



SOCIAL SECURITY

The Commissioner

January 25, 2017

The Honorable Orrin G. Hatch
Chairman, Committee on Finance
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

This letter transmits our *Annual Report on the Results of Periodic Representative Payee Site Reviews and Other Reviews* for fiscal year 2016. This report is required by sections 205(j)(6)(B), 807(k)(2), and 1631(a)(2)(G)(ii) of the Social Security Act (amended by section 102(b) of the Social Security Protection Act of 2004).

I will keep you informed of our accomplishments as we continue to improve the representative payment program. If you have questions or need additional information, please call me or have your staff call Royce Min, our Acting Deputy Commissioner for Legislation and Congressional Affairs, at (202) 358-6030.

I am sending this report to the Chairmen and Ranking Members of the House Committee on Ways and Means and the Senate Committee on Finance.

Sincerely,

/s/

Nancy Berryhill
Acting Commissioner

Enclosure

**Annual Report on the Results of Periodic
Representative Payee Site Reviews and Other
Reviews**



Social Security Administration

Fiscal Year 2016

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Annual Report on the Results of Periodic Representative Payee Site Reviews and Other Reviews

October 1, 2015 through September 30, 2016

Background

The Social Security Act (Act), as amended by the Social Security Protection Act of 2004 (SSPA), requires the Social Security Administration (SSA) to report the results of site reviews of specific types of representative payees (payee) and any other reviews of payees conducted during the prior fiscal year (FY).¹ Our site reviews strengthen our oversight of payees and supplement the annual accounting process. This report provides the results of the reviews of payees who manage the benefits of Social Security, Special Veterans Benefits, and Supplemental Security Income (SSI) beneficiaries. This FY 2016 report is our 13th annual report.

As the SSPA requires, this report includes a description of all of the problems identified by the reviews, the action that we took or plan to take to correct the problems, and the following additional information:

1. The number of reviews;
2. The results of the reviews;
3. The number of cases in which the payee was changed and why;
4. The number of cases in which we expedited oversight of the payee because of alleged misuse² of funds, failure to pay a vendor, or similar irregularities;
5. The number of cases of misuse of funds discovered;
6. How we dealt with cases of misuse of funds;
7. The final disposition of such misuse cases, including any criminal penalties imposed; and
8. Other information as deemed appropriate.

We presume that a legally competent adult beneficiary is capable of managing or directing someone else to manage his or her benefits, unless there are indicators or evidence to the contrary. We are required to pay legally incompetent adult beneficiaries and children under age 15 through a payee. A payee is a third party who manages the benefits of a beneficiary to meet the beneficiary's needs for food, clothing, and shelter. After meeting the beneficiary's basic needs, the payee must conserve any remaining Social Security benefits for the beneficiary's future use. In all payee selections, our primary concern is the beneficiary's best interests.

Those individuals who need payees are among our most vulnerable beneficiaries. The decision to appoint a payee is a serious one, and we carefully follow the law and regulations when deciding to appoint one. When it is necessary to appoint a payee, we make every effort to

¹ Sections 205(j)(6)(B), 807(k)(2), and 1631(a)(2)(G)(ii) of the Act, 42 U.S.C. §§ 405(j)(6)(B), 1007(k)(2), and 1383(a)(2)(G) (ii), as amended by section 102(b) of the SSPA, Public Law (P.L.) 108-203.

² The law defines misuse of benefits by a payee as "any case in which the representative payee receives payment . . . for the use and benefit of another person and converts such payment, or any part thereof, to a use other than for the use and benefit of such other person." Sections 205(j)(9) and 1631(a)(2)(A)(iv) of the Act.

choose one who is well qualified. Our policies reflect our commitment to ensure that payees use benefits to promote the physical, mental, and emotional well-being of beneficiaries in a manner that preserves the dignity and protects the basic rights of our beneficiaries. Most payees carefully and compassionately provide much-needed help to beneficiaries on a volunteer basis.

We have approximately 5.7 million payees managing \$70 billion in annual benefits for 8 million beneficiaries. Fifty-four percent of the beneficiaries with payees are minor children. The payee program relies heavily upon family relationships. Family members, primarily parents or spouses, serve 85 percent of the beneficiaries who have payees. Of the 5.7 million payees, 34,037 (less than one percent) are organizational payees serving approximately 1.1 million beneficiaries. Among the 34,037 organizational payees, 1,377 are fee-for-service (FFS) organizational payees that we authorize to collect a fee as payment for providing payee services. FFS organizational payees serve 209,645 beneficiaries. Generally, we will appoint an organizational payee only when a family member is unable, unavailable, unwilling, or unqualified to serve.

Our responsibility does not end when we appoint a payee. We monitor payees to ensure they continue to meet our qualifications and appropriately spend benefits on behalf of the beneficiary. Our monitoring activities help deter misuse. With the exception of certain State mental institutions, discussed on page 3 of this report, we require all payees to submit an annual payee accounting report for the use of beneficiaries' funds.

For the period October 2014 through September 2015, we mailed approximately 6.7 million accounting reports to our payees asking that they complete and return them as soon as possible. We mail the accounting reports throughout the fiscal year; therefore, the accounting report data that we provide in this report only covers FY 2015. We will provide the details of the FY 2016 accounting reports in the FY 2017 annual report. During FY 2015, payees failed to return approximately 949,328 reports (about 14 percent of the total) in a timely manner. If a payee does not respond to our requests for an accounting report, the appropriate field office (FO) makes all reasonable attempts, including directing the payment checks to the FO, to personally contact the payee. Once we make contact, we advise the payee of the importance of this annual accounting, secure a completed accounting report, and determine if we should find a new payee or pay the beneficiary directly. We immediately investigate any indications of misuse of funds or poor performance by a payee and take all appropriate actions to protect the beneficiary's best interests.

In addition to the annual accounting process, we monitor payees' fiduciary performance through site reviews. These initiatives protect beneficiaries from payee misuse of benefits and ensure that payees carry out their duties and responsibilities in compliance with our policies and procedures. We define each of the payee types and the different reviews we conduct beginning on page 3.

Types of Payees

Below we define all of our payee types. We report the results of our payee reviews and the problems found during the reviews beginning on page 4.

