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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**INDIVIDUAL REPRESENTATIVE PAYEES  
FOR THE SOCIAL SECURITY  
ADMINISTRATION  
IN THE SAN FRANCISCO REGION**

**April 2005**

**A-09-05-15056**

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**EVALUATION  
REPORT**

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## **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.**



## SOCIAL SECURITY

### MEMORANDUM

Date: April 27, 2005

Refer To:

To: Peter D. Spencer  
Regional Commissioner  
San Francisco

From: Inspector General

Subject: Individual Representative Payees for the Social Security Administration in the San Francisco Region (A-09-05-15056)

### OBJECTIVE

Our objective was to confirm that beneficiaries in the care of representative payees existed; and, through personal observation and interviews, to determine whether the beneficiaries' food, clothing and shelter needs were being met.

### BACKGROUND

Some individuals cannot manage or direct the management of their finances because of their youth or mental and/or physical impairments. Congress granted the Social Security Administration (SSA) the authority to appoint representative payees to receive and manage these beneficiaries' benefit payments.<sup>1</sup> A representative payee may be an individual or an organization. SSA selects representative payees for Old-Age, Survivors and Disability Insurance beneficiaries and Supplemental Security Income (SSI) recipients when representative payments would serve the individual's interests.

SSA's primary concern is to select the payee who will best serve the beneficiary's interest; and preference is normally given to a parent, legal guardian, spouse or other relative of a beneficiary.<sup>2</sup> SSA considers payments to a representative payee to have been used for the benefit of the beneficiary if they were spent on the beneficiary's current maintenance—which includes the costs incurred in "...obtaining food, shelter, clothing, medical care, and personal comfort items."<sup>3</sup>

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<sup>1</sup> The Social Security Act §§ 205(j)(1)(A) and 1631(a)(2)(A)(ii), 42 U.S.C. §§ 405(j)(1)(A) and 1383(a)(2)(A)(ii).

<sup>2</sup> 20 C.F.R. §§ 404.2021 and 416.621.

<sup>3</sup> 20 C.F.R. §§ 404.2040(a) and 416.640(a).

We are conducting a nation-wide review of individual representative payees serving 14 or fewer beneficiaries (Appendix B). There are approximately 4.3 million of these types of representative payees who serve approximately 5.5 million beneficiaries. We selected a random sample of 275 individual representative payees for review, of which 35 were in the San Francisco Region (SF Region).<sup>4</sup> These 35 representative payees received and managed approximately \$24,768 in monthly benefits for 41 beneficiaries.

## **RESULTS OF REVIEW**

We confirmed the existence of the 41 beneficiaries in the care of the 35 representative payees in the SF Region; and, through personal observation and interviews, we found that all 41 beneficiaries' food, clothing and shelter needs were being met.<sup>5</sup> For 37 of the beneficiaries in the care of 31 representative payees, nothing came to our attention that would lead us to believe that the representative payees did not use the Social Security benefits received for the beneficiaries' needs. However, four representative payees did not manage the benefits of four beneficiaries. Specifically, we found that two representative payees turned over the full amount of the benefit payments to the beneficiaries without providing any direction or instruction about how to use the funds, and two representative payees had relinquished their responsibilities to other individuals.

### **Representative Payees Turned over the Entire Benefit Amount to Beneficiaries**

One of a representative payee's primary responsibilities is to ensure the beneficiary's day-to-day needs are met.<sup>6</sup> This includes costs incurred in obtaining food, shelter, clothing, medical care, and personal comfort items.<sup>7</sup> It also includes, but is not limited to, regularly meeting with the beneficiary to ascertain his/her current and foreseeable needs.<sup>8</sup> Finally, SSA policy states that a representative payee who turns over the full amount of benefits to a beneficiary without giving any direction or instruction about how to use the funds suggests a lack of interest by the payee. It may also suggest the beneficiary is capable of managing his/her own benefits.<sup>9</sup>

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<sup>4</sup> Originally, we had 31 cases in the SF Region. However, four cases were added for review. See Appendix C for details.

<sup>5</sup> Of the 35 representative payees, 17 representative payees were the beneficiaries' mothers, 16 representative payees were another relative, and 2 were not relatives.

<sup>6</sup> SSA, Guide for Representative Payees, p. 3.

<sup>7</sup> SSA, POMS, GN 00602.001 A.2.

<sup>8</sup> SSA, POMS, GN 00502.113 C.1

<sup>9</sup> SSA, POMS, GN 00605.066 B.2 and GN 00605.067 D.1.

Two representative payees turned over the entire amount of the benefit payments to the beneficiaries without providing any direction or instruction about how to use the funds. In one of these cases, the representative payee turned over \$464 to his 16-year-old daughter. The representative payees in these two cases believed the beneficiaries were capable of managing their own benefits. According to the representative payees, the beneficiaries used the funds to pay for such expenses as rent, food, clothing, and personal comfort items. However, since SSA determined the beneficiaries were incapable of managing their benefits, the representative payees should not have turned over their benefit payments. These two representative payees managed a total of \$1,274 per month for the beneficiaries they served. At this rate, these representative payees were not managing approximately \$15,288 per year.

