



Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

Audit Report

Dedicated Accounts for
Supplemental Security Income
Recipients

A-04-21-51031 September 2023



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 20, 2023

Refer to: A-04-21-51031

To: Kilolo Kijakazi
Acting Commissioner

From: Gail S. Ennis *Gail S. Ennis*
Inspector General

Subject: Dedicated Accounts for Supplemental Security Income Recipients

The attached final report presents the results of the Office of Audit's review. The objectives were to determine whether the Social Security Administration (1) accurately and timely paid dedicated account funds to children receiving Supplemental Security Income and (2) properly monitored representative payees' use of these funds.

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 Michelle L. Anderson, Assistant Inspector General for Audit.

Attachment

Dedicated Accounts for Supplemental Security Income Recipients

A-04-21-51031



September 2023

Office of Audit Report Summary

Objectives

To determine whether the Social Security Administration (SSA) (1) accurately and timely paid dedicated account funds to children receiving Supplemental Security Income (SSI) and (2) properly monitored representative payees' use of these funds.

Background

The *Social Security Act* requires that representative payees and certain recipients maintain separate dedicated accounts in a financial institution for certain large, past-due SSI payments (dedicated funds) for recipients under age 18. Allowable expenses (except when SSA approved for an emergency exception), must be related to a recipient's impairments and include impairment-related expenses for medical treatment and education or job-skills training. Representative payees for dedicated accounts are required to complete and submit an annual report that assists SSA in monitoring their use of dedicated account funds during the preceding 12-month reporting period.

We obtained electronic data extracts from one segment of the Supplemental Security Income record: (1) SSI payments that qualified for a dedicated account, but SSA had not issued any payments as of August 2021 and (2) dedicated funds that SSA had paid in full between October 2017 and September 2021. We randomly selected 100 records from each population for review.

Results

SSA did not always accurately and timely pay dedicated funds to 86 of the 100 sampled children receiving SSI. Of these, SSA issued payments totaling \$42,810 more than policy allowed or improperly applied the dedicated account requirements for eight children. Also, for 78 children, SSA did not (1) release installment payments in 6-month intervals, as required, or (2) release \$484,118 in dedicated funds because representative payees had not established a separate bank account to receive them. SSA needs to ensure employees accurately and timely pay dedicated funds. Based on our error rates, we estimate across all 20 segments of the SSI record, SSA did not:

- accurately pay approximately \$27 million in dedicated funds to representative payees of about 5,100 children and
- timely pay approximately \$308 million in dedicated funds to representative payees of about 50,000 children.

In addition, we could not determine whether SSA employees properly monitored representative payees' use of dedicated account funds. As a result, SSA had no assurance the approximately \$552,000 in dedicated funds paid to 56 of 100 sampled accounts was spent to meet the children's needs. SSA did not have information that supported the employees approved excepted expenditures or reviewed representative payees' annual report that listed expenditures for the year. Representative payees' annual reports are considered when determining whether allegations of misapplication, misuse, or fraud are supported.

Recommendations

We made six recommendations for SSA to improve its controls related to identifying, paying, and monitoring children's dedicated accounts. SSA agreed with our recommendations.

TABLE OF CONTENTS

Objectives	1
Background.....	1
Scope and Methodology	3
Results of Review	4
Dedicated Fund Payments	4
Payment Accuracy.....	4
Payment Timeliness	6
Monitoring Dedicated Accounts.....	7
Supplemental Security Income Recipients Identified in Our 2019 Audit.....	8
Conclusions	8
Recommendations	8
Agency Comments.....	9
Appendix A – Prior Office of the Inspector General Reports.....	A-1
Appendix B – Scope and Methodology	B-1
Appendix C – Sampling Methodology and Results.....	C-1
Appendix D – Agency Comments.....	D-1

ABBREVIATIONS

C.F.R.	Code of Federal Regulations
FBR	Federal Benefit Rate
OIG	Office of the Inspector General
POMS	Program Operations Manual System
Pub. L. No.	Public Law Number
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Income Record
U.S.C.	United States Code

OBJECTIVES

To determine whether the Social Security Administration (SSA) (1) accurately and timely paid dedicated account¹ funds to children receiving Supplemental Security Income (SSI) and (2) properly monitored representative payees' use of these funds.

BACKGROUND

SSA administers the SSI program under Title XVI of the *Social Security Act*.² SSI provides monthly payments to help meet the basic needs of children who are disabled and have limited income and resources.³ Most child SSI recipients have a representative payee.⁴ In February 2023, about 1 million children received approximately \$827 million in SSI payments, with an average monthly payment of about \$785 per child.⁵

The *Social Security Act* requires that representative payees for children under age 18 and certain recipients⁶ who are in direct payment establish and maintain a separate dedicated account in a financial institution to receive certain large, past-due payments (dedicated funds).⁷ Dedicated funds occur when the past-due SSI payment is more than six times the monthly Federal Benefit Rate (FBR).⁸ In 2022, the FBR was \$841 per month; therefore, dedicated account provisions generally took effect if the past-due amount exceeded \$5,046.⁹ SSA has the authority to appoint representative payees to receive and manage payments for SSI recipients under age 18.¹⁰

¹ The representative payee of a disabled child under age 18 is required to open a dedicated account when the child is eligible for large, past-due payments (usually any payment covering more than 6 months at the current benefit rate). The past-due payments will be deposited directly into that dedicated account, and the use of these funds is restricted. SSA, POMS, GN 00603.025 (November 21, 2022) and SI 002101.020 (February 7, 2014).