1. **Volume Payee:** An agency serving 50 or more beneficiaries. This category of payee does not include certified community-based nonprofit social service agencies (e.g., FFS payees) or certain State mental institutions. We review volume payees every four years. See sections 205(j)(6)(A)(iii) and 1631(a)(2)(G)(i)(III) of the Act. Examples of payees included in this category are State and local social service agencies, private non-profit social service agencies that are not FFS payees, and nursing homes.
2. **State Mental Institutions:** A State-operated psychiatric hospital providing care and treatment. As of November 2016, 208 State mental institutions participate in our onsite review program, established under sections 205(j)(3)(B) and 1631(a)(2)(C)(ii) of the Act. These sections of the statute do not require participating State mental institutions to provide an annual accounting form for each of the beneficiaries they serve. Instead, we conduct a site review of each of these institutions at least once every three years. Institutions deciding not to participate in this onsite review program must complete annual accounting forms for each beneficiary they serve and are still subject to periodic site reviews. (See “State Onsite Reviews” in the section titled “Type of Payee Reviews” on page 4.)
3. **FFS Payee:** A State or local government agency or a certified community-based nonprofit social service organization we authorize to collect a fee for payee services. The agency or organization must regularly serve five or more beneficiaries. We review FFS payees every three years. See sections 205(j)(4), 205(j)(6)(A)(ii), 1631(a)(2)(D), and 1631(a)(2)(G)(i)(II) of the Act.
4. **Individual Payee:** An individual who serves one or more beneficiaries. We review payees serving 15 or more beneficiaries every 4 years. We use a predictive model to select individual payees serving 14 or fewer beneficiaries for review. The model selects payees for review based on payee and beneficiary characteristics that indicate a higher likelihood of potential misuse. See sections 205(j)(6)(A)(i) and 1631(a)(2)(G)(i)(I) of the Act.
5. **Other Organizational Payees:** Governmental or private groups or agencies other than those described above in this section. Beyond the reviews we do for individual payees, we use a predictive model to select organizations for review by the National Disability Rights Network (NDRN) and its subcontractor, the State Protection and Advocacy (P&A) agencies. The model selects cases based on payee and beneficiary characteristics that indicate a higher likelihood of potential misuse. The P&A agencies review organizations serving 49 or fewer beneficiaries. The P&A agencies do not review any FFS organizational payees.

Types of Payee Reviews

Below we define our payee reviews. We report the results of our reviews and the problems found during the reviews beginning on page 4. Please see Appendix A that provides detailed descriptions of some of the problems encountered.

1. **Periodic Site Review:** At least once every 3 or 4 years, we monitor the performance of individual payees who serve 15 or more beneficiaries, volume payees, and FFS payees, through a face-to-face meeting with the payee and an examination of the payee's records. We assess the payee's recordkeeping and we interview beneficiaries. These reviews are required under sections 205(j)(6)(A) and 1631(a)(2)(G)(i) of the Act.
2. **Targeted Review:** A targeted review is a site review conducted in response to an event that raises a question about the payee's performance or suitability. Examples of events that may trigger a targeted review include allegations of misuse or improper use of benefits from a beneficiary or third party, failure to pay a vendor, reports of employee theft, adverse media coverage, and an investigation of the payee by another governmental agency.
3. **Educational Visit:** We visit all new FFS payees six months after appointment. The purpose of the educational visit is to ensure that these new payees fully understand their responsibilities and are on the right track with recordkeeping and reporting. We may also conduct educational visits to other types of payees. For example, we may make an educational visit to a volume payee if we learn the payee had changes in key personnel.
4. **State Onsite Reviews:** We conduct onsite reviews to evaluate the fiduciary performance of State mental institutions serving as payees for our beneficiaries at least once every three years, pursuant to sections 205(j)(3)(B) and 1631(a)(2)(C)(ii) of the Act. A team of agency personnel visits the institution to conduct financial accountings and to observe and interview the beneficiaries served by the institution.
5. **Optional Reviews:** Since FY 2008, as resources allow, we conduct additional reviews of payees who may need more oversight due to weak recordkeeping skills.
6. **Special Site Reviews:** We use a predictive model to select for review organizational payees serving between 5 to 49 beneficiaries, and individual payees serving 14 or fewer beneficiaries. This model selects organizational and individual payees based on payee and beneficiary characteristics that indicate a higher likelihood of potential misuse.

Results of Our Reviews

We conducted 2,590 payee reviews in FY 2016 via face-to-face interviews. All reviews included the examination of the payee's financial records and supporting documentation.

We conducted onsite reviews at 76 State institutions. All of the institutions reviewed were performing satisfactorily with no significant problems or corrective recommendations noted. Therefore, we do not provide details for State onsite reviews.

Table 1 below provides the types of reviews we performed by payee category. We include a detailed description of the problems discovered throughout the review process and the corrective actions taken in Appendix B.

Table 1: Number of Reviews by Review Type and Payee Type

	Periodic Site Reviews	Targeted Reviews	Educational Visits	State Onsite Reviews	Optional Reviews	Special Reviews	Total
Volume Payees	686	169	0	0	15	0	870
State Mental Institutions	0	0	0	76	0	0	76
FFS Payees	437	42	24	0	9	0	512
Individual Payees	101	3	0	0	1	267	372
Other Organizational Payees	0	10	0	0	0	750	760
Total	1,224	224	24	76	25	1,017	2,590

We identified 49 cases of misused funds during site, targeted, and special reviews. Eleven of these payees were volume payees, 23 were other organizational payees, 11 were FFS payees, and 4 were individual payees. A detailed narrative describing these 49 cases of misused funds is provided later in this report beginning on page 13 under the heading “FY 2016 Misuse Cases.”

We removed the payee in 11 of the cases of misused funds identified in FY 2016. We retained the payee in 30 cases of misused funds because the payee reimbursed the beneficiaries for any funds taken through unauthorized fees or employee theft, took steps to prevent similar misuse in the future, and was otherwise a good payee. We are still investigating the eight remaining cases of misuse identified in FY 2015, so we have not yet made a decision about the payee. We will remove any payee who fails to repay misused funds.

We removed 27 payees due to poor performance of duties. In these cases, we decided we could better serve our beneficiaries by appointing new payees. In addition, we identified problems

involving misunderstanding of payee duties without any intentional misconduct. We detail the problems we found, and the corrective actions we took to address them, in Appendix B. Some of the payees we reviewed made errors in more than one area as summarized in Table 2 below.