The SSA staff attending the interviews advised the representative payees to visit their local SSA field offices so SSA could determine whether the beneficiaries were capable of managing their own benefits.

### **Representative Payees Relinquished Their Responsibilities to Other Individuals**

SSA policy requires that SSA find the person or organization best suited to be a representative payee.<sup>10</sup> In doing so, SSA conducts a face to face interview, verifies the payee's identity and evaluates the applicant using such factors as (1) concern for the beneficiary's well being, (2) ability to handle his/her own affairs, (3) knowledge of the beneficiary's current and foreseeable needs, (4) relationship to the beneficiary, and (5) history for criminal behavior or prior misuse of benefits.<sup>11</sup> Furthermore, during the interview, SSA ensures the applicant understands a representative payee's duties and responsibilities.

Two representative payees were the representative payees of record but had relinquished their duties to other individuals. The first representative payee was the beneficiary's mother, who was having difficulty with her memory and did not know a representative payee's duties and responsibilities. Therefore, the representative payee's daughter—the beneficiary's sister—was paying the bills and maintaining records.

Similarly, the second representative payee was the beneficiary's father. He was not aware of the duties and responsibilities of being a representative payee. Further, the representative payee was not fluent in English and enlisted his daughter to help him with his representative payee duties.

In both cases, the representative payees may not have been the best suited payees for these beneficiaries. These two representative payees had relinquished their duties to other individuals who were unknown to SSA, and the individuals had not filed applications to be representative payees. As a result, SSA had not determined whether

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<sup>10</sup> SSA, POMS, GN 00502.100 A.

<sup>11</sup> SSA, POMS GN 00502.113 B. and GN 00502.130.

the individuals who had assumed the role of representative payee were the best suited payees. Furthermore, SSA could not ensure these individuals understood a representative payee's responsibilities.

The monthly benefit amounts of the beneficiaries served by these two representative payees totaled \$1,695. At this rate, these representative payees were not managing approximately \$20,340 per year.

The SSA staff who attended the interviews advised the individuals to visit the local SSA field office and apply to be representative payees.

## **CONCLUSIONS AND RECOMMENDATIONS**

We confirmed the existence of the 41 beneficiaries in the care of the 35 representative payees in the SF Region; and, through personal observation and interviews, we found that all 41 beneficiaries' food, clothing and shelter needs were being met. For 37 of the beneficiaries in the care of 31 representative payees, nothing came to our attention that would lead us to believe the representative payees did not use the Social Security benefits received for the beneficiaries' needs. However, four representative payees did not manage the benefits of four beneficiaries. We recommend that SSA follow up with the four representative payees and beneficiaries to determine whether any change of representative payee is warranted.

## **AGENCY COMMENTS**

SSA agreed with our recommendation and took actions on the four representative payees who were not managing the benefits of four beneficiaries. See Appendix D for the text of SSA's comments.



Patrick P. O'Carroll, Jr.

# *Appendices*

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APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Sampling Methodology and Results

APPENDIX D – Agency Comments

APPENDIX E – OIG Contacts and Staff Acknowledgments

## Acronyms

C.F.R.	Code of Federal Regulations
POMS	Program Operations Manual System
RPS	Representative Payee System
SF Region	San Francisco Region
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code



### Scope and Methodology

Our population included all individual representative payees in the contiguous 48 States serving 14 or fewer beneficiaries as of May 20, 2004. To accomplish our objective, we:

- Reviewed the Social Security Administration's (SSA) policies and procedures for monitoring representative payees and their responsibilities for the beneficiaries in their care.
- Obtained a data extract of representative payees from the Representative Payee System as of May 2004 meeting our selection criteria.
- Selected a random sample of 275 representative payees nationwide. We are issuing a separate report on the nation-wide results, as well as separate reports for each of the 10 SSA regions.<sup>1</sup>

For the 35 representative payees and 41 beneficiaries they served in the San Francisco Region, we:

- verified the identities of 35 representative payees and 41 beneficiaries they served;
- interviewed 35 representative payees;
- interviewed 39 beneficiaries;<sup>2</sup> and
- visited and observed the living conditions of 41 beneficiaries.