² The SSI program also provides monthly payments to adults with a disability who have income and resources below specific financial limits. SSI payments are also made to people age 65 and older without disabilities who meet the financial qualifications. *Social Security Act*, 42 U.S.C. § 1381 and 1381a.

³ See Footnote 2.

⁴ A representative payee may be an individual or an organization. SSA, POMS, GN 00502.105 (May 23, 2023) and GN 00502.070 (May 15, 2023). *Social Security Act*, 42 U.S.C. § 1383(a)(2), 20 C.F.R. § 416.610.

⁵ SSA, *SSI Monthly Statistics*, February 2023, Table 1.

⁶ SSA generally presumes children under 18 to be incapable unless the child is emancipated under state law. In certain situations, SSA makes direct payments to children under age 18 who show the ability to manage their benefits. SSA, POMS, GN 00502.070 (May 15, 2023).

⁷ *The Personal Responsibility and Work Opportunity Reconciliation Act* of 1996, Pub. L. No. 104-193, sec. 213, August 22, 1996; see also *Social Security Act* § 1631(a)(2)(F)(i), 42 U.S.C. § 1383(a)(2)(F)(i). SSA, POMS, GN 00603.025 (November 21, 2022). The account must be separate from other savings or checking accounts into which regular monthly SSI payments are deposited.

⁸ SSA, POMS, SI 01130.601 (August 3, 2011). This includes any Optional State Supplements. When we refer to the FBR in this report, we are referring to FBR plus any applicable Optional State Supplements.

⁹ SSA, POMS, SI 02001.020 (December 29, 2022). SSA, POMS, SI 02101.010 (December 29, 2022) defines past-due payments as funds that were due, but not paid, to SSI recipients before the month SSA issued the payment.

¹⁰ *Social Security Act*, 42 U.S.C. § 1383(a)(2), 20 C.F.R. § 416.610. SSA, POMS, GN 00502.070 (May 15, 2023).

Representative payees may only use dedicated funds for expenses related to the child's impairment(s). This includes expenses for medical treatment and education or job-skills training. Once a representative payee establishes and provides SSA with the required dedicated account information, they are required to sign and date a Form SSA-552, *Dedicated Account Use of Funds Statement*. This Statement provides information on the appropriate use of dedicated account funds along with reporting responsibilities associated with the dedicated account. By signing the Statement, the payee acknowledges they understand the dedicated account use restrictions.¹¹ If a representative payee does not follow these rules—even if the funds are used to meet the recipient's needs—they must repay SSA any misapplied funds. However, with SSA's approval, there is an emergency exception when use of the dedicated funds would prevent a child from becoming homeless or malnourished.¹² Allowable expenditures include debt from food, shelter, clothing, medically necessary services, supplies, equipment, medicine, or current or anticipated expenses for medically necessary services, supplies, equipment, medicine, or the purchase of a home.¹³

SSA requires that representative payees for children with dedicated accounts annually complete and submit a Form SSA-6233-BK, *Representative Payee Report of Benefits and Dedicated Account*.¹⁴ This Form assists SSA in monitoring representative payees' use of dedicated funds during the preceding 12-month reporting period.¹⁵ SSA estimates payees establish 30,000 dedicated accounts, annually, and, in Fiscal Year 2021, it cost SSA approximately \$4 million to monitor representative payees' use of benefits and dedicated account activities. In its Congressional Justifications for Fiscal Years 2019 through 2021, SSA proposed that Congress eliminate the dedicated account provision to simplify the program and reduce the burden on recipients and representative payees.

SSA has automated controls, or diaries, that assist employees with releasing dedicated funds.¹⁶ The SSI system first generates a diary when SSA notifies a representative payee to establish a dedicated account. If a representative payee does not establish a dedicated account within 30 days of SSA's notice, SSA employees should not release the underpayment.¹⁷ Instead, they should determine whether the recipient needs a new representative payee.¹⁸

¹¹ SSA, *POMS*, GN 00602.140 (May 15, 2023).

¹² SSA, *POMS*, SI 02101.020 (February 7, 2014); GN 00602.140 (May 15, 2023); and GN 00602.150 (November 16, 2022).

¹³ *Social Security Act*, 42 U.S.C. § 1383(a)(10)(B)(iii).

¹⁴ SSA, *POMS*, GN 00605.215 (June 13, 2022); GN 00605.200 (May 26, 2023); and GN 00605.235 (April 1, 2011).

¹⁵ SSA also monitors representative payees' continuing suitability and need for representative payment, which was not part of our audit scope.

¹⁶ SSA, *POMS*, SI 02101.020 (February 7, 2014).

¹⁷ SSA, *POMS*, SI 02101.010 (December 29, 2022).

¹⁸ While SSA policy states, "Generally, a parent with custody is the preferred payee," it also provides situations where a successor payee may be appropriate, and instructions on how to determine who is the best qualified payee candidate. SSA, *POMS*, GN 00502.164 (May 23, 2023); GN 00504.100 (April 15, 2016); GN 00605.235 (April 1, 2011); SI 02101.010 (December 29, 2022); and GN 00502.105 (May 23, 2023).