Although this report covers reviews conducted in FY 2016, we may not have completed all of the corrective actions in FY 2016. For example, a payee reviewed late in the year may not have finished correcting the titles on payee bank accounts during the year, or we may need several months to review hundreds of records in a case of misuse.

Periodic Site Reviews (1,224 conducted)

Table 2: Number of Payees with Problems Identified During Periodic Site Reviews

	Volume Payees	FFS Payees	Individual Payees	Total
1. Incorrect titling of bank accounts	72	35	5	112
2. Interest not posted timely	8	6	0	14
3. Bank account not interest bearing	11	8	1	20
4. Deposit to beneficiary accounts not timely	11	8	1	20
5. Beneficiary funds in agency operating account	20	4	1	25
6. Over SSI resource limit	69	58	7	134
7. Beneficiary expenses not properly documented	102	88	12	202
8. No personal needs allowance given	15	3	0	18
9. Incorrect FFS charged	6	34	1	41
10. Conserved funds not returned	65	20	4	89
11. Failure to report changes	64	62	14	140
12. Payee did not exercise oversight of benefits	26	21	2	49
13. Annual accounting forms not returned	31	17	1	49
14. Recordkeeping problems	108	79	19	206
15. Payment after death not returned	9	5	0	14

	Volume Payees	FFS Payees	Individual Payees	Total
16. Payee repaid itself without SSA approval	31	2	0	33
17. Collective account not approved by SSA	26	8	0	34
18. Misuse suspected	7	5	1	13
19. Misuse Found	21	6	1	28

Note: Some payees made multiple errors.

Targeted Reviews (224 conducted)

Table 3: Number of Payees with Problems Identified During Targeted Reviews

	Volume Payees	FFS Payees	Individual Payees	Total
1. Incorrect titling of bank accounts	36	1	0	37
2. Interest not posted timely	5	1	0	6
3. Bank account not interest bearing	7	0	0	7
4. Beneficiary funds in agency operating account	21	0	0	21
5. Over SSI resource limit	13	5	0	18
6. Beneficiary expenses not properly documented	54	7	1	62
7. Conserved funds not returned	18	2	0	20
8. Failure to report changes	31	4	0	35
9. Payee did not exercise oversight of benefits	11	4	0	15
10. Annual accounting forms not returned	8	4	1	13
11. Recordkeeping problems	57	8	1	66
12. Collective account not approved by SSA	25	0	1	26
13. Deposit to beneficiary account not timely	2	1	0	3

14. No personal needs allowance given	8	0	0	8
15. Incorrect FFS charged	3	2	0	5
16. Payment after death not returned	10	2	0	12
17. Payees repaid itself without SSA approval	3	1	0	4
18. Misuse suspected	10	6	1	17
19. Misuse found	13	5	1	19

Note: Some payees made multiple errors.

Educational Visits for New FFS Payees (24 conducted)

Table 4: Number of Payees with Problems Identified While Conducting Educational Visits

	FFS Payees
1. Incorrect titling of bank accounts	4
2. Bank account not interest bearing	1
3. Beneficiary expenses not properly documented	6
4. Deposit to beneficiary accounts not timely	6
5. Recordkeeping problems	4
6. Incorrect FFS charged	3
7. Over SSI resource limit	1
8. Payee did not exercise oversight of benefits	2
9. Failure to report changes	2
10. Payee repaid itself without SSA approval	1

11. Annual accounting forms not returned	1
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Note: Some payees made multiple errors.

Optional Reviews (25 conducted)

Table 5: Number of Payees with Problems Identified While Conducting Optional Site Reviews

	Volume Payees
1. Incorrect titling of bank accounts	5
2. Over SSI resource limit	4
3. Beneficiary expenses not properly documented	10
4. Conserved funds not returned	1
5. Failure to report changes	7
6. No Personal Needs Allowance given	1
7. Annual accounting forms not returned	1
8. Recordkeeping problems	8
9. Beneficiary funds in agency operating account	2
10. Payee did not exercise oversight of benefits	3
11. Payee repaid itself without approval	1
12. Payment after death not returned	3
13. Collective account not approved by SSA	2
14. Misuse found	1

Note: Some payees made multiple errors.

Special Site Reviews of Individual Payees (267 conducted)

Table 6: Numbers of Payees with Problems Identified While Conducting Special Site Reviews

	Individual Payees
1. Incorrect titling of bank accounts	22
2. Bank account not interest bearing	4
3. Beneficiary expenses not properly documented	34
4. No personal needs allowance given	1
5. Failure to report changes	12
6. Payee did not exercise oversight of benefits	21
7. Annual accounting forms not returned	12
8. Recordkeeping problems	40
9. Beneficiary funds in agency operating account	1
10. Collective Account not approved by SSA	1
11. Misuse suspected	3
12. Misuse found	2

Note: Some payees made multiple errors.

Special Site Reviews of Organizational Payees

On September 29, 2009, we awarded NDRN a five-year, sole-source contract to conduct site reviews of organizational payees serving 49 or fewer beneficiaries, and to provide oversight, coordination, and management of the P&A agencies, NDRN's subcontractor. The contract required the P&A reviewers to refer problems outside of our purview to Federal, State, and local agencies with the responsibility to regulate the services where the P&A reviewers found problems. For example, we required P&A reviewers to refer housing safety violations to the entity that monitors the housing type in which the beneficiary resides. NDRN's contract to conduct payee reviews ended on June 28, 2016.

During FY 2016, NDRN and the P&A agencies conducted 750 site reviews of organizational payees selected by the predictive model. The reviews include an examination of the financial records of the organization.

Table 7: Outside Referrals Generated by the Special Site Reviews of Organizational Payees

Type of Referral	Number of Referrals
1. Advocacy services	86 Beneficiaries
2. Assistance to help utilize work incentives	32 Beneficiaries
3. Housing rights education	14 Beneficiaries
4. Noncritical health and safety issues	35 Beneficiaries
5. Possible employment law violations	8 Payees
6. Request to become own payee	16 Beneficiaries
7. Vocational rehabilitation	4 Beneficiaries
8. State Regulatory and Local Agencies	67 Payees
Total	262 Referrals

Descriptions of Problems or Issues Leading to Referrals

- 1. Advocacy Services:** Referrals to programs within the P&A agency when the reviewer believed a P&A program could assist the beneficiary. In addition, the P&As monitored referrals made on the behalf of beneficiaries to other agencies for violations of personal rights, and health, personal safety, and workplace safety. Requests for the P&A’s contact information, advocacy assistance and other issues are also included in this category.
- 2. Planning and Assistance to Help Utilize Work Incentives:** The employed beneficiaries required counseling to help them utilize work incentives, including information about the effect of work on their benefits.
- 3. Housing Rights Education:** Beneficiaries are often unaware of the right to live somewhere other than their current residence, or in a different residential environment. Referrals include education about housing rights and other housing alternatives.

