SSA benefit payments.
- Performed the following tests for each beneficiary.
  - Compared and reconciled benefit amounts paid according to the CMHC records to benefit amounts paid according to SSA's payment records.
  - Reviewed the CMHC accounting records to determine whether benefits were properly spent or conserved on the individual's behalf.
  - Traced a sample of expenses to source documents and examined the underlying documentation for reasonableness and authenticity.
- Interviewed beneficiaries, personal guardians, or caregivers to determine whether their basic needs were being met.
- Reviewed RPRs to determine whether the CMHC properly reported to SSA how benefits were used.
- Reviewed Rep Payee Applications (SSA-11) to evaluate the completeness and appropriateness of the information provided on the applications.

We determined CMHC's computer processed data to be sufficiently reliable for our intended use. Further, any data limitations are minor in the context of this assignment, and the use of the data should not lead to an incorrect or unintentional message. We tested benefit payment receipts and disbursements recorded in CMHC's accounting system. We conducted tests to determine the completeness, accuracy and validity of the data. These tests allowed us to assess the reliability of the data and achieve our audit objectives. We performed our audit in New Haven, Connecticut, and Baltimore,

Maryland, from August to December 2002. We conducted our audit in accordance with generally accepted government auditing standards.

# Results of Review

---

Our audit showed that CMHC needed to (1) improve its safeguards over the receipt and disbursement of Social Security benefits and (2) ensure that Social Security benefit payments were used and accounted for in accordance with SSA's policies and procedures.

---

## **Rep Payee Bank Account Was Not Properly Titled**

---

SSA policy states that a Rep Payee may establish collective checking and savings accounts to hold monies belonging to several beneficiaries. However, to protect the beneficiaries' funds, the account title must show the funds belong to the beneficiaries and not the Rep Payee.<sup>4</sup> The account must be in a form that clearly shows the Rep Payee has only fiduciary and not personal interest in the funds.<sup>5</sup> All investments must show the Rep Payee holds the benefits in trust for the beneficiary.<sup>6</sup>

We found that CMHC had not established a properly titled bank account for the beneficiaries in its care. The bank account did not show the beneficiaries as owners of the account. A properly titled account is important because if the Rep Payee has financial problems and/or bankruptcy occurs, beneficiary funds may not be protected from loss or theft.

---

## **Beneficiary-Conserved Funds Were Not Held in an Interest-Paying Account**

---

Federal regulations state that any benefits that are not needed for the beneficiary's current needs must be conserved or invested.<sup>7</sup> After a Rep Payee has used benefit payments, any remaining amount shall be conserved or invested on the beneficiary's behalf.<sup>8</sup> Conserved funds should be invested in accordance with the rules followed by trustees. Any investment must show clearly that the Rep Payee holds the property in trust for the beneficiary.<sup>9</sup> Preferred investments for conserved funds are U.S. savings bonds and deposits in an interest- or dividend-paying account in a bank, credit union, or savings and loan association, which is insured under either Federal or State law.<sup>10</sup>

---

<sup>4</sup> Program Operations Manual System (POMS), GN 00603.020.

<sup>5</sup> 20 CFR § 404.2045 (2002).

<sup>6</sup> See *id.*

<sup>7</sup> 20 C.F.R. 404.2040 and 404.2045.

<sup>8</sup> 20 C.F.R. §§ 404.2045 and 416.645 (2002).

<sup>9</sup> See *id.*

<sup>10</sup> 20 C.F.R. §§ 404.2045(b) and 416.645(b) (2002).

We found there was \$9,380 in conserved funds for 12 beneficiaries for whom CMHC had not invested in an interest-paying account. We brought this to CMHC's attention, and it agreed to look into investing the conserved funds in an interest-paying account.

---

**Check Disbursement Approval Process Needs Improvement**

---

A Rep Payee should have appropriate internal controls to ensure the accuracy, completeness and proper authorization of transactions related to the receipt and disbursement of beneficiaries' funds. As part of this, the Rep Payee's check disbursement approval process should include a verification of original invoices by a second person.<sup>11</sup>

We examined CMHC's check disbursement process and found that disbursement checks were signed without an independent examination of the original invoice. The CMHC business office signed the checks prepared by the money manager without any review of the original invoice. While our audit did not detect any fraud or errors, we believe the business office should establish a policy that disbursement checks be approved and signed only after a second person verifies the information on the check.