If the representative payee does not establish a dedicated account within 30 days after they are notified, the SSI system generates additional alerts, which management sends to employees. These alerts continue until the representative payee establishes a dedicated account.¹⁹ If the representative payee does not establish a dedicated account in a financial institution for these funds, SSA cannot release the payments. Once the representative payee establishes a dedicated account, SSA should release the full amount due in three installments that are made in 6-month intervals. With each release, the SSI system clears the diary and establishes a new diary to remind employees when the next or final installment should be released.²⁰

Since 2007, we have issued four reports on SSI dedicated accounts. We reported that SSA did not always (1) timely issue SSI dedicated funds to children with disabilities because it did not have adequate controls to ensure representative payees establish separate bank accounts to receive the dedicated funds, (2) issue installment payments to established dedicated accounts in 6-month intervals, and (3) follow its policies and procedures regarding monitoring these accounts (see Appendix A).²¹

SCOPE AND METHODOLOGY

We obtained two electronic data extracts from one segment of the Supplemental Security Income Record (SSR).²²

- Population 1: To determine whether SSA accurately and timely paid dedicated account funds to children receiving SSI, we identified a population of 3,183²³ children who received SSI and qualified for a dedicated account, but SSA had not issued payments as of August 18, 2021.²⁴
- Population 2: To determine whether SSA properly monitored representative payees' use of dedicated account funds, we identified a population of 645 children who received SSI, qualified for a dedicated account between October 1, 2017 and September 28, 2021, and had been paid in full the dedicated account payments as of September 28, 2021.²⁵

¹⁹ SSA, POMS, SI 02101.010 (December 29, 2022).

²⁰ SSA, POMS, SI 02101.020 (February 7, 2014) and SSA, POMS, GN 00602.140 (May 15, 2023).

²¹ SSA, OIG, *Dedicated Account Underpayments Payable to Children Receiving Supplemental Security Income, A-04-18-50607* (September 2019); *Dedicated Account Underpayments Payable to Children, A-09-09-29110* (November 2010); *Establishment of Dedicated Accounts, A-13-08-28122* (May 2009); and *The Social Security Administration's Monitoring of Dedicated Accounts for Supplemental Security Income Recipients, A-13-06-16032* (August 2007).

²² The SSR is a file of all current and previously entitled SSI claimants. SSA establishes a record when it receives an initial claims action. The SSR is divided into 20 equal segments that are separated based on the last 2 digits of the Social Security number. One segment represents 5 percent of the total population. Because each segment contains similar characteristics, the characteristics of 1 segment are deemed to represent all 20 segments.

²³ We excluded 594 recipients that were identified in the 2019 audit.

²⁴ Projecting the 3,183 to the entire SSR, we estimate there were 63,660 recipients whom SSA had not paid any of the dedicated account payments as of August 18, 2021, (3,183 x 20 = 63,660). Following was the FBR amount for each Calendar Year in our population: \$735 in 2017, \$750 in 2018, \$771 in 2019, \$783 in 2020, and \$794 in 2021.

²⁵ Projecting the 645 to the entire SSR, we estimate there were 12,900 recipients whom SSA had paid the full amount of dedicated account payments as of September 28, 2021, (645 x 20 = 12,900).

For each population, we randomly selected 100 records for review.²⁶ We also followed up on the status of the recommendations in our 2019 report.²⁷ See Appendix B for our audit scope and methodology and Appendix C for our sampling methodology and results.

RESULTS OF REVIEW

SSA did not always accurately and timely pay dedicated funds to 86 sampled children receiving SSI. Of these, SSA issued payments in amounts more than policy allowed or improperly applied the dedicated account requirements for eight children. These payments totaled \$42,810. For the remaining 78 children, SSA did not (1) release installment payments in 6-month intervals, as required, or (2) release \$484,118 in dedicated funds because representative payees had not established a separate bank account to receive them. SSA needs to ensure employees accurately and timely pay dedicated funds. Based on our error rates, we estimate, across all 20 segments of the SSR, SSA did not (1) accurately pay approximately \$27 million in dedicated funds to representative payees of about 5,100 children and (2) timely pay approximately \$308 million in dedicated funds to representative payees of about 50,000 children.

In 56 of 100 sampled accounts, we could not determine whether SSA employees properly monitored representative payees' use of approximately \$552,000 in dedicated funds. SSA recommends representative payees seek approval before they use dedicated account funds to purchase excepted expenditures and requires that they provide an annual report that supports all use of dedicated funds during 1 year.²⁸ SSA policy requires that employees document their approval of representative payees' requests to spend dedicated funds on excepted expenditures, but it does not require that employees record their review of the annual report's expenditure list. When SSA employees do not record monitoring activities, there is no assurance the dedicated funds used were for the child SSI recipient's needs.²⁹ SSA uses these annual reports to determine whether allegations of misapplication, misuse, or fraud are supported.

Dedicated Fund Payments

Payment Accuracy

For 8 of the 100 sampled children whom SSA owed \$42,810 in past-due SSI payments. SSA employees issued payments in amounts more than policy allowed or improperly applied the dedicated account requirements.³⁰ SSA considers large, past-due SSI payments for children to

²⁶ Two separate samples of 100, totaling 200.

²⁷ SSA, OIG, *Dedicated Account Underpayments Payable to Children Receiving Supplemental Security Income*, A-04-18-50607 (September 2019).

²⁸ SSA, POMS, GN 00602.140 (May 15, 2023). We define excepted expenditures as those items and services that appear unrelated to a child's impairment (medical treatment, education, or job skills training).

²⁹ SSA, OIG, *The Social Security Administration's Monitoring of Dedicated Accounts for Supplemental Security Income Recipients*, A-13-06-16032 (August 2007).