4. **Noncritical Health and Safety Issues:** Referrals to various State and Federal agencies with oversight in the areas of protective services and fire and housing safety. The referrals ranged from expired licenses and dirty facilities to a lack of assistive technology devices to facilitate communication that posed no immediate danger to beneficiaries.
5. **Possible Employment Law Violations:** Referrals to the U.S. Department of Labor for investigation and appropriate action related to an expired 14(c) certificate authorizing payment of workers at a rate below the minimum wage, and other alleged wage and hour violations. In addition, referrals for failure to display posters required in a workplace pertaining to the U.S. Department of Labor and the appropriate State department of labor.
6. **Request to Become Own Payee:** Referrals to the local SSA field office when observations of the beneficiary suggested the beneficiary might be capable of managing his or her own benefits and the beneficiary expressed interest in direct payment.
7. **Referrals to Vocational Rehabilitation:** Referrals to State Vocational Rehabilitation Services to support beneficiaries who expressed a desire for services to help obtain or increase employment or a desire for employment supports.
8. **State Regulatory and Local Agencies:** Referrals to different State regulatory and local agencies when beneficiaries requested other services or from the discovery of issues not covered by the other categories.

Special Site Review of Organizational Payees and Additional Action by SSA

After receiving the special site review reports from NDRN, we referred 568 cases to our FOs for additional action. If we determine misuse in any of the cases, we will include our findings in next year’s report. Table 8 below shows specific issues referred to our FOs for action. We include a detailed description of the problems discovered throughout the review process, and the corrective actions taken, in Appendix B.

Table 8: Special Site Review of Organizational Payees Referred to Our FOs:

	Count of Payee Referrals
1. Incorrect titling of bank accounts	94
2. Beneficiary funds in agency operating account	77
3. Over SSI resource limit	14
4. No personal needs allowance given	7

5. Conserved funds not returned	4
6. Interest not posted timely	1
7. Recordkeeping problems	267
8. Payee repaid itself without approval	17
9. Collective account not approved by SSA	274
10. Failure to report changes	1

Note: Some payees made multiple errors.

New Contract for Special Site Reviews of Organizational Payees and Individual Payees

We are modernizing our site review process to be more strategic in whom we review, what we review, and how we conduct reviews. On July 25, 2016, we awarded a new payee site review contract to Information Systems and Networks Corp (ISN). ISN will conduct reviews of organizational payees serving 49 or fewer beneficiaries and individual payees serving 14 or fewer beneficiaries in FY 2017. To ensure selection of all payees with a higher likelihood of misuse, we will now include parents and spouses with custody of the beneficiary in the predictive model for the reviews. By utilizing a phased implementation plan, we plan to progressively increase the number of payee reviews and target high risk payees to better protect our beneficiaries. Our ability to implement the plan fully depends on the availability of agency resources.

Change of Payee Situations

During the FY 2016 review period, we removed 11 payees because we found misuse. While not a direct result of our reviews, seven payees withdrew from serving as payees, and four other payees closed their businesses. The loss of a payee can result in a large workload for the servicing FO. The FO must conduct a capability determination to determine if the beneficiary still needs a payee; find a new payee, if needed; or take steps to initiate direct payment when we determine a beneficiary is capable.

Findings of Misuse

Based on the FY 2016 reviews, we found 49 payees misused beneficiaries' funds. The information provided below reflects all the information concerning actual misuse findings currently recorded on our internal misuse-tracking database. In some of the following cases, we

retained a payee even though it technically met the definition of a “misuser.” We retain a payee we label as a misuser *only* if we believe the payee continues to be the best payee for the beneficiary *and* the payee makes restitution or has a definite plan to make restitution. For misuse cases for years prior to FY 2016, which were pending as of our last annual report, we provide the details from our last report with the updates for actions taken in FY 2016.

FY 2016 Misuse cases

AAA Calico Payee Services, Anchorage, AK: During the review, we found misuse by a former employee. The amount of misused funds was \$6,117, affecting 14 beneficiaries. We removed the payee and appointed new payees for the affected beneficiaries. The Office of the Inspector General (OIG) closed the allegation because it did not meet case opening guidelines.

ABC Health Care, Harrisonville, MO: We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$8,735, affecting nine beneficiaries. OIG closed the allegation because it did not meet case opening guidelines.

Acord Inc., Wallingford CT: We retained this organization because the determination of misuse was due to an isolated employee theft incident. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$968, affecting seven beneficiaries. The organization has reimbursed all the affected beneficiaries. OIG referral is pending upon completion of the misuse determination.

Alliance Healthcare Solutions, East Hartford CT: The payee used funds of one client to pay the bills of another client because the first client ran out of funds to pay his bills. The amount of misused funds was \$500. We retained the payee because this was a one-time occurrence; the payee cooperated fully with our investigation and reimbursed the affected beneficiary. Our actions in this case are complete. OIG closed the allegation because it did not meet case opening guidelines.

Individual Payee, Huntington Beach, CA: Although the payee alleges meeting beneficiaries’ needs each month, the payee did not provide evidence to support these allegations. The monthly bank statements revealed funds transferred on a monthly basis to payee’s personal, business, and several unknown accounts. The FO is investigating for possible misuse. OIG will review the allegation for appropriate action.

Arbor Health, Akron, OH: An OIG agent initiated a referral to us based on employee theft. A targeted review identified misuse for approximately eleven beneficiaries. The employee who misused the funds is no longer part of the payee organization. We are investigating to determine the amount of misuse and payee retention. OIG referral is pending upon completion of the misuse determination.

Bay Community Support Services (BCSS), Edgewater, MD: We retained this organization because the determination of misuse was due to an isolated employee theft and the payee is in

the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$2,178, affecting seven beneficiaries. An OIG referral is pending upon completion of the misuse determination.