As a result of our audit, CMHC changed its policy. The business office now verifies the checks to original invoices.

---

**Direct Deposit Was Not Used**

---

Federal regulations<sup>12</sup> generally require that all Federal payments be made by direct deposit. Direct deposit is a secure way of receiving payments and protects beneficiaries from the loss, theft, or delays associated with mailing paper checks. For a Rep Payee, direct deposit is an effective and efficient process that saves the time and effort of handling numerous benefit checks. The requirement to receive payments by direct deposit can be waived if it would impose a hardship on the individual.<sup>13</sup> SSA's *Guide for Organizational Representative Payees* encourages the Rep Payee to have benefit payments direct deposited in a bank account.

CMHC received 35 beneficiary payments by check each month rather than by direct deposit. Multiple employees had access to benefit checks before deposit. The bookkeeper did not list beneficiary checks received by mail before delivering the checks to the clerk for deposit. Manual posting of receipts imposes risk of erroneous postings. If CMHC establishes direct deposit, risk of theft and/or loss will be minimized. Given the vulnerability to theft and/or loss, we reviewed a sample of beneficiary payments to ensure they were properly deposited in CMHC bank account. We did not find any improper deposits. CMHC agreed to establish direct deposit of beneficiary payments.

---

<sup>11</sup> Internal Control-Integrated Framework the Committee of Sponsoring Organizations of the Treadway Commission (COSO, 1992).

<sup>12</sup> 31 C.F.R. § 208.3 (2002).

<sup>13</sup> 31 C.F.R. § 208.4 (2002).

---

**Improper  
Endorsement of  
Beneficiary Checks**

---

According to SSA policy, “generally the beneficiary's mailing address should be the address where he/she resides.” Any other address is questionable and is not acceptable if it facilitates an assignment of benefits, directs checks to a location where the beneficiary cannot readily negotiate them, or permits the beneficiary to conceal information that would result in nonpayment of benefits.<sup>14</sup> SSA policy also states that, if the mailing address is that of a hospital, nursing home, rest home, etc., the beneficiary may need a Rep Payee.<sup>15</sup>

Of the 15 individuals who voluntarily received money management services, we identified 8 as SSA beneficiaries. These eight beneficiaries’ benefit checks were sent directly to CMHC. None of the eight beneficiaries had a Rep Payee; therefore, all of the checks were made payable to the beneficiaries. However, we found that CMHC improperly endorsed and deposited into its own operating account at least 76 benefit checks belonging to these beneficiaries. The checks, totaling approximately \$45,000, lacked the beneficiaries’ signatures, which are required for proper endorsement. As a result, there is a risk that beneficiary funds were improperly assigned to CMHC or these beneficiaries’ may need a Rep Payee to manage their funds.

We informed CMHC of our findings and requested that SSA determine whether these eight beneficiaries were capable of managing their own funds. In addition, SSA should determine whether CMHC should continue to serve as a Rep Payee given that CMHC knew or should have known it was improperly endorsing beneficiaries’ checks.

---

**Not All Beneficiaries  
Were Recorded in  
the RPS**

---

The Omnibus Budget Reconciliation Act of 1990<sup>16</sup> requires that SSA provide for specific identification and control of all Rep Payees and the beneficiaries they serve. As a result, SSA established RPS, an on-line system for entering and retrieving information about Rep Payees and those applying to be Rep Payees. RPS contains data about Rep Payee applicants, beneficiaries in the Rep Payee’s care, and the relationship between the Rep Payee and the beneficiaries. In addition, SSA uses the RPS to select a sample of beneficiaries for review during its site visits of Rep Payees.

To determine the number of beneficiaries in CMHC’s care, we compared CMHC records of beneficiaries to SSA’s records of beneficiaries in RPS. As a result, we identified two beneficiaries for whom CMHC served as the Rep Payee that were not recorded in RPS. We provided SSA the names of the two beneficiaries so it could take corrective action to add them to RPS.

