



SOCIAL SECURITY

MEMORANDUM

Date: March 28, 2005

Refer To:

To: The Commissioner

From: Inspector General

Subject: Representative Payee Reports Indicating Excess Conserved Funds for Supplemental Security Income Recipients (A-13-03-13065)

The attached final report presents the results of our audit. Our objectives were to evaluate the Social Security Administration's policies and procedures for processing Representative Payee Reports indicating excess conserved funds for Supplemental Security Income recipients.

Please provide within 60 days a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

A handwritten signature in black ink, appearing to read "Patrick P. O'Carroll, Jr.", written in a cursive style.

Patrick P. O'Carroll, Jr.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**REPRESENTATIVE PAYEE REPORTS
INDICATING EXCESS CONSERVED
FUNDS FOR SUPPLEMENTAL SECURITY
INCOME RECIPIENTS**

March 2005

A-13-03-13065

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 objective was to evaluate the Social Security Administration's (SSA) policies and procedures for processing Representative Payee Reports (RPR) indicating excess conserved funds for Supplemental Security Income (SSI) recipients. Specifically, we evaluated SSA's

1. processing controls to ensure all RPRs with excess conserved funds were forwarded to the appropriate SSA field office for review and
2. compliance with its policies for resolving reported excess conserved funds.

BACKGROUND

Under the SSI program, one of the eligibility requirements is that a recipient must not have over \$2,000 in resources; a married recipient is limited to \$3,000. If the individual exceeds the resource limit, SSA suspends payments.

RESULTS OF REVIEW

During our review, the process for reviewing RPRs with excess conserved funds changed. In several instances, field office staff was not aware of RPRs showing excess conserved funds. Once we provided SSA with our sample cases for review, we found SSA generally complied with its policies and procedures for resolving reported excess conserved funds. However, we found several areas where improvement was needed. Processing controls were not in place to ensure all RPRs with excess conserved funds were forwarded to the appropriate field office. Field offices did not determine whether SSI recipients with excess conserved funds continued to be eligible for benefit payments.

Although a new diary process was implemented in November 2002, field offices did not contact the representative payee to determine continued eligibility. Furthermore, SSA made recording errors in payment records, and representative payees made errors in reporting conserved funds. As a result, we found 40 cases where overpayments occurred. We did not reach a conclusion on 105 of the 489 cases in our sample because the Agency did not provide us an eligibility determination.

RECOMMENDATIONS

We recommended that SSA review and collect overpayments for the 40 records it identified in our sample. We also recommended that SSA determine whether it is feasible to review the January 2004 extract of 11,014 cases with excess conserved funds to determine whether overpayments exist. Furthermore, SSA should send a reminder to the field offices to follow procedures for recording and updating conserved funds on payment records. Finally, SSA should provide specific guidance to the field offices for completing the *Representative Payee Report of Benefits and Dedicated Account*.

AGENCY COMMENTS

SSA agreed with all of our recommendations. SSA stated it has evaluated our second recommendation and determined it is not feasible (or necessary) to review the 11,014 cases. The Agency indicated it is not feasible to review the cases because it does not have the necessary resources and some time has elapsed since the cases were identified. In addition, SSA stated with current instructions to work R8 diaries, these records now receive timely attention.

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OBJECTIVE

Our objective was to evaluate the Social Security Administration's (SSA) policies and procedures for processing Representative Payee Reports (RPR) indicating excess conserved funds for Supplemental Security Income (SSI) recipients. Specifically, we evaluated SSA's

1. processing controls to ensure all RPRs with excess conserved funds were forwarded to the appropriate SSA field office for review and
2. compliance with its policies for resolving reported excess conserved funds.

BACKGROUND

Under the SSI program, one of the eligibility requirements is that a recipient cannot have over \$2,000 in resources; a married recipient is limited to \$3,000. If the individual exceeds the resource limit, SSA suspends payments.

SSA selects representative payees for SSI recipients when representative payments would serve the individual's interests. Representative payees are required to provide SSA an annual RPR accounting for how benefit payments were spent and how much in benefit payments was conserved. When the reported conserved funds exceed the resource limit, the field office must complete "case development" to determine the SSI recipient's continued eligibility. Case development includes reviewing SSA's payment records for excludable resources,¹ contacting the representative payee, and, if necessary, obtaining bank records.

The process begins when the representative payee mails the RPR to the Wilkes-Barre Data Operations Center (WBDOC). Once received, staff reviews the responses to the RPR questions and enters data into the automated system for any reported conserved funds (see Appendix C for an example of the RPR). If the reported conserved funds are over \$2,000, WBDOC staff mails a copy of the RPR to the appropriate SSA Processing Center.² The Processing Center forwards the RPR to the field office for review and case development.

In November 2002, SSA implemented a new process, R8 diary. The diary requires that field office development determine continued eligibility. An R8 diary is automatically generated and sent to the appropriate field office when WBDOC staff inputs conserved funds amounts over \$2,000 from RPRs. The new process was implemented because the RPRs were not developed.

¹ An excluded resource, such as a burial account or home serving as the principal place of residence, does not count against the statutory limit.

² Processing Centers make formal entitlement decisions on many claims for Social Security benefits.