Bridgewell Inc. Lynnfield, MA: We retained this organization because the determination of misuse was due to an isolated employee theft and the investigation is ongoing. The payee plans to make full restitution to all affected beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$11,000, affecting five beneficiaries. An OIG referral is pending upon completion of the misuse determination.

CDE SSI Payee Services, Tacoma, WA: During the review, we found misuse by a former employee. The amount of misused funds was \$26,820, affecting 24 beneficiaries. We removed the payee and appointed new payees for the affected beneficiaries. The United States Attorney's Office for the Western District of Washington declined criminal prosecution. The payee repaid the misused funds to SSA. OIG's investigation is complete.

Center for the Disabled, Albany, NY: We retained this organization because the determination of misuse was due to an isolated employee theft incident and the organization is cooperating with the investigation. The employee who misused the funds is no longer part of the payee organization. We are currently determining the amount of misuse funds and the number of affected beneficiaries. An OIG referral is pending upon completion of the misuse determination.

Individual Volume Payee, Long Lake, MN: We received a media report that the payee was no longer serving as a conservator for our beneficiaries. We initiated a targeted review and decided to remove the payee based on his unwillingness to cooperate with our investigation. OIG will review the allegation for appropriate action.

Coleman Professional Services, Lima, OH: During a site review, we uncovered poor performance, poor recordkeeping, and beneficiary allegations of misuse. The payee failed to provide organized records to assist in the investigation. The amount of misused funds was \$2.7 million, affecting 204 beneficiaries. Our misuse investigating is ongoing. OIG will review the allegation for appropriate action.

Crossroads Rhode Island, Providence RI: This FFS payee charged double the allowable fee in one month, because it forgot to collect the fee in the previous month. The amount of misused funds was \$60, affecting one beneficiary. We retained the payee because it reimbursed the beneficiary the full amount. We educated the payee on our fee charging rules. Our actions on this case are complete. OIG closed the allegation because it did not meet case opening guidelines.

Delta Projects, Dedham, MA: We have temporarily retained this payee because it is cooperating with our investigation of the misuse and alleges that it reimbursed the beneficiaries directly. Delta Projects does not currently serve any beneficiaries. The amount of misused funds was \$9,912, affecting nine beneficiaries. Our misuse investigation is ongoing. An OIG referral is pending upon completion of the misuse determination.

Family Service Association of Greater Fall River, Fall River, MA: We retained this organization because the determination of misuse was due to an isolated employee theft incident. The employee who misused the funds is no longer part of the payee organization. The payee cooperated fully in the misuse investigation and made full restitution to all of the affected beneficiaries. The amount of misused funds was \$67,843, affecting 30 beneficiaries. OIG closed the allegation because it did not meet case opening guidelines.

Individual Payee, Braintree, MA: During the review, we discovered issues regarding the validity of the expenses the payee claimed to have paid on behalf of a beneficiary. The amount of misused funds was \$5,700, affecting one beneficiary. We removed the payee and appointed a new payee. Our misuse investigation is ongoing. An OIG referral is pending upon completion of the misuse determination.

Forest Park Health Center, Carlisle PA: We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$143,000, affecting 24 beneficiaries. OIG closed the allegation with a referral to SSA for administrative action.

FREE (Family Residences & Essential Enterprises Inc.), Hauppauge, NY: We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$2,900, affecting 22 beneficiaries. OIG will review the allegation for appropriate action.

Friendship Ridge Nursing Home, Beaver, PA: Beaver County originally owned and operated this nursing home until the County sold it to a private corporate entity in March 2014. At the field office's educational visit, the new business manager informed the field office that its internal financial audit found that two employees improperly transferred hundreds of thousands of dollars from the County to the nursing home. We retained this organization because the determination of misuse was due to an isolated employee theft under former ownership. The amount of misused funds was \$675,000, affecting 60 beneficiaries. OIG will review the allegation for appropriate action.

Gateway Healthcare, Pawtucket RI: We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$76,637, affecting 47 beneficiaries. OIG will review the allegation for appropriate action.

God's Blessings, Austin, TX: During the review, we found that the payee did not maintain a beneficiary list, accounting records, or receipts. Therefore, the reviewer could not account for how the payee used beneficiary funds for the period June 2013-September 2015. The amount of misused funds was \$122,514, affecting 81 beneficiaries. We removed the payee and appointed new payees for the affected beneficiaries. OIG closed the allegation because of insufficient detail.

Golden Years Senior Care Home, Hutchinson, KS: During a review, the facility was unable to account for any funds received. The amount of misused funds was \$60,165, affecting three beneficiaries. We removed the payee and appointed new payees for the affected beneficiaries. An OIG referral is pending upon completion of the misuse determination.

Halom House, Blue Ash, OH: We retained this organization because the determination of misuse was due to an isolated employee theft occurrence. The payee plans to make full restitution to all affected beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$2,277, affecting three beneficiaries. OIG closed the allegation because it did not meet case opening guidelines.

Helping People Excel, Meriden CT: The payee was paying one beneficiary's expenses with funds from another beneficiary. We retained the payee because they reimbursed the beneficiaries the full amount of misused funds. The payee is dedicated to performing the duties of a payee following our guidelines. The amount of misused funds was \$5,585, affecting 14 beneficiaries. OIG referral is pending upon completion of the misuse determination.

Helpline, Walla Walla, WA: During the review, we found misuse by a former employee. The amount of misused funds was \$10,491, affecting 25 beneficiaries. We removed the payee and appointed new payees for the affected beneficiaries. OIG will review the allegation for appropriate action.

Highland Valley Elder Services, Northhampton, MA: The site review found that the payee was charging unauthorized fees. We retained the payee because the misuse investigation is ongoing and the payee is cooperating with the investigation. The payee plans to make full restitution to the affected beneficiaries. The amount of misused funds was \$61, affecting two beneficiaries. OIG referral is pending upon completion of the misuse determination.

Hope Homes, Stow, OH: A site review uncovered multiple instances of employee theft involving SSA beneficiary funds since 2008. The amount of misused funds was \$45,324, affecting 28 beneficiaries. We removed the payee. We took appropriate action for each of the 28 beneficiaries, either finding a new payee, transitioning the beneficiary to direct pay, or suspending the beneficiary for whereabouts unknown. OIG closed the allegation because it did not meet case opening guidelines.

House of Hope, Warwick, RI: The payee was charging unauthorized fees. We conducted training sessions to staff members. We retained the payee because they refunded the misused funds. The amount of misused funds was \$1,960, affecting 23 beneficiaries. OIG closed the allegation because it did not meet case opening guidelines.