---

<sup>14</sup> 42 U.S.C. § 407(a) Assignment is defined as the transfer of the right to, or payment of, benefits to a party other than the beneficiary or his/her Rep Payee. The Social Security Act prohibits the assignment of benefits.

<sup>15</sup> POMS, GN 02605.025.

<sup>16</sup> 42 U.S.C. § 405(j)(2) (2002).

# Conclusions and Recommendations

---

CMHC has internal control and accounting weaknesses, which prevent it from fully meeting its responsibilities as a Rep Payee. We believe CMHC needs to improve several areas of its Rep Payee program. We recommend that SSA:

1. Require that CMHC change the bank account titling to show the funds belong to the beneficiaries.
2. Request CMHC to deposit conserved funds in an interest-paying account.
3. Ensure CMHC's check disbursement approval process includes verification with original invoices by a second person.
4. Request that CMHC establish direct deposit for all beneficiaries in its care.
5. Instruct CMHC to stop the practice of negotiating Social Security checks that are made payable to beneficiaries.
6. Determine whether CMHC should continue to serve as a Rep Payee in light of its improper endorsement of benefit checks.
7. Determine whether the eight beneficiaries that have their Social Security checks sent directly to CMHC need a Rep Payee.
8. Correct RPS to include all beneficiaries for whom CMHC was selected as a Rep Payee.

## AGENCY COMMENTS

SSA agreed with all our recommendations (see Appendix A for the full text of SSA's comments).

## REP PAYEE COMMENTS

CMHC generally agreed with our recommendations. With respect to Recommendation 2, CMHC stated that tracking interest-bearing funds for each participant in the program would be impractical, and the balances maintained in the account do not warrant the receipt of interest. With regard to Recommendation 4, CMHC stated that banking procedures do not allow individual direct deposit transactions for group accounts (see Appendix B for the full text of CMHC's comments).



## OIG RESPONSE

We acknowledge that tracking interest for very small conserved fund balances may not be practical. However, we believe CMHC should place conserved funds in excess of \$500 in interest-bearing accounts, in accordance with SSA's recommendation for Rep Payees.

We continue to believe direct deposit provides improved safeguards over benefit payments and would save CMHC the time and effort of handling numerous checks. We contacted CMHC's bank, and it advised us there are no banking procedures that prohibit individual direct deposits for group accounts.

# Other Matters

---

---

## Rep Payee Reports

---

One method SSA uses to monitor Rep Payees is the RPR. The RPR is intended to assist SSA in determining the (1) use of benefits during the preceding 12-month reporting period, (2) Rep Payee's continuing suitability, and (3) continuing need for representative payment.<sup>17</sup> Depending on the Rep Payee's responses, SSA may contact the Rep Payee to determine its continued suitability. We found that SSA could not always retrieve CMHC-completed RPRs.

As part of our audit, we planned to review a sample of completed RPRs to determine whether CMHC met its reporting responsibilities. We requested the most recently completed RPRs for 35 beneficiaries. SSA only provided 10 of the 35 RPRs we requested. For the remaining 25, we could not determine whether CMHC properly submitted RPRs.

However, in February 2003, SSA established an electronic imaging system that will image and electronically store all RPR forms. The imaging system should improve SSA's ability to timely obtain RPRs.

---

## Beneficiary Medication Needs Were Not Met

---

We interviewed five beneficiaries to determine whether their needs were being met. The interview consisted of questions concerning living arrangements, clothing, personal items, food, bill payments, and medical needs. One beneficiary complained of not having money to pay for medication for physical problems. We informed CMHC of the beneficiary's medication concerns. CMHC stated that it will work with the beneficiary to ensure the beneficiary's medication needs are addressed.

---

## Beneficiary Payment Status Was Incorrect

---

The Social Security Act<sup>18</sup> prohibits the payment of Social Security benefits to people who are confined to correctional institutions.<sup>19</sup> If an individual is officially released from prison, benefit payments must be reinstated.<sup>20</sup> We found that SSA did not reinstate a beneficiary's OASDI benefits in September 2002,

---

<sup>17</sup> POMS, GN 00605.001.