Results of Review

During our review, the process for reviewing RPRs with excess conserved funds changed. In several instances, field office staff was not aware of RPRs showing excess conserved funds. Once we provided SSA with our sample cases for review, we found SSA generally complied with its policies and procedures for resolving reported excess conserved funds. However, we found several areas where SSA could make improvements. These areas are related to:

- RPRs with excess conserved funds being forwarded to the appropriate field office for review,
- clearing R8 diaries on SSI records with excess conserved funds, and
- errors in recording conserved funds on SSI records.

In addition, while the Agency provided eligibility determinations for 384 recipients, it did not provide eligibility determinations for 105 recipients.

PROCESSING CONTROLS DID NOT ENSURE RPRs WERE FORWARDED TO FIELD OFFICES

We obtained a January 2003³ electronic data extract of the 10,893 SSI recipients who had representative payees and over \$2,000 in conserved funds on their payment records. This data extract represented about \$53.2 million in conserved funds. From this population, we pulled a statistical sample of (1) 100 records with reported conserved funds between \$2,001 and \$3,999, (2) 100 records with reported conserved funds between \$4,000 and \$19,999, and (3) the 289 records with conserved funds over \$19,999. See Appendix D for details of our methodology.

We then developed a questionnaire (see Appendix E) requesting that field office staff tell us whether case development was completed for our sample of 489 SSI recipients. If case development activities were not conducted, we requested the field office examine the SSI recipients' RPR and payment record and provide us the results of their review. We requested the field offices provide us the documentation that was generated as a result of their case development activities.

Processing controls that were in place did not ensure all RPRs with excess conserved funds were forwarded to the appropriate field office for review. None of the field offices reported receiving RPRs for the 489 SSI recipients included in our sample nor were they aware of the excess conserved funds reported on the RPRs. Although we could not determine the underlying cause, we believe either of the following may have occurred before November 2002: WBD0C did not forward RPRs to the Processing

³ The original data extract was obtained from the Social Security records as of January 14, 2003.

Centers, the Processing Centers did not send the RPRs to the appropriate field offices, or the field offices did not review the RPRs. Most of the RPR-related data in our data extract were recorded before November 2002. Since we could not observe how those RPRs were processed, we could not determine the specific cause.

Field Offices Did Not Determine SSI Recipients' Continued Eligibility

Field offices did not determine whether SSI recipients with reported conserved funds in excess of the allowable \$2,000 resource limit continued to be eligible for payments. Case development activities were not completed for the sample of 489 SSI recipients with over \$2,000 in conserved funds recorded on their payment records until we notified them. As a result, there were 40 SSI recipients with overpayments.

Field Offices Did Not Address R8 Diaries for Continued Eligibility of SSI Recipients

Although a new R8 diary process was implemented in November 2002, field offices did not clear⁴ these diaries. Field offices did not address R8 diaries that indicated SSI recipients' reported conserved funds in excess of the \$2,000 resource limit. Of the 489 SSI recipients' payment records included in our sample, 22 had R8 diaries. In May 2003, the field offices reported that these R8 diaries had not been cleared. Most field offices did not indicate why the diaries had not been addressed. As a result, there was one SSI recipient with an overpayment.

We subsequently learned the field offices handled the R8 diaries as an information-only diary, and staff considered the diaries a low priority workload. According to SSA personnel, the R8 diaries remained in the payment records, but the field office had discretion in addressing the diary. In October 2003, SSA elevated the R8 diary status to a limited issue diary. Limited issue diaries are SSA's highest priority diaries that must be addressed by Agency staff. To monitor activity related to these diaries, management information reports are generated each month identifying those limited issue diaries that remain unresolved.

In conclusion, by not working cases according to SSA policies and procedures, 40 SSI recipients were overpaid about \$223,300 (see *Some Overpayments Did Occur for Our Sample of Payment Records*). We estimate for our data extract population of 10,893 payment records, about 1,986 records had overpayments totaling about \$9.9 million (see Appendix D for sampling methodology).

RECORDED EXCESS CONSERVED FUNDS

For our initial data extract in January 2003, R8 diaries were not addressed for 22 cases. To determine whether these diaries were being processed, we requested an additional data extract in January 2004.

⁴ The term cleared denotes a review of the diary was made.

Table 1: Data Extract Results About 1 Year After R8 Diary Implementation

January 2004		
Representative Payee Report	Number of Records	Conserved Fund Dollars (millions)
With R8 Diary	4,540	\$18.9
Without R8 Diary		
Accountability Month		
Before 2002	737	5.0
2002	2,493	12.8
2003	3,237	17.4
2004 (as of January)	7	.0
Subtotal	6,474	35.2
Total	11,014	\$54.1

Because it had been about 1 year since the R8 diary was implemented, we expected to see an R8 diary in most of the January 2004 extract records. The extract showed only about 40 percent of the approximately 11,000 records had an R8 diary. In addition, current pay records with an accountability month posted in 2002 or before should have a more recent RPR recorded because RPRs are mailed annually. We believe SSA may find overpayment conditions existed in the 2004 data extract similar to those identified during our review of the 2003 data.