³⁰ These were from Population 1.

be at high risk for error.³¹ To minimize errors with children's past-due SSI payments, SSA requires that employees manually review and confirm system computations before payments are released and dedicated account provisions applied.³²

Of the eight children, SSA paid two \$15,267 more than allowed on an installment payment.³³ For one child, SSA paid an installment payment of \$4,685 when three times the FBR was \$2,382. For the other child, SSA paid an installment payment of \$15,487 when three times FBR was \$2,523.³⁴ The *Social Security Act* requires that SSA pay the first and second installment in amounts no greater than three times the FBR.³⁵ Employees, however, may release more than allowable when the representative payee proves the additional amount will pay for the child's medical treatment or keep the child from being homeless or malnourished.³⁶ For these two records, SSA's system did not contain employees' remarks or receipts that supported the increase.³⁷ While SSA requires that employees obtain proof of the debt from the representative payee, its policy does not require that employees add remarks or upload the proof of debt or expense in its system.³⁸ SSA needs to ensure release of installments greater than three times the FBR are verifiable and appropriate.

For the remaining six children, SSA employees released dedicated funds totaling \$27,543.³⁹ For two children, the past-due SSI amount computed was less than six times the FBR, thus SSA should not have applied the dedicated account provisions.⁴⁰ For the other four children, SSA's system included the child's current month's SSI payment when it computed the past-due payment. Had SSA employees removed the current-month SSI payment for these four children, their total past-due amount would have been below the six times FBR requirement.⁴¹ Thus, the dedicated account requirements would not have applied, and the past-due funds would have been released on time without the dedicated account constraints.

³¹ SSA quantifies large, past-due SSI payments as six times the FBR. For example, in 2022, if a recipient's past-due SSI payment was greater than \$5,046 (6 x \$841 per month) dedicated account provisions would apply. SSA, POMS, SI 02101.025 (March 25, 2021) and SI 02101.020 (February 7, 2014).

³² SSA, POMS, SI 02101.025 (March 25, 2021).

³³ The two installment payments were also untimely. We count the amount greater than three times the FBR as the error amount for accuracy and the allowable installment amount as the untimely error amount. The \$15,267 = (\$4,685 - \$2,382) + (\$15,487 - \$2,523).

³⁴ The monthly FBR was \$794 in 2021 and \$841 in 2022. Three times FBR in 2021 was \$2,382 (\$794 x 3), and, in 2022, it was \$2,523 (\$841 x 3). SSA, POMS, SI 02001.020 (December 29, 2022).

³⁵ SSA, POMS, SI 02101.010 (December 29, 2022). *Social Security Act*, 42 U.S.C. § 1383(a)(10), and 20 C.F.R. § 416.545. The third (and final) installment payment includes the remainder of the past-due amount.

³⁶ Allowable exceptions include debt from food, shelter, clothing, medically necessary services, supplies, equipment, medicine, or current or anticipated expenses for medically necessary services, supplies, equipment, medicine, or the purchase of a home. *Social Security Act*, 42 U.S.C. § 1383(a)(10)(B)(iii).

³⁷ See Footnote 36.

³⁸ SSA, POMS, SI 02101.020 (February 7, 2014).

³⁹ Once the SSI system detects a large past-due SSI payment for children, employees must review the child's record, and, if they determine the past-due payments meet the six times FBR, the system designates the past-due payments as requiring a dedicated account. SSA, POMS, SI 02101.010 (December 29, 2022).

⁴⁰ SSA, POMS, SI 01130.601 (August 3, 2011).

⁴¹ SSA, POMS, SI 02101.010 (December 29, 2022).

SSA policy defines past-due benefits as “Benefits due, but unpaid, that accrued prior to the month payment was effectuated.”⁴² According to SSA, policy allows employees the discretion to manually release a child’s current-month SSI payment from the past-due computation.⁴³ We reviewed SSA policy and observed one policy instructed employees to release the current-month SSI payment,⁴⁴ while another policy instructed employees that they *may* release the current month payment.⁴⁵ SSA needs to ensure policy consistently and clearly instructs employees on the actions they should perform without qualifying words like “may.”

Had employees not applied dedicated account provisions for the six children, SSA would have released the \$27,543 past-due SSI payments to the same bank account as the children’s regular monthly payments. The representative payees would have also had immediate access to these funds for the children’s care.⁴⁶ SSA requires that employees review children’s large, past-due SSI payments to ensure accuracy and determine whether dedicated-account provisions apply.⁴⁷ SSA needs to enhance controls to ensure the past-due payment computation deemed as dedicated accounts exceeds six times FBR but does not include the current or subsequent month’s SSI payments.

Payment Timeliness

SSA must release installment payments in 6-month intervals. However, of the 100 sampled dedicated accounts, SSA employees did not timely⁴⁸ release 78 totaling \$484,118.⁴⁹ For 73 of these accounts, SSA employees did not manually release 1 or more installments in the required 6-month interval.⁵⁰ These payments totaled \$408,788, and the delayed release of the installments ranged from less than 1 month to over 8 years.⁵¹ Delays in payments could also delay representative payees’ use of the funds for children’s needs.

We could not determine from SSA’s records whether the system generated a notice and/or employees cleared the notice for the 73 children but failed to release the installment payment.⁵² SSA needs to ensure dedicated account funds are released to representative payees timely.

⁴² See Footnote 41.

⁴³ See Footnote 41.

⁴⁴ SSA, *POMS*, SI 02101.020 (February 7, 2014).

⁴⁵ See Footnote 44.

⁴⁶ The funds would have been issued in installments, but they would have been paid into the same bank account as the monthly payments. See Footnote 44.

⁴⁷ SSA, *POMS*, SI 002101.025 (March 25, 2021). Dedicated account provisions apply if the past-due payment is greater than six times FBR.

⁴⁸ See Footnote 44

⁴⁹ This was Population 1.

⁵⁰ We determined SSA did not pay the dedicated account underpayments timely if the second or subsequent installment payments were more than 1 month overdue as of August 2022.