IDDI Crystal Springs School, Assonet, MA: We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$503, affecting five beneficiaries. OIG closed the allegation because it did not meet case opening guidelines.

Lawrence, Ltd. Brockton, MA: The payee was charging unauthorized fees. We conducted training sessions for staff members. We retained the payee because they refunded the misused funds. The amount of misused funds was \$58, affecting one beneficiary. OIG closed the allegation because it did not meet case opening guidelines.

Lewiston General Assistance, Lewiston, ME: The payee neglected to collect fees timely and erroneously charged beneficiaries' retroactive fees for several months. The amount of misused funds was \$11,725, affecting 20 beneficiaries. The payee has made full restitution to us and has determined that it no longer wishes to provide payee services. We appointed new payees for the beneficiaries affected. OIG closed the allegation because it did not meet case opening guidelines.

Livingston Hills Nursing & Rehab Center, Livingston, NY: We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$1,100, affecting three beneficiaries. OIG closed the allegation because it did not meet case opening guidelines.

Life Designs, Bloomington, IN: A site review uncovered two instances of employee theft of funds, involving two different employees. The employees who misused the funds are no longer part of the payee organization. We are reviewing the records to determine if any beneficiary funds were misused. The payee will remain during the misuse investigation. An OIG referral is pending upon completion of the misuse determination.

Matthew House, Chicago, IL: We removed this FFS payee upon discovering the payee was acting as a conduit payee, maintaining inadequate financial records, and possibly charging unauthorized fees. The amount of misused funds was \$44,054 affecting 71 beneficiaries. The local SSA office took appropriate action for each of the 71 beneficiaries, either finding a new payee, transitioning the beneficiary to direct pay, or suspending the beneficiary for whereabouts unknown. An OIG referral is pending upon completion of the misuse determination.

Minuteman ARC for Human Services, Concord, MA: We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$200, affecting two beneficiaries. OIG referral is pending upon completion of the misuse determination.

Neighborhood Services Inc., Lancaster, PA: We retained this organization because the determination of misuse was due to an isolated employee theft incident. The employees who misused the funds are no longer part of the payee organization. The amount of misused funds was \$84,770, affecting 40 beneficiaries. OIG will review the allegation for appropriate action.

Newbridge Place, Lodi, OH: We conducted a targeted review in response to annual accounting from this payee showing unauthorized fee charging. We are investigating to determine the

amount of misuse and number of beneficiaries affected. OIG closed the allegation because it did not meet case opening guidelines.

Oak Leyden Developmental Services INC., Oak Park, IL: This volume payee was unable to account for the use of beneficiary funds. We worked with the payee to improve record keeping, but to no avail. We have taken action to transition all beneficiaries into a new payment arrangement. A formal OIG referral is pending upon completion of the misuse determination.

Reach, Inc., Plymouth, MA: We retained this organization since the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$1,500, affecting two beneficiaries. An OIG referral is pending upon completion of the misuse determination.

Residential Management Services, Kensington, CT: We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$10,488, affecting five beneficiaries. OIG closed the allegation because it did not meet case opening guidelines.

Sarah Tuxis Resident, Guilford, CT: We retained this organization since the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The amount of misused funds was \$4,201, affecting seven beneficiaries. OIG closed the allegation because it did not meet case opening guidelines.

Individual Payee, North Grosvenordale, CT: The payee admitted to stealing funds from multiple beneficiaries over a period of approximately three years. In addition, the payee failed to return the conserved funds. The amount of misused funds was \$17,120, affecting 24 beneficiaries. We appointed new payees for 22 beneficiaries. The two other beneficiaries are in direct pay. An OIG referral is pending upon completion of the misuse determination.

Statewide Representative Payee Services, Savannah, GA: The payee collected unauthorized fees. We retained the payee because it has a plan to repay the misuse funds. The amount of misused funds was \$62,985, affecting 151 beneficiaries. An OIG referral is pending upon completion of the misuse determination.

Stone Belt, Bloomington, IN: We uncovered one instance of employee theft of benefits totaling \$1,009 during a site review. The payee reimbursed all funds to the affected beneficiary and terminated the offending employee. We retained this payee. OIG closed the allegation because it did not meet case opening guidelines. All actions are complete in this case.

Takoda Trails, Fairfield, OH: We uncovered one instance of employee theft of benefits during a site review. We expanded the scope of this review to verify that the payee returned the funds to the affected beneficiaries. We are retaining this payee during the investigation. A formal OIG referral and a suitability determination is pending upon completion of the misuse determination.

To The Rescue, Cedar Rapids, IA: We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$11,108, affecting nine beneficiaries. OIG closed the allegation because it did not meet case opening guidelines.

Ulster Greene ARC, Kingston, NY: We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$208, affecting eight beneficiaries. OIG closed the allegation because it did not meet case opening guidelines.

Volunteer of America Turning Point, Sioux Falls SD: We retained this organization because the determination of misuse was due to an isolated employee theft incident and the payee is in the process of reimbursing all beneficiaries. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$5,472, affecting six beneficiaries. A formal OIG referral is pending upon completion of the misuse determination.

Willowglen Academy, Milwaukee, WI: An OIG agent initiated a referral to us regarding employee theft at a satellite location in Illinois for this volume payee. We are investigating records to determine whether there is any misuse of beneficiary funds. A formal OIG referral is pending upon completion of the misuse determination.

Updates to FY 2015 Misuse Cases

Acts of Faith, Shelbyville, TN: The payee borrowed \$13,000 from one beneficiary's back payment. We are still developing the allegation of misuse. OIG referred this case to the FO for appropriate action.

Update: The owner of Acts of Faith was convicted of felony theft and ordered to repay the misused funds of \$13,601. We completed the misuse administrative actions and made restitution to the victim. OIG's fraud investigation is complete. Our actions regarding this case are complete.

Cape Counseling, Cape May Court House, NJ: We retained this organization because the misuse was due to an isolated employee theft. The amount of misused funds was \$24,914, affecting five beneficiaries. On April 8, 2014, the New Jersey State Police arrested the employee for theft. OIG declined further pursuit of this case.

Update: The organization has reimbursed all of the affected beneficiaries. The organization put new policies in place to protect the funds. Our actions regarding this case are complete.

