

**Representative Payee Workloads  
Selection, Accounting and Oversight  
June 28, 2017**

Appointing and maintaining representative payees for Social Security beneficiaries is a labor-intensive process that is very challenging and labor intensive on field office resources.

**Payee Selection Process**

Minors and adult beneficiaries determined to be incapable based on SSA policy must have representative payees appointed to manage their benefits. Representative payees are required to submit annual accounting forms to document how they are spending or saving the beneficiary's funds.

The potential for real harm exists where we mistakenly identify beneficiaries and recipients as capable when they are not. Such people are at risk for homelessness and other physical suffering and are vulnerable to exploitation. The potential for real injustice exists where we mistakenly identify beneficiaries and recipients as incapable when they can in fact manage their funds. The decision to appoint a representative payee affects the beneficiary's autonomy, and hence should occur only when clearly necessary to ensure that the beneficiary's basic needs will be met.

The decision to appoint a representative payee falls to the Claims Specialist (CS) in the local field office. We train them to develop medical and lay evidence of capability as well as legal evidence, where it exists. Lay evidence consists of interview questions about such things as the beneficiary's knowledge of what bills to pay and ability to make change. It relies heavily on self-reporting on the part of the claimant. Proper development and documentation requires a great deal of time. Offices are backlogged with hundreds of pending applications. As a practical matter, third party contacts are often unsuccessful or even overlooked. Many times, requests for medical opinions from treatment providers are unanswered or are unsupported by specific information. Thus, the CS will have to make a vitally important determination based on incomplete evidence.

In initial claims situations, it would make a great deal more sense to require that the disability adjudicator, either the Disability Determination Services (DDS) Claims Examiner or the Administrative Law Judge (ALJ), make the determination as to capability. They have access to more complete and relevant information and the medical knowledge and background better suited to making capability determinations. In post-entitlement situations, medical and other third-party evidence of capability should be developed using forms that require answers to a standardized set of questions that elicit specific information about the beneficiary's actual, real-world performance in meeting their own basic needs and the informant's basis for their answers. Standardizing this process would improve the information CSs receive and make determinations more consistent.

In many places, especially rural locations, field offices have limited choices for payee selections. Family members and trusted friends are higher priority choices, but for many people, organizational payees are the only real option. However, many field offices do not have enough organizational payees to handle benefits for incapable claimants. Social agencies in many of our jurisdictions lack the staff to take on the task. Other organizations have limited areas that they cover. Recently, in July 2016, a Richmond, VA, fee-for-services organization closed leaving over 300 beneficiaries without a payee. These beneficiaries arrived on field office doorsteps for immediate actions with no alternate payee. Sometimes this means that we must directly pay vulnerable, incapable beneficiaries simply because there is no alternative.

### **Payee Accounting**

Annual accountings are required for organizational payees and individual payees, including parents of minor children. When the payee fails to return the form to a central processing location, after initial and follow-up requests, the case is transferred to the field office. After two further attempts to obtain a completed report, benefit payments are redirected to the field office in the form of paper checks. This process requires inputs to the record to change the address and paper logs to keep track of the paper checks. If the payee visits the field office to pick up the checks, we conduct an extensive interview, produce an additional form to be signed by the payee, and update the log. If the payee does not pick up the check, after 30 days and the receipt of the second benefit check, we return both checks to the Treasury Department. We suspend payment of the benefits and look for a new payee. This process is very time consuming. A recent survey of field office management found that each case requiring benefit redirection to the field office requires one to three person-hours and additional accounting forms for audit of the checks received by the local field office.

The most common reason that accounting forms are not completed is the payee's failure to report a change of address when we pay benefits by direct deposit. In almost all cases, the beneficiary continues to live in the same household and even after returning the checks to the Treasury Department, we keep paying the custodial parent.

### **Onsite Reviews**

Field office staff do not have the level of expertise to effectively perform onsite reviews. The knowledge required to conduct a review at present (vs. performing a similar review 5 or 10 years ago) now eclipses the technical acumen of field office staff. The proficiency level needed to conduct a review demands the skill of a trained auditor/accountant. Field office technicians are not practiced in advanced accounting principles or techniques to adequately trace and follow the audit trails of organizational payees.

A routine review will take a minimum of three full days in preparation, review visit, and follow-up time. It also takes the managers out of their offices, making them inaccessible to their employees and members of the public for 2-3 full days.

There are two main organizational payees – non fee-for-service and fee-for-service entities. The stringent compliance requirements to which the agency now expects organizational payees to adhere has evolved over time. For example, a fee-for-service payee must provide its mission statement, its proof of IRS 501(s) status, operating license, state of issuance, bond/insurance, and respective expiration dates. If the fee-for-service payee is “Governmental” in nature, there are different criteria. For either, the field office must also request a full credit report analysis from the Office of Income Security Programs (OISP) fee-for-service coordinator. This is only one example of how the complexity of these reviews has changed dramatically over time.

In the not uncommon scenario, when misuse has been found against organizational payees, managers or other field office or regional office employees are charged with auditing the records to determine the amount of misuse. This is extraordinarily time-consuming. The task is shared among staff with various levels of training and competency. Across the nation, SSA has inconsistent processes for conducting the reviews, some regions have cadres, some have public affairs specialists, and some have managers conducting the reviews. The level of experience and training is varied, therefore the quality of the reviews are varied.

Trained auditors should conduct all organizational and individual payee audits. Managers and public affairs specialists are not properly trained to conduct an effective audit.

Disability advocates are better equipped to visit beneficiaries and determine if their needs are being met. In addition, they can receive specific training to enable them to make a proper financial records review. SSA should outsource all payee reviews to either trained disability advocate organizations or other trained financial auditors.