⁵¹ We did not count an installment as untimely until it was delayed more than 7 months.

⁵² See Footnote 44.

As of August 2022, SSA had withheld \$75,330 for the remaining five error cases because the representative payees had not established a dedicated account. SSA's SSI system showed that each of the five representative payees was notified a dedicated account was required: one in 2012, one in 2017, two in 2019, and one in 2020. Of these five representative payees, SSA followed up with one to establish the dedicated account.⁵³ SSA's records did not reflect it appointed, or worked toward appointing, a new representative payee for these children. For representative payees who have not established a dedicated account after SSA's initial notification, SSA needs to ensure employees follow up regularly and determine at a future time when employees should find another payee to oversee the dedicated account.

Monitoring Dedicated Accounts

SSA records did not indicate whether employees properly monitored 56 of the 100 sampled dedicated accounts.⁵⁴ This occurred because (1) employees did not record their approval of representative payees' requests for excepted expenditures or (2) SSA did not require that employees record steps taken when a representative payee's annual report was not stored in SSA's system. As a result, SSA had no assurance approximately \$552,000 in dedicated funds was spent to meet the children's needs.

For 47 of the 56 sampled dedicated accounts, SSA employees did not record their approval, as required,⁵⁵ of representative payees' requests to make an excepted expenditure.⁵⁶ Excepted expenditures are items unrelated to a child's impairment, education, or job-skills training. SSA's policy instructs employees to consider all requests carefully and use best judgment, on a case-by-case basis, whether the expenditure relates to, results from, or would improve the child's condition.⁵⁷ The excepted expenditures without recorded approvals in SSA's system totaled \$483,000. Following are examples of the expenditures without recorded approvals:

- gaming systems,
- trampoline,
- furniture,
- utilities,
- rent,
- down payment for house, and
- renovation of a bathroom floor.

While we recognize the above expenditures may have related to the child's condition, SSA needs to ensure controls capture employees' approval of these types of expenditures.

⁵³ SSA initially notified the representative payee in 2012 and followed up in 2020.

⁵⁴ This was Population 2.

⁵⁵ See Footnote 28.

⁵⁶ SSA, POMS, GN 00602.140 (May 15, 2023).

⁵⁷ SSA, POMS, GN 00602.140 (May 15, 2023) and GN 00605.224 (May 26, 2023).

For the remaining nine accounts, totaling \$69,000, SSA's system did not contain representative payees' annual reports. The annual report lists items the representative payee bought for the child using dedicated funds. SSA requires that employees upload the annual report and contact representative payees when a report is not received.⁵⁸ However, SSA does not require that employees record steps taken to obtain the report or why one is missing. Without a report, SSA has no assurance that dedicated funds are used properly. Additionally, the annual report is used to determine whether allegations of misapplication, misuse, or fraud are supported.⁵⁹ Without them, SSA and representative payees have less support if an allegation is made. SSA should ensure it receives all annual reports and upload them in its SSI system.

Supplemental Security Income Recipients Identified in Our 2019 Audit

In response to our 2019 report recommendations,⁶⁰ SSA stated it released 10,219 dedicated account records to field offices in June 2022 with all necessary actions to be completed by August 31, 2023. According to SSA, as of March 2023, SSA staff had completed actions for 6,425 (62 percent) cases. SSA expects field offices will complete all necessary actions by the August deadline. Additionally, SSA stated it developed an annual ad hoc report to identify large, past-due payments for children on SSI. According to SSA, the ad hoc workload will identify representative payees who have not established a dedicated account at a bank. SSA plans to release the next workload at the end of Fiscal Year 2023. At that time, it will evaluate whether additional training in dedicated accounts is necessary, in addition to the instructions employees have already received on how to process these cases.

CONCLUSIONS

As demonstrated in this and prior reviews, SSA's dedicated-account program is prone to error. Without correcting the issues identified, representative payees will not always timely receive dedicated funds that ensure the needs of the children in their care are met. Moreover, without proper documentation of representative payees' use of these funds, SSA has no assurance that the funds received were appropriately used to pay for children's medical treatment, education, or keep a child from being homeless or malnourished.

RECOMMENDATIONS

1. Implement a control to ensure employees follow policy when they release installment payments for dedicated funds.
2. Revise policy to require that employees add remarks, or upload proof, in its system when they release more than the allowable installment amount.

⁵⁸ SSA, *POMS*, GN 00602.140 (May 15, 2023); GN 00605.215 (June 13, 2022); GN 00605.235 (April 1, 2011); and GN 00605.205 (October 27, 2014).

⁵⁹ SSA, *POMS*, GN 00605.215 (June 13, 2022).

⁶⁰ SSA, *OIG, Dedicated Account Underpayments Payable to Children Receiving Supplemental Security Income, A-04-18-50607* (September 2019).

3. Ensure policy provides clear and consistent instruction on employees' processing a current or subsequent month's SSI payments that are included in children's large, past-due SSI payment computations.
4. Evaluate the results of the ad-hoc workload to determine whether additional procedures are needed to assist employees with representative payees who have not established a dedicated account at a bank.
5. Implement a control to ensure employees follow policy that requires that they document approval or denial of excepted expenditures requested by representative payees.
6. Establish a control to ensure employees timely document their review and approval of the annual Form SSA-6233-BK, *Representative Payee Report of Benefits and Dedicated Account*.⁶¹

AGENCY COMMENTS

SSA agreed with the recommendations, see Appendix D.



Michelle L. Anderson
Assistant Inspector General for Audit

⁶¹ SSA, *POMS*, GN 00605.215 (June 13, 2022); GN 00605.200 (May 26, 2023); and GN 00605.235 (April 1, 2011).

