

Dedicated Account Underpayments Payable to Children Receiving Supplemental Security Income A-04-18-50607



September 2019

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) had adequate controls to ensure it paid dedicated account underpayments to children receiving Supplemental Security Income (SSI) payments.

Background

The *Social Security Act* requires that representative payees establish and maintain separate dedicated bank accounts for underpayments to SSI recipients under the age of 18 that are more than six times the monthly Federal Benefit Rate. When SSA identifies underpayments that require a dedicated account, it requires that the child's representative payee establish a dedicated account before SSA will release the recipient's underpayment. Dedicated account payments should be made in no more than three installments at 6-month intervals.

We identified 21,528 SSI recipients with underpayments requiring dedicated accounts, according to SSA records. These underpayments totaled approximately \$124 million. Of these, 3,914 recipients were identified in our 2010 audit population but, as of September 2017, still have unpaid dedicated account underpayments. From the population of 21,528, we randomly selected 100 recipients for review.

Findings

Based on our random sample of 100 recipients, we estimate SSA improperly withheld approximately \$78 million from 14,000 SSI recipients. Of these, we estimate SSA improperly withheld approximately \$12.6 million that is payable to 3,000 SSI recipients identified in our 2010 audit. Of the 100 recipients, SSA had

- improperly withheld 65 recipients' underpayments totaling \$363,052;
- properly paid 16 recipients' underpayments, totaling \$87,863, but \$62,513 (71 percent) was not paid timely; and
- properly paid or did not owe 19 recipients' underpayments, totaling \$81,196.

Moreover, SSA improperly withheld dedicated account underpayments payable to 63 (38 percent) of the 166 recipients we identified in 2010. We randomly reviewed 30 of the 3,914 recipients who were in both our prior and current audit populations and determined SSA had not paid the dedicated underpayment to 18 (60 percent). Thus, our current audit confirmed the dedicated account issues identified in our 2010 audit still exist.

SSA had not issued the underpayments to recipients because it does not have adequate controls to (1) ensure representative payees establish dedicated accounts and (2) issue installment payments to established dedicated accounts in 6-month intervals.

Recommendations

We made three recommendations to improve SSA's controls over, and ensure it pays, dedicated account underpayments for children receiving SSI payments.

SSA agreed with our recommendations.