FIELD OFFICES GENERALLY COMPLIED WITH POLICY FOR DEVELOPING CONSERVED FUNDS FOR OUR SAMPLE RECORDS

When we notified the field offices that excess conserved funds had been reported on the RPRs, they generally complied with SSA's policies for case development to determine SSI recipients' continued eligibility. We requested field office staff review sample records selected from our January 2003 data extract. Using the case development data provided by the field offices for the 489 SSI recipients in our sample, we found overpayments did not occur for 344 SSI recipients. Over \$2,000 in conserved funds was recorded in these records because of SSA recording errors, reporting errors made by the representative payees, or excludable resources.⁵ Forty SSI recipients received overpayments. See Table 2 for the sample results and Appendix D for sampling methodology.

⁵ An excluded resource, such as a burial account or home serving as the principal place of residence, does not count against the statutory limit.

**Table 2: Results of Sample Records Field Office Case Development
Determination of Continued SSI Eligibility
January 2003**

Results	Population 1	Population 2	Population 3	Total
	\$2,001 – \$3,999	\$4,000 - \$19,999	Over \$19,999	
Sample Size	100	100	289	489
Overpayments	23	8	9	40
No Overpayments				
SSA Recording Error	16	33	189	238
Representative Payee Reporting Error	17	13	18	48
Excludable Resources	12	17	29	58
No Overpayments Total	45	63	236	344
Undetermined	32	29	44	105

Overpayments Generally Did Not Occur for Our Sample of Payment Records

Generally, overpayments did not occur for our sample of SSI recipients with over \$2,000 in conserved funds recorded on their payment records. Of the 489 payment records sampled, 344 records (about 70 percent) had no overpayments. Of the 344 records, 238 contained an

SSA recording error, 48 records had representative payee reporting errors, and 58 records had excludable resources.

SSA Recording Error - We found SSA recording errors in 238 of the 344 payment records. These errors were in the conserved funds and accountability month/year data fields. SSA policy⁶ states, before October 2000, a conserved fund entry consisted of a one-position identification code and a seven-position money amount. However, effective October 2000, a conserved fund entry consists of a one-position identification code and a five-position (whole dollars only) money amount. Also, SSA policy⁷ states “the accountability month field is used to transmit the month and year through which an accounting is performed, transmit the last full month a previous payee was responsible for a recipient’s funds, and to clear a payee accounting diary on the Supplemental Security Income Record.”

In some cases, the representative payee requested local field office assistance in completing the RPR. After providing that assistance, the field office recorded the conserved funds and accountability month/year in its payment records. We found SSA incorrectly recorded the conserved funds and accountability month/year.

We observed errors in the placement of the decimal point for conserved fund values. For example, in one of our sample records, the representative payee reported conserved funds of \$235 on the RPR in April 2001. However, the field office recorded

⁶ POMS, SM 01301.639, *Conserved Funds*.
⁷ POMS, SM 01301.635, *NM Field – Accounting Done*.

\$23,500. When the RPR was mailed for April 2002, the balance on the form showed \$23,500 saved for the recipient from the previous year instead of \$235. When SSA personnel record an incorrect amount on the payment record, the starting balance on the next RPR will show an incorrect dollar amount. This increases WBD0C's work load because it has to contact the representative payee to resolve the amount reported on the RPR.

We also found inconsistency in recording conserved funds when a representative payee accounting for a Dedicated Account⁸ was involved. Each year, a disability insurance (DI) diary⁹ alert is generated that requires an annual RPR accounting and Dedicated Account monitoring with the representative payee for children who received large retroactive benefit payments (see Appendix F for the *Representative Payee Report of Benefits and Dedicated Account* form). There are restrictions on how this money can be spent.¹⁰ For 40 records with Dedicated Accounts, 21 field offices recorded Dedicated Account funds with the conserved funds. SSA needs to clarify instructions on completing the Form SSA 6233-BK because we believe Dedicated Accounts should not be included with conserved funds.

Finally, we found records where SSA only changed the accountability month/year field. When inputting information from the latest RPR, SSA personnel would change the accountability month/year field only. However, when updating the new information from the RPR, both fields (accountability month/year and the conserved funds amount) should be changed. Again, not recording the latest conserved funds would cause the starting balance on the next RPR to be incorrect.

Representative Payee Reporting Error - Representative payees are responsible for reporting on the use of Social Security benefits by completing RPRs each year. SSA uses the RPRs to monitor how representative payees used SSI recipients' payments and identify situations where representative payment may no longer be appropriate or the representative payee may no longer be suitable (Appendix C).¹¹

After reviewing 344 records, we found 48 RPRs where the representative payee incorrectly reported the beneficiaries' conserved funds. For example, for one of our sampled records, the conserved funds were reported as \$28,700. When the field office reviewed the case, it contacted the representative payee, who stated she did not save any money for the recipient and she put the wrong amount on the RPR. The field office verified her statement by obtaining copies of the bank statements from the representative payee.

⁸ POMS, GN 00602.140, *Permitted Expenditures from Dedicated Accounts*, states representative payees are required to establish and maintain an account in a financial institution for certain past-due payments made for disabled or blind SSI recipients under age 18. Because this account must be separately maintained and may only be used for certain specified expenditures, the term "Dedicated Account" is used.