APPENDICES

Appendix A – PRIOR OFFICE OF THE INSPECTOR GENERAL REPORTS

Following are summaries of the findings and recommendations in our four¹ previous reviews of the Social Security Administration's (SSA) dedicated account program.²

Dedicated Account Underpayments Payable to Children Receiving Supplemental Security Income, A-04-18-50607 (September 2019)

Findings

Based on a random sample of 100 recipients, we estimated SSA improperly withheld approximately \$78 million from 14,000 Supplemental Security income (SSI) recipients.³ Of these, we estimated SSA improperly withheld approximately \$12.6 million that was payable to 3,000 SSI recipients identified in our 2010 audit.⁴ 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 the 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 issue identified in our 2010 audit still existed.

¹ SSA, OIG, *Dedicated Account Underpayments Payable to Children Receiving Supplemental Security Income, A-04-18-50607* (September 2019); *Dedicated Account Underpayments Payable to Children, A-09-09-29110* (November 2010); *Establishment of Dedicated Accounts, A-13-08-28122* (May 2009); and *The Social Security Administration's Monitoring of Dedicated Accounts for Supplemental Security Income Recipients, A-13-06-16032* (August 2007).

² A dedicated account is a separate financial institution account that the representative payee for a disabled child under age 18 is required to open, when the child is eligible for large past-due payments (usually any payment covering more than 6 months at the current benefit rate). The past-due payments will be deposited directly into that dedicated account, and the use of these funds is restricted. SSA, *POMS, GN 00603.025.B.2* (November 21, 2021).

³ The SSI program provides monthly payments to individuals with limited income and resources who are age 65 or older, blind, or have a qualifying disability. Children with a qualifying disability can also get SSI. *Social Security Act*, 42 U.S.C. § 1381 and 1381a.

⁴ For this audit, we identified 21,528 SSI recipients whom SSA records indicated had underpayments requiring dedicated accounts as of September 2017. Of these, 3,914 recipients were identified in our November 2010 report on *Dedicated Account Underpayments Payable to Children, A-09-09-29110*.

SSA had not issued the underpayments to recipients because it did not have adequate controls to (1) ensure representative payees⁵ establish dedicated accounts and (2) issue installment payments to established dedicated accounts in 6-month intervals.

Recommendations

1. Take corrective action on the 65 recipients identified by our current audit and the 81 recipients identified in our 2010 audit.
2. Identify and take corrective action on the remaining population of SSI recipients with unpaid dedicated account underpayments.
3. Improve controls to ensure it timely pays dedicated account underpayments for children receiving SSI, such as establishing management reports, retaining diaries, and/or adding automation as discussed in the report.

SSA agreed with our recommendations stating it completed actions for all 65 cases identified. SSA also released 10,219 dedicated-account records to field offices in June 2022 with all necessary actions to be completed by August 2023. Additionally, SSA stated it developed an annual ad hoc report to identify large, past-due payments for children on SSI. According to SSA, the ad hoc report workload will identify representative payees who have not established a dedicated account at a bank.

Dedicated Account Underpayments Payable to Children, (A-09-09-29110) November 2010

Findings

SSA needed to improve controls to ensure it paid dedicated account underpayments to representative payees for the children in their care. Based on a random sample of 275 underpayments, we estimated SSA did not pay about 7,775 underpayments totaling approximately \$35 million. This included 3 organizational representative payees who did not establish dedicated accounts for \$367,612 in underpayments for 47 children. Generally, these funds were not paid because SSA did not have adequate controls to ensure representative payees established dedicated accounts. In addition, SSA staff did not:

- notify representative payees about the existence of underpayments that required the establishment of dedicated accounts or
- adequately control the issuance of underpayments after dedicated accounts were established.

Recommendations

1. Take corrective action to resolve and pay as appropriate the 166 underpayments identified by our audit.

⁵ A representative payee may be an individual or an organization. For children, SSA would normally select a parent to serve as the representative payee. SSA, POMS, GN 00502.105 (May 23, 2023) and GN 00605.235 (April 1, 2011).

2. Identify and take corrective action on the population of SSI recipients who have dedicated account underpayments.
3. Remind employees to ensure they (a) notify representative payees of any underpayments that require the establishment of a dedicated account, (b) control for the issuance of initial and installment payments after a dedicated account has been established, and (c) review prior SSI records to identify any unpaid dedicated funds.
4. Determine whether additional controls should be established to ensure dedicated funds are properly paid.
5. Take appropriate actions for the three organizational representative payees identified by our audit that had not established dedicated accounts.

SSA agreed with our recommendations. According to SSA, it (1) took necessary actions on the identified underpayments; (2) identified and paid SSI recipients who had underpayments pending on their records; (3) issued a reminder to employees to ensure they notify representative payees of any underpayments that require a dedicated account; (4) considered additional controls as part of the SSI Modernization Project; and (5) worked with the three organizational representative payees to establish dedicated accounts.

Establishment of Dedicated Accounts, A-13-08-28122 (May 2009)

Findings

The Agency had made significant improvements in establishing dedicated accounts for children. We estimated, since 1998, there had been a substantial decline in SSI underpayments not placed in dedicated accounts. However, SSA staff did not always deposit these underpayments in a dedicated account.

We asked Agency staff to analyze 29 underpayments made to children to determine why dedicated accounts were not established. Agency staff indicated dedicated accounts for 22 of the 29 underpayments should have been established. Of the 22 underpayments not placed in dedicated accounts, 14 were due to noncompliance with policy and procedures. The other eight should have been deposited into dedicated accounts but were erroneously issued to new representative payees as conserved funds,⁶ which do not require the establishment of a dedicated account.