<sup>18</sup> 42 U.S.C. § 402(x)(1)(a)(2002)

<sup>19</sup> POMS, GN 02607.001.

<sup>20</sup> POMS, GN 02607.840.

after his release from prison. We informed SSA about this matter and asked it to take appropriate actions. SSA subsequently took action to reinstate the beneficiary's payments in December 2002.

# *Appendices*

---

**Agency Comments**



## SOCIAL SECURITY

### MEMORANDUM

**Date:** July 23, 2003 **Refer To:** S2D1G3

**To:** Steven L. Schaeffer  
Assistant Inspector General for Audit

**From:** Manuel J. Vaz /s/  
Regional Commissioner  
Boston

**Subject:** The Connecticut Mental Health Center (A-13-03-23009) - Revised

Thank you for the opportunity to comment on the draft report, “The Connecticut Mental Health Center, Money Management Program – An Organizational Representative Payee for the Social Security Administration”.

We agree with all the recommendations listed in the report.

1. Require Connecticut Mental Health Center (CMHC) to establish a properly titled bank account.

The CMHC currently maintains one bank account for both clients for whom the CMHC is representative payee and for whom the CMHC is not representative payee. The title of this bank account is “Connecticut Mental Health Center, Money Management Program”. The New Haven Social Security office continues to work with the CMHC in setting up a properly titled bank account for just those individuals for whom they serve as representative payee.

2. Request CMHC to deposit conserved funds in an interest-paying account.

The New Haven Social Security field office has requested CMHC to look into depositing conserved funds in an interest paying account. CMHC currently has individual checking accounts for each beneficiary and the bank charges no fees on these accounts.

3. Ensure CMHC’s check disbursement approval process includes verification with original invoices by a second person.

As a result of the audit, CMHC changed its policy. The business office now verifies each check to original invoices.

4. Request that CMHC establish direct deposit for all beneficiaries in its care.

The New Haven Social Security office has discussed with CMHC the advantages of direct deposit.

5. Instruct CMHC to stop the practice of negotiating Social Security checks that are made payable to beneficiaries.

When CMHC learned that they were inappropriately endorsing Social Security checks for beneficiaries for whom they were not representative payee, CMHC ceased this practice immediately.

6. Determine whether the eight beneficiaries that have their Social Security checks sent directly to CMHC need a representative payee.

The New Haven Social Security field office has determined that these eight beneficiaries do not need a representative payee.

7. Evaluate whether CMHC should continue to serve as a representative payee in light of its improper endorsement of benefit checks.

We have determined that CMHC should continue to serve as a representative payee. We find CMHC's performance as a representative payee more than satisfactory.

8. Correct RPS to include all beneficiaries for whom CMHC was selected as a representative payee.

The New Haven Social Security office has corrected RPS to include all beneficiaries for whom CMHC serves as representative payee.

If you have any questions on these comments, please contact Christine Bimber of the Programs Policy and Systems Team at 617-565-2882.

cc:

Fritz Streckewald

JoEllen Felice

Candace Skurnik

Roger McDonnell

Area Director I, Boston

DM, New Haven CT

## Representative Payee's Comments



## Comments from The Connecticut Mental Health Center:

Below are comments in regard to the draft Audit Report prepared by your office on May 30, 2003 entitled: **The Connecticut Mental Health Center, Money Management Program—An Organization Representative Payee for the Social Security Administration, #A-13-03-23009** Please refer to the Conclusions and Recommendations section, which can be found on page ii of the report.

### **Audit Recommendations and Response:**

***1. Require that CMHC change the bank account titling to show the funds belong to the beneficiaries.***

The Connecticut Mental Health Center's Money Management Program serves both clients for whom it functions as Representative Payee and clients who choose to enter the program but who have not been designated as being in need of a Representative Payee. The program uses one State checking account on behalf of all the clients involved in the program. Presently, the title on the checks used by the Money Management Program is "**Connecticut Mental Health Center, Money Management Program, 34 Park Street, New Haven, CT.**"

The State Treasurer's Office has been contacted and discussions are taking place to explore ways in which CMHC can comply with this audit requirement. The State Treasurer's Office is supportive of the need to ensure that the bank account title shows that the funds belong to the beneficiaries and not the State. Options are being discussed and a resolution will be decided upon soon.