⁹ POMS, GN 00605.208, *DI Diary and the Redetermination/Limited Issue Process*

¹⁰ POMS, GN 00602.140, *Permitted Expenditures from Dedicated Accounts*.

¹¹ POMS, GN 00605.001, *Overview of Annual Representative Payee Accounting*.

Excluded Resources - Once SSA determines an asset meets the definition of a resource, it must determine that resource's effect on eligibility. Certain resources do not count against the statutory resource limit, that is, the assets are excluded. Excluded resources include (1) a home serving as the principal place of residence, including land on which the home stands and other buildings on that land; (2) life insurance, depending on its face value; (3) burial funds for an individual and his or her spouse; and (4) retained¹² retroactive benefit payments.¹³ For children under age 18, these retained retroactive benefit payments are referred to as Dedicated Accounts.¹⁴

During our review of 344 sample records, we found 58 records with excludable resources. These exclusions included Dedicated and Burial Accounts. For example, one of the payment records in our sample indicated approximately \$21,700 in conserved funds. When field office personnel reviewed the case, they concluded the representative payee established a Dedicated Account totaling approximately \$21,700 for a child. Another payment record indicated approximately \$4,000 in conserved funds. After the claims representative reviewed the case, the representative payee received a retroactive check and established an irrevocable Burial Account. Because Dedicated and Burial Accounts are considered excluded resources, there was no overpayment for these records.

Some Overpayments Occurred for Our Sample of Payment Records

Some overpayments occurred for our sample of SSI recipients with over \$2,000 in conserved funds recorded on their payment records. When representative payees report conserved funds in excess of the resource limit, SSA is required to conduct case development to determine SSI recipients' continued eligibility.¹⁵

As we previously stated, the development may not have occurred because either WBD0C was not sending the RPRs to the Processing Centers or the Processing Centers were not sending the RPR to the appropriate field office for review and case development.

One overpayment occurred when the representative payee reported conserved funds of \$40,030. After SSA completed its case development, the claims representative found the SSI recipient received an inheritance totaling over \$40,000 in January 2002. Therefore, beginning in January 2002, his resources exceeded the \$2,000 allowable limit for SSI recipients. SSA determined the recipient was overpaid \$856.

Based on the field office responses regarding our sample of 489 SSI recipient payment records from the January 2003 data extract, the Agency identified 40 SSI recipients (about 8.2 percent) who were issued about \$223,300 in overpayments. We estimate for the January 2003 data extract population of 10,893 payment records about

¹² According to SSA, at the time of our audit, retained regular retroactive benefit payments were only excluded from resources for 6 months from the date they were received.

¹³ POMS, SI 01110.210, *Excluded Resources*.

¹⁴ The Social Security Act, section 1613(a)(12), There is no time limit for excluding dedicated account funds from resources.

¹⁵ POMS, GN 00605.068 F3, *How to Evaluate Payee Responses about Conserved Funds*.

1,986 records had overpayments totaling about \$9.9 million. (See Appendix D for sampling methodology.)

***Undetermined SSI
Eligibility for Sample
Records***

The field offices did not always provide us an eligibility determination after we notified them that excess conserved funds were reported on the RPR. For all SSI recipients in our sample, field office staff responded to our questionnaire by indicating they were not aware of the excess conserved funds reported on the RPRs. Subsequent action was taken to determine the continued SSI eligibility for 78.5 percent of our sample recipients. Of the 489 payment records in our sample, we did not receive the Agency's determination of continued SSI eligibility for 105 recipients (21.5 percent).

Conclusions and Recommendations

SSA did not ensure all RPRs with excess conserved funds were forwarded to the appropriate field office for review. Although SSA implemented a new diary process, our review of beneficiaries' Social Security records determined these diaries were not being cleared by the field offices. Further, SSA generally complied with its policies for resolving reported excess conserved funds for the sample cases we referred to the field offices for review. However, improvements are still needed. Specifically, we are recommending that SSA:

1. Review and collect overpayments for the 40 records identified in our sample.
2. Determine whether it is feasible to review the January 2004 extract of 11,014 records with excess conserved funds to determine whether overpayments exist.
3. Send a reminder to the field offices to enter the one-position identification code and a five-position money amount for recording conserved funds on the payment records.
4. Send a reminder to the field offices to change the accountability month and year when updating the conserved funds on the payment records.
5. Provide specific guidance to field offices for completing the SSA 6233-BK when a dedicated account is involved.

AGENCY COMMENTS

SSA agreed with all of our recommendations. SSA stated it has evaluated Recommendation 2 and determined it is not feasible (or necessary) to review the 11,014 cases. The Agency indicated it is not feasible to review the cases because it does not have the necessary resources and some time has elapsed since the cases were identified. In addition, SSA stated with current instructions to work R8 diaries, these records now receive timely attention. (See Appendix G for the Agency's comments.)

Appendices

Acronyms

CF	Conserved Funds
POMS	Program Operations Manual System
RPR	Representative Payee Report
SSA	Social Security Administration
SSI	Supplemental Security Income
WBDOC	Wilkes-Barre Data Operations Center

Background, Scope and Methodology

Background

Under the Supplemental Security Income (SSI) program, to be eligible for benefits, a recipient must not have over \$2,000 in resources; a married recipient is limited to \$3,000. If the individual exceeds the resource limit, the Social Security Administration (SSA) suspends payments. Payments are resumed if the recipient's resources subsequently fall below the limit.