For the remaining seven underpayments, Agency staff paid four payments into dedicated accounts. However, because of staff recording errors, the Supplemental Security Income Record⁷ (SSR) did not show that Agency staff issued the payment to a dedicated account.

⁶ The representative payee saves or conserves the conserved funds. Funds in excess of the amount needed to meet a beneficiary's current or reasonably foreseeable needs are the beneficiary's property. A payee must conserve these funds on the beneficiary's behalf. *SSA Guide for Organizational Representative Payees*. 20 C.F.R. § 416.645(a).

⁷ The SSR contains all current and previously entitled SSI claimants. SSA establishes the record when it receives an initial claims action. The SSR is divided into 20 equal segments that are separated based on the last 2 digits of the Social Security number. One segment represents 5 percent of the total population. Because each segment contains similar characteristics, the characteristics of 1 segment are deemed to represent all 20 segments.

Recommendations

1. Remind staff of policies and procedures for dedicated accounts, including how to properly record the dedicated account on the SSR.
2. Consider establishing a dedicated account remittance code to indicate when funds held in a dedicated account are reissued from one representative payee to another.

SSA agreed with our recommendations stating it issued a reminder to employees on the policy and procedures for establishing and recording dedicated accounts on the SSR. SSA stated it was unable to establish a dedicated account remittance code due to lack of resources.

The Social Security Administration's Monitoring of Dedicated Accounts for Supplemental Security Income Recipients, (A-13-06-16032) **August 2007**

Findings

We identified instances where SSA did not always follow its policies and procedures regarding monitoring dedicated accounts for SSI recipients. We found (1) Forms SSA-6233⁸ were not always provided; (2) information systems did not always indicate the representative payees' responses were evaluated; and (3) dedicated accounts were not always monitored timely.

Recommendations

1. Remind field offices of Form SSA-6233 retention and storage requirements.⁹
2. Review its policies and procedures relating to Forms SSA-6233 and revise as necessary to ensure dedicated accounts are appropriately monitored.
3. Evaluate the cost-benefit of automating the Form SSA-6233 process.¹⁰

SSA agreed with our recommendations stating it issued a reminder to employees and updated policy instructions regarding development of unacceptable payee responses on the Form SSA-6233. SSA also stated it evaluated the cost-benefit of automating the Form SSA-6233 process and determined it was not cost-effective to do so.

⁸ SSA requires that representative payees for children with dedicated accounts submit an annual report (Form SSA-6233-BK, *Representative Payee Report of Benefits and Dedicated Account*) to assist SSA in monitoring the use of dedicated account funds and SSI payments during the preceding 12-month reporting period.

⁹ SSA, *POMS*, GN 00605.215 (June 13, 2022); GN 00605.200 (May 26, 2023); and GN 00605.235 (April 1, 2011).

¹⁰ See Footnote 9.

Appendix B – SCOPE AND METHODOLOGY

To accomplish our objectives, we:

- Reviewed pertinent sections of the Social Security Administration's (SSA) policies and procedures, applicable laws, regulations, and prior Office of the Inspector General reports.¹
- Reviewed information from SSA's Supplemental Security Income Record (SSR),² Modernized Supplemental Security Income Claims System, Online Retrieval and Paperless Read Only Query Systems, and other SSA records as necessary for the records we sampled.
- Obtained a data extract from 1 segment of the SSR and identified a population of 3,183 Supplemental Security Income (SSI) recipients whose underpayments qualified for a dedicated account, but SSA had not paid as of August 18, 2021. We randomly selected 100 records from this population to determine:
 - whether SSA paid, or started installment payments for, the dedicated account underpayment; and whether the installment was paid accurately and timely;
 - whether SSA followed its policies and procedures for processing the dedicated account underpayments that were not paid; and
 - the amount of dedicated account underpayments due recipients.
- Obtained a data extract from 1 segment of the SSR and identified a population of 645 SSI recipients who qualified for a dedicated account between October 1, 2017 and September 28, 2021 and SSA had paid in full the dedicated account payments as of September 28, 2021. We randomly selected 100 records from this population to determine whether:
 - representative payees submitted requests for expenditures;
 - SSA employees approved submitted expenditures for the dedicated accounts;
 - representative payees provided SSA with a completed annual report; and
 - SSA monitored the representative payees' annual report. For the cases where SSA did not monitor the dedicated accounts, we determined the associated underpayment amount.
- Determined the status of actions SSA took in response to the two open recommendations from our 2019 report.

¹ SSA, OIG, *Dedicated Account Underpayments Payable to Children Receiving Supplemental Security Income, A-04-18-50607* (September 2019); *Dedicated Account Underpayments Payable to Children, A-09-09-29110* (November 2010); *Establishment of Dedicated Accounts, A-13-08-28122* (May 2009); and *The Social Security Administration's Monitoring of Dedicated Accounts for Supplemental Security Income Recipients, A-13-06-16032* (August 2007).

² The SSR contains all current and previously entitled SSI claimants. SSA establishes the record when it receives an initial claims action. The SSR is divided into 20 equal segments that are separated based on the last 2 digits of the Social Security number. One segment represents 5 percent of the total population. Because each segment contains similar characteristics, the characteristics of 1 segment are deemed to represent all 20 segments.