Catholic Charities-Stockton Diocese, Modesto, CA: We retained this organization as the representative payee because the misuse was due to an isolated employee theft. The employee

who misused the funds is no longer part of the payee organization. OIG will review the matter for appropriate action.

Update: The full amount of misuse is still under investigation.

Central NY Services, Syracuse, NY: We retained this organization because the misuse was due to an isolated employee theft. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$17,932, affecting 115 beneficiaries. The organization has reimbursed all the affected beneficiaries.

Update: After further investigation, the total amount of misused funds totaled \$109,512 involving 94 beneficiaries. The payee has reimbursed all of the beneficiaries. Our actions regarding this case are complete.

Community Resources for Justice, Shirley, MA: This is a volume organizational payee. During the period from April 2014 through October 2014, a house manager for the organization stole \$3,845 in funds from three beneficiaries living in the house she managed. The payee discovered the theft during its own internal audit in October 2014. The payee made full restitution directly to all three affected beneficiaries on October 20, 2014. The employee who stole the funds pleaded guilty and was sentenced to probation and ordered to make restitution to the payee.

Update: OIG did not pursue a criminal investigation in this case. We completed a misuse investigation and processed a misuse determination for \$3,845. The payee has made full restitution and we have reimbursed all of the affected beneficiaries. We retained this payee based on its full cooperation with the misuse investigation and the return of all of the misused funds. Our actions in this case are complete.

Consumer Protection Association, Cleveland, OH: We removed this volume organizational payee as a FFS payee due to improper use and mismanagement of Social Security benefits while serving as a representative payee. Approximately 507 of our beneficiaries transitioned to direct pay, to a new payee, or into suspense due to whereabouts unknown. The local office is conducting a quick response site review to determine the amount of beneficiary funds involved.

Update: We reviewed 1,005 potential victims and identified 800 cases of misuse. Our reviewers substantiated \$3.5 million of misused funds. OIG will review the allegation for appropriate action.

Developmental Services of Iowa Inc., Council Bluffs, IA: We are still developing this case. The organization stated they would repay funds upon request. The amount of misused funds was \$4,000, affecting ten beneficiaries. We are in the process of locating new payees for the beneficiaries.

Update: OIG closed this allegation due to the alleged fraud being unsubstantiated. We determined the issue was poor recordkeeping. Our actions regarding this case are complete.

First Mental Retardation, Dayton, OH: We removed this volume FFS payee due to poor financial recordkeeping, failure to return conserved funds from prior SSA beneficiaries, potential misuse of beneficiary funds, and allowance of excessive bank fees on established collective accounts. Our local FO has changed all 202 beneficiaries to direct pay, a new payee, or into suspense due to whereabouts unknown.

Update: We determined 231 victims had \$159,512 of benefits misused. OIG will review the allegation for appropriate action. We are processing restitution to the affected beneficiaries.

Genesis Development, Winterset, IA: We retained the organization due to the misuse being an isolated employee theft. The employee who misused the funds is no longer part of the payee organization. The amount of misused funds was \$63,000, affecting ten beneficiaries. The payee organization has been cooperative with us throughout the development process. In addition, they have made changes to their processes to ensure this does not occur in the future. We do not have concerns with the ongoing performance of the payee.

Update: OIG closed this allegation because it did not meet case opening guidelines. The final misuse amount was \$118,195. Genesis Development repaid all misused funds for the 10 affected beneficiaries. We do not have additional concerns with this payee. Our actions regarding this case are complete.

Individual Payee, Bakersfield, CA: This is an individual payee. The payee could not account for use of benefits. The amount of misuse funds was \$7,066, affecting one beneficiary.

Update: The payee is no longer serving and has received a notice to repay misused funds. OIG closed the allegation in September 2015 because it did not meet case opening guidelines.

Kingston Center, Duffield, VA: The payee was borrowing funds from the collective account to cover expenditures from the operating account. The payee is delinquent to creditors and is under investigation by State of Virginia. The amount of misused funds is approximately \$130,000 affecting 70 beneficiaries.

Update: The misuse allegation was unfounded and we retained the payee. The suspected misuse was due to poor recordkeeping. The local FO worked with the payee to comply with our accounting and reporting requirements. Several site reviews were completed and the payee was able to account for all funds. OIG closed this allegation due to the alleged fraud being unsubstantiated. Our actions regarding this case are complete.

Mental Health of America (MHA), SC: This case involves five different locations of this organizational payee. MHA's initial investigation indicated that the misuse amount was \$74,215 in personal expenditures and made by a former employee. However, when we started our own misuse investigation, we determined that additional locations were involved (Abbeville, SC and

Columbia, SC) and additional funds had been misused. We believe the amount of misused funds was approximately \$500,000, affecting 300 beneficiaries. We are still developing the misuse investigation.

Update: OIG will review the allegation for appropriate action. The final misuse total is \$388,241.

Moore Center Services, Manchester, NH: This is an approved FFS payee. The payee collected improper fees for months during which the two beneficiaries in question did not have sufficient funds remaining from their monthly benefits to collect the fee when the payee deducted the fees from the collective account. The payee recognized the error when one of the beneficiary's funds balance was \$0. The payee self-corrected the error by reimbursing the beneficiary \$108. However, during our review, we discovered an additional \$132 in improperly collected fees resulting from the same error. Therefore, the total misuse was \$240. Recovery efforts will continue to collect the remaining \$132.

Update: We completed a misuse investigation and processed a misuse determination for \$240. The payee reimbursed all of the affected beneficiaries directly. We conducted training sessions to staff members. We retained this payee based on its full cooperation with the misuse investigation and the return of all of the misused funds. Our actions in this case are complete.

Northern Human Services – Mental Health Clinic, Center Conway, NH: This is an approved FFS payee. The payee collected improper fees for months during which the three beneficiaries in question did not have sufficient funds remaining from their monthly benefit check. The total misuse was \$240. Recovery efforts will continue following the expiration of the 45-day advance notice period.

Update: We completed a misuse investigation and processed a misuse determination for \$150. We retained this payee based on its full cooperation with the misuse investigation. Our actions in this case are complete.

Mendez Money Management, Alameda, CA: The payee was charging unauthorized fees. At this point, we believe the payee is still suitable, pending a complete investigation. The payee alleged that they were not aware that they could not charge a fee.