SSA selects representative payees for SSI recipients when representative payments would serve the individual's interests. Representative payees are required to provide SSA an annual Representative Payee Report (RPR) accounting for how benefits were spent and how much in benefits was conserved. When a representative payee reports conserved funds over \$2,000, SSI eligibility is questionable. Therefore, SSA must contact the representative payee to determine continued eligibility. In addition, a considerable amount of conserved funds may also indicate the representative payee is not spending enough funds from benefit payments to meet the recipient's needs.

The Wilkes-Barre Data Operations Center (WBDOC) processes approximately 4.7 million RPRs each year. WBDOC sorts the RPRs by program benefit payment type and routes them to an examination station. The examination station divides the RPRs into three basic groupings: no case development needed, case development needed by Processing Center, and case development needed by WBDOC. When conserved funds exceed \$2,000¹ for an SSI recipient, case development is needed. Before further processing, the conserved funds balance on the RPR is entered into the Post Entitlement Input Screens of the automated receipt control system. Before November 2002, the forms were mailed to the appropriate Processing Center to be distributed to the field offices for development.

SSA changed this process in November 2002 when it implemented the R8 diary. The process change was based on a prior Office of the Inspector General report,² which found the Agency failed to control or act on RPRs with conserved fund balances in excess of the resource limit. When WBDOC inputs a conserved fund amount that equals or exceeds the \$2,000 resource limit, the automated system will generate an R8 diary to the servicing field office. After 60 days, a follow-up diary is sent to the servicing field office, and the R8 diary is added to the field office diary control listing. When first implemented, the R8 diary was informational only and given low priority.

¹ The conserved funds limit for unmarried SSI recipients or married SSI recipients with an ineligible spouse is \$2,000. For a married couple who are both eligible for SSI payments, the conserved funds limit is \$3,000.

² SSA/OIG, *Management Advisory Report: Summary of Financial-Related Audits of Representative Payees for the Social Security Administration (A-13-00-10065)*, August 5, 2002

To process the R8 diary, the field office is required to perform a limited or full development of conserved funds. The limited development includes contacting the representative payee by telephone or mail; reviewing the Modernized Supplemental Security Income Claims System resource screens to determine types and amounts of resources previously reported for the eligible individual; asking the payee about the funds reported in the conserved funds field; determining whether any of the conserved funds are excluded from resource counting under SSI program rules; and curtailing development and deleting the R8 diary if the individual is below the resource limit. With full development, SSA is required to verify the amount of conserved funds. For example, the field office would request that the representative payee provide bank statements to verify the amount of funds contained in the bank account established for the SSI recipient's needs.

In October 2003, SSA changed the R8 diary status, requiring that it be resolved by placing it on the "limited issue" diary list. The "limited issue" diary list contains the highest priority diary that must be cleared. The diary remains on the SSI Record until the field office reviews and deletes the diary from the system.

Scope and Methodology

The targeted population for review was all individuals receiving SSI payments where the representative payees reported conserved funds in excess of the SSI resource limit. If an overpayment occurred, we requested that SSA determine the total period for which there was an overpayment on the recipient's record. To accomplish our objective, we:

- Reviewed SSA's policies and procedures for reviewing conserved funds reported on the RPR that exceeded the resource limit.
- Obtained a data extract of 10,893 recipients receiving payments with conserved funds over \$2,000 as of January 2003.
- Developed a sampling plan to statistically project our results to the population. Selected a sample of 489 records for review:
 - A random sample of 100 records with reported conserved funds between \$2,001 and \$3,999.
 - A random sample of 100 records with reported conserved funds between \$4,000 and \$19,999.
 - All 289 records ranging from \$20,000 through \$99,999.³

³ The maximum amount the field will allow for input of conserved funds.

- Developed a questionnaire requesting that the field office tell us whether the sampled records had been reviewed. If the case had not been reviewed, we requested the field office review the case and tell us its disposition.
- Reviewed documentation provided by field offices for cases reviewed and evaluated documentation for compliance with SSA's policies and procedures.
- Obtained a second data extract of 11,014 recipients receiving payments with conserved funds over \$2,000 as of January 2004.

We determined computer-processed data to be sufficiently reliable for their 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 the conserved funds recorded on the SSI record. We completed tests to determine the accuracy and validity of the data. These tests allowed us to assess the reliability of the data and achieve our audit objectives.

The SSA components reviewed were the Wilkes-Barre Data Operations Center within the Office of the Deputy Commissioner for Operations and various SSA field offices. We performed our audit in Baltimore, Maryland, and Wilkes-Barre, Pennsylvania, from January 2003 through March 2004. We conducted our audit in accordance with generally accepted government auditing standards.

Example of Form SSA 623-F6, Representative Payee Report

Representative Payee Report

PAYEE'S NAME AND ADDRESS	REPORT PERIOD		SOCIAL SECURITY NUMBER		
	FROM:	TO:			
	BENEFICIARY				
	ID	BIC	FP	PC	DOC
	D	TP	CC	GS	
	CF	TAA			
PF	BSSN				

FORM APPROVED
OMB NO. 0960-0068

This report is about the benefits you received for the beneficiary during the report period shown above. Please read the enclosed instructions before completing this form to help you answer each question.