We conducted our audit in Atlanta, Georgia, from March 2022 through March 2023. We assessed the reliability of the data by verifying the data and records were within the requested parameters (date range and SSR codes). Additionally, we traced the extracted data elements to the related queries in SSA systems to ensure the data were accurate. We reviewed data documentation and the data received for completeness and accuracy (that is, missing data fields, unrealistic values or dates, dates outside of the period being reviewed, and illogical relationships between data fields), traced selection/sample data to source documents, and reviewed related internal/systems controls. As a result, we determined the data used in this report were sufficiently reliable given our audit objectives' intended use of the data.

We assessed the significance of internal controls necessary to satisfy the audit objectives. This included an assessment of the five internal control components, including control environment, risk assessment, control activities, information and communication, and monitoring. In addition, we reviewed the principles of internal controls associated with the audit objective. We identified the following components and principles as significant to the audit objectives:

- Component 3: Control Activities
 - Principle 10: Design Control Activities
 - Principle 12: Implement Control Activities
- Component 5: Monitoring
 - Principle 16: Perform Monitoring Activities
 - Principle 17: Remediate Deficiencies

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix C – SAMPLING METHODOLOGY AND RESULTS

To conduct this review, we used a simple random sample statistical approach. This is a standard statistical approach used for creating a sample from a population completely at random. As a result, each sample item had an equal chance of being selected throughout the sampling process, and the selection of one item had no impact on the selection of other items. Therefore, we were guaranteed to choose a sample that represented the population, absent human biases, and ensured statistically valid conclusions of, and estimations to, the entire population under review. Our sampling approach for this review ensures our reported estimates are statistically sound and defensible.

Populations and Sample Sizes

To accomplish our objectives, we obtained two separate electronic data extracts from one segment of the Supplemental Security Income Record (SSR).¹ For the first objective, we identified a population of 3,183² Supplemental Security Income (SSI) recipients who qualified for a dedicated account. From our population of 3,183 SSI recipients, we selected a random sample of 100 for review (see Table C–1) to determine whether SSA accurately and timely paid their dedicated account funds.

**Table C–1: Payment of Dedicated Account Funds
Population 1**

Description	Number of SSI Recipients
Population Size	3,183
Sample Size	100
Estimated Total Population (Population Size x 20 Segments)	63,660

¹ The SSR contains all current and previously entitled SSI claimants. SSA establishes the record when it receives an initial claims action. The SSR is divided into 20 equal segments that are separated based on the last 2 digits of the Social Security number. One segment represents five percent of the total population. Because each segment contains similar characteristics, the characteristics of 1 segment are deemed to be representative of all 20 segments.

² We excluded 594 recipients that were identified in the 2019 audit.

For the second objective, we identified a population of 645 SSI recipients who qualified for a dedicated account between October 1, 2017 and September 28, 2021 and SSA had paid in full the dedicated account payments as of September 28, 2021. From our population of 645 SSI recipients, we selected a random sample of 100 for review (see Table C–2) to determine whether SSA properly monitors representative payees’ use of these underpayments.

**Table C–2: Monitoring of Dedicated Account Funds
Population 2**

Description	Number of SSI Recipients
Population Size	645
Sample Size	100
Estimated Total Population (Population Size x 20 Segments)	12,900

Sample Errors and Projections for Population 1

Of the 100 sampled SSI recipients, SSA did not make accurate payments to 8 recipient children. Based on the sample errors, we estimate SSA did not make 5,093 accurate payments totaling \$27,252,572 (see Table C–3).

**Table C–3: Payment Accuracy Errors
Population 1**

Description	Number of Recipients Who Did Not Receive Accurate Payment	Payment Error Total
Sample Results	8	42,810
Point Estimate	5,093	27,252,572
Projection – Lower Limit	2,576	9,412,083
Projection – Upper Limit	8,891	45,093,061
Note: All projections are at the 90-percent confidence level.		

Of the 100 sampled SSI recipients, SSA did not make 78 timely³ payments. Based on the sample errors, we estimate SSA did not make 49,655 timely payments totaling \$308,189,786 (see Table C-4).

**Table C-4: Late Payment Errors
Population 1**

Description	Number of Recipients Who Did Not Receive Payment Timely	Payment Error Total
Sample Results	78	484,118
Point Estimate	49,655	308,189,786
Projection – Lower Limit	44,629	255,205,926
Projection – Upper Limit	53,860	361,173,646
Note: All projections are at the 90-percent confidence level.		

Sample Errors and Projections for Population 2

Of the 100 sampled SSI recipients, SSA did not monitor 56 representative payees' use of recipient children's dedicated account funds. Based on the sample errors, we estimate SSA did not monitor 7,224 representative payees use of recipient children's dedicated account funds.

**Table C-5: Dedicated Account Funds Not Monitored
Population 2**

Description	Number of Dedicated Account Funds Not Monitored
Sample Results	56
Point Estimate	7,224
Projection – Lower Limit	6,104
Projection – Upper Limit	8,309
Note: All projections are at the 90-percent confidence level.	

Because SSA records did not reflect the cost of expenditures that were exceptions and SSA does not document approvals, we cannot estimate the dollar findings to the population. The total amount of the unsupported expenditures was \$552,046.

³ Policy requires that SSA release installments in 6 month intervals (SSA, POMS, SI 02101.020 [February 7, 2014]), we did not consider them untimely until 7 months.

Appendix D – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: September 12, 2023

Refer To: TQA-1

To: Gail S. Ennis
Inspector General

From: Scott Frey 
Chief of Staff

Subject: Office of the Inspector General Draft Report, “Dedicated Accounts for Supplemental Security Income Recipients” (A-04-21-51031) - INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations.

Please let me know if I can be of further assistance. You may direct staff inquiries to Trae Sommer at (410) 965-9102.



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