We performed our review in California, Nevada, and Arizona from July to October 2004. We conducted our review in accordance with *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

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<sup>1</sup> SSA OIG, *Nation-Wide Survey of Individual Representative Payees for the Social Security Administration (A-13-05-25006)*, *Individual Representative Payees for the Social Security Administration in the Boston Region (A-01-05-15048)*, *Individual Representative Payees for the Social Security Administration in the New York Region (A-02-05-15049)*, *Individual Representative Payees for the Social Security Administration in the Philadelphia Region (A-14-05-15050)*, *Individual Representative Payees for the Social Security Administration in the Atlanta Region (A-13-05-15051)*, *Individual Representative Payees for the Social Security Administration in the Chicago Region (A-05-05-15052)*, *Individual Representative Payees for the Social Security Administration in the Dallas Region (A-06-05-15053)*, *Individual Representative Payees for the Social Security Administration in the Kansas City Region (A-07-05-15054)*, *Individual Representative Payees for the Social Security Administration in the Denver Region (A-07-05-15055)*, *Individual Representative Payees for the Social Security Administration in the San Francisco Region (A-09-05-15056)*, and *Individual Representative Payees for the Social Security Administration in the Seattle Region (A-09-05-15057)*.

<sup>2</sup> Two of the 41 beneficiaries could not be interviewed because of medical reasons.

# Sampling Methodology and Results

## Nation-wide Review

We obtained a data extract from the Social Security Administration's (SSA) Representative Payee System (RPS) of all individual representative payees having 14 or fewer beneficiaries in their care as of May 20, 2004. This population was 5,380,635 representative payees serving 6,818,696 beneficiaries.

From this population, we removed representative payees who had any of the following characteristics:

- resided outside of the 48 contiguous States;
- identified within RPS as only serving as their own representative payee;
- had all beneficiaries in their care in non-current pay status;
- had an invalid state code or military address; or
- managed total funds of \$50 or less monthly.

This reduced our sample population to 4,306,779 representative payees serving 5,520,303 beneficiaries. We randomly selected 275 representative payees from this sample population for review.

## San Francisco Region Sample Cases

Initially, 31 of the 275 sample cases chosen were located in the San Francisco Region (SF Region). However, four representative payees were added to our region for review.

- One was transferred from the Philadelphia Region because SSA records showed the representative payee had a Maryland address when the representative payee and beneficiary actually lived in Nevada.

- Two were added because two representative payees in the Chicago Region stopped serving as representative payees, and the replacements randomly chosen were located in the SF Region.
- One was added because SSA records showed a representative payee in the Chicago Region was recorded as an individual representative payee when actually serving as an organizational representative payee, and the replacement randomly chosen was located in the SF Region.

Accordingly, our review of the SF Region consisted of 35 representative payees. Our findings in the SF Region will be included in a national report, where statistical projections will be made.

## Agency Comments



## SOCIAL SECURITY

### MEMORANDUM

Date: April 14, 2005

TO: Patrick P. O'Carroll, Jr.  
Inspector General

FROM: Regional Commissioner  
San Francisco

SUBJECT: Individual Representative Payees for the Social Security Administration in the San Francisco Region (A-09-05-15056) – REPLY

Thank you for the opportunity to review the draft report for the Individual Representative Payees in the San Francisco Region.

We are pleased that the interviews with the 41 beneficiaries in care of 35 payees did not result in any findings of misuse or any situations in which the beneficiary's needs were not being met.

In the four cases that were cited for possible change of payee, the following actions have been taken:

1. The payee who was turning over the entire check to the beneficiary who was his 17-years old daughter was interviewed by the FO. The FO also separately interviewed the daughter. The daughter indicated that she was comfortable with the arrangement and did not want to receive her check directly. The FO explained to the father that he should exercise more authority over how the money was spent and he agreed to do so.
2. The payee was turning over the entire check to the beneficiary, his adult brother. The beneficiary has been put into direct payment.
3. In the situation where a father is the payee for his 23-year old disabled son, the FO interviewed the father and also spoke to the nursing home where the son is permanently confined. Although the father only speaks Spanish (which was the concern of OIG), he does understand his payee responsibilities and the FO determined that he is

the proper payee. He only needs assistance when he receives SSA materials printed in English.

4. For the case in which the mother was payee for her adult son, the payee has been changed to the beneficiary's adult sister.

If you wish to discuss our response, please call me at 510-970-8400. Staff may contact Cheryl Jacobson, Center for Programs, at 510-97-8248.

*/s/*  
Peter D. Spencer

cc:  
Fritz Streckewald  
JoEllen Felice  
Candace Skurnik

## **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

James Klein, Director, San Francisco Audit Division, (510) 970-1739

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### ***Acknowledgments***

In addition to those named above:

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Nicole Kato Sullivan, Auditor

Wilfred P. K. Wong, Auditor

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

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### **Office of Audit**

OA conducts and/or supervises financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

### **Office of Investigations**

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

### **Office of the Chief Counsel to the Inspector General**

OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Finally, OCCIG administers the Civil Monetary Penalty program.

### **Office of Executive Operations**

OEO supports OIG by providing information resource management and systems security. OEO also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OEO is the focal point for OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act of 1993.