1. Were you (the payee) convicted of a crime considered to be a felony during the report period shown above? If YES, please explain in REMARKS on the back of this form.

YES NO

2. Did the beneficiary continue to live alone, or with the same person, or in the same institution during the report period shown above? If NO, please explain and provide the beneficiary's current address in REMARKS on the back of this form.

YES NO

3. Benefits paid to you during the report period = \$ _____
Benefits you reported as saved on last year's report = \$ _____
Total Accountable Amount = \$ _____

A. Did you (the payee) decide how the total accountable amount was spent or saved? If NO, please explain in REMARKS on the back of this form.

YES NO

B. How much of the total accountable amount did you spend for the beneficiary's food and housing during the report period? →

DOLLAR AMOUNT (NO CENTS)
 ,

C. How much of the total accountable amount did you spend on other things for the beneficiary such as clothing, education, medical and dental expenses, recreation, or personal items during the report period? →

,

D. How much, if any, of the total accountable amount did you save for the beneficiary as of the last month in the report period? If none, show zeroes. →

,

4. If you showed an amount in 3.D. above, place an "X" in the boxes below to show how you are saving the benefits. If you have more than one account, you may mark more than one box in each section.

A. TYPE OF ACCOUNT					B. TITLE OF ACCOUNT		
Savings/Checking Account	U.S. Savings Bonds	Certificates of Deposit	Collective Savings/Checking Account	Other	Beneficiary's Name by Your Name	Your Name for Beneficiary's Name	Other
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FORM SSA-623-F6 (9-2001) EF (10-2001)

Continued on the Reverse

FOR SSA USE ONLY
FO ASSISTANCE <input type="checkbox"/>



5.A. If you answered "OTHER" in 4.A. on the front page, show the type of account or investment in which the benefits are saved. →

B. If you answered "OTHER" in 4.B. on the front page, show the title of the account in which the benefits are saved. →

TYPE OF ACCOUNT
TITLE OF ACCOUNT

REMARKS

SAMPLE

I CERTIFY THAT THE INFORMATION I HAVE GIVEN ON THIS FORM IS TRUE. (A PERSON WHO CONCEALS OR FAILS TO TELL SSA ABOUT EVENTS ASKED ABOUT ON THIS FORM WITH THE INTENT TO FRAUDULENTLY RECEIVE BENEFITS MAY BE FINED, IMPRISONED, OR BOTH.)

PAYEE'S SIGNATURE
(If signed by mark (X), two witnesses must sign below)

6.

DATE

8.

RELATIONSHIP TO BENEFICIARY OR TITLE

7.

DAYTIME TELEPHONE NUMBER(S)
(Include area code)

9. _____
Area Code

WITNESS SIGNATURES ARE REQUIRED ONLY IF THE PAYEE'S SIGNATURE ABOVE HAS BEEN SIGNED BY MARK (X).

SIGNATURE OF WITNESS

DATE

SIGNATURE OF WITNESS

DATE

Sampling Methodology

We obtained a data extract from the Social Security Administration’s Supplemental Security Income Record. The extract included all recipients receiving Supplemental Security Income payments where the representative payees reported conserved funds in excess of the \$2,000 resource limit as of January 2003. This data extract consisted of 10,893 records totaling approximately \$53.2 million in reported conserved funds. We selected a random sample of 100 records where conserved funds were reported between \$2,001 and \$3,999 and a sample of 100 records where conserved funds were reported between \$4,000 and \$19,999. We also reviewed all 289 cases where the conserved funds exceeded \$19,999.

Projecting our sample results to the population, we estimate about 1,986 recipients were overpaid about \$9.9 million because the excess conserved funds were not reviewed.

Sample Results and Projections January 2003				
	\$2,001 - \$3,999	\$4,000 - \$19,999	Over \$19,999	Grand Total
Population size	7,528	3,076	289	10,893
Sample size	100	100	289	489
Attribute Projections and Sample Results				
Sampled records	100	100	289	489
Overpayments	23	8	9	40
Projection point estimate ¹	1,731	246		
Projection lower limit	1,226	125		
Projection upper limit	2,329	427		
Variable Projections and Sample Results				
Sample records	\$275,181	\$654,947	\$13,300,764	\$14,230,892
Overpayments	\$108,665	\$52,321	\$62,312	\$223,298
Projection point estimate ²	\$8,180,301	\$1,609,394		
Projection lower limit	\$4,293,850	\$401,957		
Projection upper limit	\$12,066,752	\$2,816,831		

Note: Projections were calculated at the 90-percent confidence level

¹ This point estimate value plus the nine errors found in the population over \$19,999 equals 1,986 records.

² This point estimate value plus the \$62,312 found in the population over \$19,999 equals \$9,852,007.

Office of the Inspector General SSI Conserved Funds Survey

Case Information

<u>#</u>	<u>DISTRICT OFFICE</u>	<u>SOCIAL SECURITY NUMBER</u>	<u>LAST NAME</u>	<u>ID</u>	<u>TYPE OF PAYEE</u>	<u>ACCOUNTABILITY MONTH</u>	<u>CF AMOUNT</u>

1. Were the conserved funds developed¹ for this case?

1a. Yes.