***2. Request CMHC to deposit conserved funds in an interest-paying account.***

The Connecticut Mental Health Center's money management program uses one banking account for all program participants. The banking account is a "group account", which assists the many participating clients. Tracking interest-bearing funds for each individual participant in the program is impracticable and unworkable.

Funds are revolving. Money is deposited and payments are made from the account daily. It would be impossible to prorate and track the interest for each individual. Further, a daily minimum balance is not maintained in the account to warrant the receipt of interest.

***3. Ensure CMHC's check disbursement approval process includes verification with original invoices by a second person.***

This recommendation has been fully implemented. A second person signs a verification sheet before invoices are paid. Invoices are attached and initialed by the second verifier.

**4. *Request that CMHC establish direct deposit for all beneficiaries in its care.***

As stated in #2 above, the CMHC Money Management bank account is a group account. Banking procedures do not allow individual direct deposit transactions for group accounts

**5. *Instruct CMHC to stop the practice of negotiating Social Security checks that are made payable to beneficiaries.***

This recommendation has been fully implemented. The original intent of the CMHC Money Management Program was to serve the client with the least intrusive intervention possible. Initially, all beneficiary checks were received, stamped “for deposit” and then, deposited into the Money Management Program checking account. This procedure has changed. Presently, each enrolled client for whom CMHC does not serve as Representative Payee, endorses his/her check and then it is deposited into the Money Management Program checking account.

## **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

Shirley E. Todd, Director, General Management Audit Division, (410) 966-9365

Jim Klein, Audit Manager, (410) 965-9739

### ***Acknowledgments***

In addition to the persons named above:

Alan Carr, Auditor-in-Charge

Janet Stein-Pezza, Senior Program Analyst

Kimberly Beauchamp, Writer-Editor

For additional copies of this report, please visit our web site at [www.ssa.gov/oig](http://www.ssa.gov/oig) or contact the Office of the Inspector General's Public Affairs Specialist at (410) 966-1375. Refer to Common Identification Number A-13-03-23009.

## **DISTRIBUTION SCHEDULE**

Commissioner of Social Security

Office of Management and Budget, Income Maintenance Branch

Chairman and Ranking Member, Committee on Ways and Means

Chief of Staff, Committee on Ways and Means

Chairman and Ranking Minority Member, Subcommittee on Social Security

Majority and Minority Staff Director, Subcommittee on Social Security

Chairman and Ranking Minority Member, Subcommittee on Human Resources

Chairman and Ranking Minority Member, Committee on Budget, House of Representatives

Chairman and Ranking Minority Member, Committee on Government Reform and Oversight

Chairman and Ranking Minority Member, Committee on Governmental Affairs

Chairman and Ranking Minority Member, Committee on Appropriations, House of Representatives

Chairman and Ranking Minority, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives

Chairman and Ranking Minority Member, Committee on Appropriations, U.S. Senate

Chairman and Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate

Chairman and Ranking Minority Member, Committee on Finance

Chairman and Ranking Minority Member, Subcommittee on Social Security and Family Policy

Chairman and Ranking Minority Member, Senate Special Committee on Aging

Social Security Advisory Board

The Connecticut Mental Health Center, Money Management Program

## **Overview of the Office of the Inspector General**

### **Office of Audit**

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers' Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations and cash flow. Performance audits review the economy, efficiency and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency, rather than detecting problems after they occur.

### **Office of Executive Operations**

The Office of Executive Operations (OEO) supports the Office of the Inspector General (OIG) by providing information resource management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the *Government Performance and Results Act*. OEO is also responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from SSA, as well as conducting investigations of OIG employees, when necessary. Finally, OEO administers OIG's public affairs, media, and interagency activities, coordinates responses to Congressional requests for information, and also communicates OIG's planned and current activities and their results to the Commissioner and Congress.

### **Office of Investigations**

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

### **Counsel to the Inspector General**

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.