- **Please provide the following information**

Development start date (mm/dd/yy):

Development completion date (mm/dd/yy):

- **As a result of your development, was the recipient overpaid?**

Yes.

Overpaid period (mm/yy thru mm/yy):

Amount of overpayment:

No. Please provide the reason the recipient was not overpaid

Excludable resources

Type(s) of excludable resources:

Amount(s) of excludable resources:

Conserved funds amount was input incorrectly.

Correct amount of conserved funds is:

Other please explain:

¹ GN 00605.068, GN 00603.001, SI 01140.000, *et seq.*

1b. No.

- Please provide the reason(s) the conserved funds were not developed.
Reason:

- Will the conserved funds be developed now?

Yes. Expected completion date of development (mm/dd/yy)

No. Please explain:

QUESTIONS?

Any questions should be directed to XXXXX XXXXXXXXX at (XXX) XXX-XXXX.

COMPLETED QUESTIONNAIRES

E-mail completed questionnaires to: XXXXX XXXXXXXXX.

CASE DEVELOPMENTAL DOCUMENTATION

Photocopy and submit all documentation that supports the determination made for the conserved funds. For example, contact report, verification of excludable conserved funds, etc.

Send documentation to:

Social Security Administration
Office of the Inspector General
Office of Audit
6401 Security Blvd.
Baltimore, MD 21235
ATTN: XXXXXX

Example of Form SSA 6233-BK, Representative Payee Report of Benefits and Dedicated Account

Representative Payee Report of Benefits and Dedicated Account

Form Approved
OMB No. 0960-0576

PAYEE'S NAME AND ADDRESS	REPORT PERIOD FROM: _____ TO: _____ SOCIAL SECURITY NUMBER BENEFICIARY
--------------------------	--

This report is about the benefits you received for the beneficiary and those which were deposited in the dedicated account **during the report period shown above**. It also includes any money you reported as saved from a prior report period. **Please read the enclosed instructions before completing this form to help you answer each question.**

1. Were you (the payee) convicted of a crime considered to be a felony during the report period shown above? YES NO

If YES, please explain the type of crime: _____

2. Did the beneficiary continue to live alone, or with the same person, or in the same institution during the report period shown above? YES NO

If NO, please explain and provide the beneficiary's current address: _____

3. Benefits paid to you during the report period = \$ _____

Benefits you reported saved from prior years = \$ _____

Total Accountable Benefit Amount = \$ _____

A. Did you (the payee) decide how the total accountable amount was spent or saved? YES NO

If NO, please explain: _____

3. B. How much of the total accountable amount did you spend for the beneficiary's food and housing during the report period?

DOLLAR AMOUNT
(NO CENTS)

,

C. How much of the total accountable amount did you spend on other things for the beneficiary such as clothing, education, medical and dental expenses, recreation, or personal items during the report period?

DOLLAR AMOUNT
(NO CENTS)

,

If the beneficiary lives in an institution or other care facility and you spent less than \$360 a year for the beneficiary's personal needs, please explain how his/her needs were met:

D. How much, if any, of the total accountable amount did you save for the beneficiary as of the last month in the report period? If none, show zeroes.

DOLLAR AMOUNT
(NO CENTS)

,

4. If you showed an amount in 3.D. above, place an "X" in the boxes below to show how you are saving the benefits. If you have more than one account, you may mark more than one box in each section.

A. TYPE OF ACCOUNT					B. TITLE OR OWNERSHIP		
Savings/ Checking Account	U.S. Savings Bonds	Certificates of Deposit	Collective Savings/ Patient's Fund	Other	Beneficiary's Name by Your Name	Your Name for Beneficiary's Name	Other
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. A. If you answered "Other" in 4.A., show the type of account or investment in which the benefits are saved:

B. If you answered "Other" in 4.B., show the title of the account in which the benefits are saved:

6. Past-due SSI benefits deposited by SSA in **dedicated account** = \$ _____
 Balance in dedicated account as you reported on a prior report = \$ _____
Total Dedicated Account Amount = \$ _____

Did you deposit any money into the dedicated account during the report period? YES NO

If YES, please provide the date and amount of each deposit:

7. A. Did you take any money out of the dedicated account during the report period? YES NO

If YES, please explain what items and/or services you purchased and the amount of each purchase:

B. Were these purchases for medical treatment, or education or job skills training? YES NO

If NO, please explain how they benefited the beneficiary and are related to his/her impairment(s):

8. What is the balance, including any interest earned, in the dedicated account as of the last month in the report period? If none, show zeroes. DOLLAR AMOUNT (NO CENTS) ,

I CERTIFY THAT THE INFORMATION I HAVE GIVEN ON THIS FORM IS TRUE. (A PERSON WHO CONCEALS OR FAILS TO TELL SSA ABOUT EVENTS ASKED ABOUT ON THIS FORM WITH THE INTENT TO FRAUDULENTLY RECEIVE BENEFITS MAY BE FINED, IMPRISONED OR BOTH.)

PAYEE'S SIGNATURE (If signed by mark (X), two witnesses must sign below.)	DATE
---	------

RELATIONSHIP TO BENEFICIARY OR TITLE	TELEPHONE NUMBER (including area code)
--------------------------------------	--

Witness Signatures Are Required Only If The Payee's Signature Above Has Been Signed By Mark (X).

SIGNATURE OF WITNESS	DATE
SIGNATURE OF WITNESS	DATE

Agency Comments



SOCIAL SECURITY

MEMORANDUM

32358-24-1017

Date: February 07, 2005

Refer To: S1J-3

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

From: Larry W. Dye /s/
Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Representative Payee Reports Indicating Excess Conserved Funds for Supplemental Security Income Recipients" (A-13-03-13065)--
INFORMATION

We appreciate OIG's efforts in conducting this review. Our comments on the draft report content and recommendations are attached.

Let me know if we can be of further assistance. Staff inquiries may be directed to Candace Skurnik, Director, Audit Management and Liaison Staff, at extension 54636.

Attachment:
SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT “REPRESENTATIVE PAYEE REPORTS INDICATING EXCESS CONSERVED FUNDS FOR SUPPLEMENTAL SECURITY INCOME RECIPIENTS” (A-13-03-13065)

Thank you for the opportunity to comment on the draft report. We appreciate OIG’s effort to evaluate the Social Security Administration’s (SSA) policies and procedures for processing representative payee reports indicating excess conserved funds for Supplemental Security Income (SSI) recipients.

SSA has taken significant steps to prioritize the processing of these cases. In November 2002, the R8 diary was created to control cases with reported excess conserved funds. In October 2003, the Agency made this R8 diary a “limited issue” case. These limited issues are designated as high priority workloads requiring immediate field office attention. Additional guidance was issued to field offices on processing this workload in the form of an Administrative Message issued in August 2004. Since then, nearly all of the aged R8 diaries have been processed and new diaries are being developed and processed in a timelier manner. Our response to the specific recommendations and technical comments are noted below.

Recommendation 1

SSA should review and collect overpayments for the 40 records identified in the OIG sample.

Comment

We agree. Of the 40 overpaid cases reviewed, only one overpayment case remains unresolved. The unresolved overpayment of \$6,184.74 is on a terminated record. We will continue to pursue a resolution of that overpayment.

Recommendation 2

SSA should determine whether it is feasible to review the January 2004 extract of 11,014 records with excess conserved funds to determine whether overpayments exist.

Comment

We agree. Per OIG’s request, SSA has already evaluated this recommendation and has determined that it is not feasible (or necessary) to review these cases. It is not feasible to review the 11,014 cases, not only due to the resources that would be needed, but also due to the elapsed time since the cases were identified. The method used to extract the 11,014 records only takes into consideration that there is an amount in the conserved funds (CF) field in excess of \$2,000. This criterion alone does not indicate that SSA did not properly process the excess CF issue. In addition, with

current instructions to work R8 diaries, these records now receive timely attention via limited issue processing. We have monitored the volume of R8 diaries over 270 days old and, since August 2004, the volume has dropped from 614 to 73. Thus, we do not believe it is necessary to review these cases.

In addition, as mentioned in Administrative Message (AM-04127), issued on August 23, 2004, cases with CF greater than \$2,000 and no pending R8 diary are most likely correct. Instructions in Program Operations Manual System (POMS) SI 01140.021B.2 state to develop the issue and clear the R8 diary, but leave the CF amount on the system. Field office staff should only change the CF amount if the Wilkes-Barre Data Operations Center inputs an erroneous amount. Once the R8 diary is cleared, a CF amount over the resource limit will not cause the system to reset the R8 diary. The R8 diary is only set at the point when an input to the CF field in an amount greater than \$2,000 is posted to the Supplemental Security Record.

Recommendation 3

SSA should send a reminder to the field offices to enter the one-position identification code and a five-position money amount for recording conserved funds on the payment records.

Comment

We agree. By March 31, 2005, we will issue an Administrative Message to the field offices reminding them to enter the one-position identification code and a five-position money amount for recording CF on the payment records.

Recommendation 4

SSA should send a reminder to the field offices to change the accountability month and year when updating the conserved funds on the payment records.

Comment

We agree. By March 31, 2005, we will issue an Administrative Message to the field offices reminding them to change the accountability month and year when updating the CF on the payment records.

Recommendation 5

SSA should provide specific guidance to field offices for completing the SSA 6233-BK when a Dedicated Account is involved.

Comment

We agree. By March 31, 2005, we will issue an Administrative Message to the field offices providing specific guidance for completing the SSA-6233-BK when a dedicated account is involved.

[In addition to the items listed above, SSA provided technical and other comments which have been addressed, where appropriate, in this report.]

OIG Contacts and Staff Acknowledgments

OIG Contacts

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

Randy Townsley, Audit Manager, General Management (410) 966-1039

Acknowledgments

In addition to those named above:

Linda Webester, Auditor-in-Charge

Eugene Crist, Auditor

Kim Beauchamp, Writer/Editor

Brennan Kraje, Statistician

For additional copies of this report, please visit our web site at www.socialsecurity.gov/oig or contact the Office of the Inspector General's Public Affairs Specialist at (410) 965-3218. Refer to Common Identification Number A-13-03-13065.

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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.

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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.

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