Update: The payee is no longer charging fees for payee services. We are pursuing payee development for the affected beneficiaries and reimbursement of funds to the affected beneficiaries. OIG closed the allegation in March 2014 in favor of administrative action.

Safety Net of Oregon, Portland, OR: During a review of Safety Net of Oregon, we found multiple problems, including SSI beneficiaries with excess resources, recordkeeping deficiencies, and beneficiary ledgers that were not reconciled with bank balances. The amount of misused funds was \$1,445,629, affecting 306 beneficiaries. Our actions on this case are complete.

Update: OIG's investigation is complete. The matter was declined for prosecution by the U.S. Attorney's Office for the District of Oregon. Our actions in this case are complete.

Support Services of South Central Iowa, Greenfield, IA: We are currently developing this case. The amount of misused funds was approximately \$14,000, affecting 12 beneficiaries. We scheduled a quick response review to complete the misuse determination.

Update: OIG closed this allegation because it did not meet case opening guidelines. The total misuse is \$19,701. The payee returned \$9,084 and we requested return of the additional \$10,616. This payee is no longer in business.

Work Services, Newberry, SC: The New York Times published an article alleging that an SSA beneficiary was living and working in questionable conditions in a turkey plant. Law enforcement, the Equal Employment Opportunity Commission, and the Department of Labor served a search warrant of the business and resident location. The authorities removed four beneficiaries and placed them in the Department of Social Services' custody for suspicion of neglect and exploitation. We initiated a misuse investigation and found misuse. The amount of misused funds was \$318,524, affecting four beneficiaries.

Update: OIG will review the allegation for appropriate action. The owner of the organization is the person accused of misusing the funds.

Updates to FY 2014 Misuse Cases

Artrip Health Care, Ashland, KY: The payee appears to have falsified records and used benefits for personal gain. OIG and the State of Kentucky are currently investigating the fraud allegations. We believe the amount of misused funds is approximately \$189,339, affecting 45 beneficiaries.

Update: OIG will review the allegation for appropriate action. The misuse was not isolated to an individual employee.

Eleanor Slater Hospital, Pascoag, RI: Our investigation confirmed that two employees of Eleanor Slater Hospital misused \$753 of beneficiary funds.

Update: Additional review of information provided by Eleanor Slater Hospital subsequent to the initial investigation resulted in our lowering the amount of the funds misused to \$341. We have processed the misuse cases to completion; the payee has fully remitted all misused funds and reimbursed all of the affected beneficiaries. Our actions in this case are complete.

Essex Residential Care, Essex, MO: A P&A reviewer found incorrect bank titles, math errors, poor record keeping, and potential mismanagement of beneficiary funds. The misuse amounts

are undetermined. We are still waiting for documentation requested in the closeout notice dated September 26, 2014.

Update: OIG closed this allegation because it did not meet case opening guidelines. Total misuse is \$13,037. We will request repayment. Essex no longer serves as payee.

Individual Payee (Farmington, CT): We completed our misuse investigation and determined that the payee charged \$2,863 in unauthorized fees. The FO is in the process of referring the case to OIG for review. We plan to initiate the recovery of the misused funds after OIG completes its actions.

Update: The payee is protesting the original determination that the fees charged were for providing payee services. The payee is alleging that the fees were legal fees he received from the beneficiary for attorney services unrelated to the claimant's financial affairs and unrelated to his duties as representative payee. The FO is in the process of developing evidence to support the payee's allegation that the fees were not for performing his duties as representative payee.

Individual Payee (West Hartford, CT): We are continuing to investigate the facts of this case to determine if misuse occurred. The issue in question involves the payee charging fees in her role as "Limited Guardian." Connecticut recognizes two types of limited guardians. We have contacted Connecticut's Probate Court for clarification regarding limited guardianship. Once the Connecticut Probate Court responds, we can determine if an opinion from our Office of the General Counsel (OGC) is necessary regarding whether these guardianship fees are permissible.

Update: We completed a misuse investigation and determined that the payee misused \$875 in beneficiary funds. We made a misuse determination and are in the process of reimbursing the affected beneficiary.

Mt. View Family Ministry, Campobello, SC: We are still developing this case for misuse. We will give the payee an opportunity to make restitution, and if the payee does not do so, we will terminate the payee. The amount of misused funds is \$300,000, involving approximately 122 beneficiaries. We are completing the administrative actions associated with our misuse investigation.

Update: We are still developing the case for misuse. On June 12, 2015, we terminated the payee relationship for 88 beneficiaries with Mt. View Family Ministry. OIG has instructed the FO to make the referral while we determine the misuse amount.

Paradise 4 Living Services, Inc. Atlanta, GA: The collective account was missing approximately \$107,000, affecting approximately 130 beneficiaries. The director acknowledged the discrepancy prior to the start of the review. We determined it was in the best interest of the beneficiaries to terminate the payee relationship with Paradise 4 Living Services, Inc.

Update: OIG will review the allegation for appropriate action. The owner is the person that misused the funds.

THORMINC, Jacksonville, FL: We terminated the payee relationship on April 10, 2014. The payee continued to receive benefits while we located a successor payee. The payee has not returned conserved funds or payments received after termination. The amount of misused funds is approximately \$247,799, affecting 443 beneficiaries.

Update: THORMINC Owner pleaded guilty to one count of schemes to defraud. The court sentenced her to 16 days in jail, 1-year probation, restitution of \$70,663 to SSA, and \$621 in fines and fees. OIG gave us permission to proceed with the misuse administrative actions. We are currently completing the misuse administrative actions, including initiating recovery from the payee and reimbursing the beneficiaries. OIG's fraud investigation is complete.

VINFEN (Cambridge, MA): The incident was isolated to one former employee. The amount of misused funds is \$41,300, affecting 14 beneficiaries. We are retaining VINFEN, which serves a very vulnerable population. OIG closed the allegation because it did not meet case opening guidelines.

Update: We completed a misuse investigation and determined the misuse amount to be \$45,508. We have processed the case, the payee has remitted all misused funds, and we have reimbursed the beneficiaries. We retained this payee based on its full cooperation with the misuse investigation and the return of all of the misused funds. Our actions regarding this case are complete.

Updates to FY 2013 Misuse Cases

Agave Guardianship Service, Albuquerque, NM: We determined the payee misused \$50,786 of the beneficiaries' funds. We have removed this payee because it was no longer fulfilling its representative payee duties satisfactorily.

Update: OIG closed the allegation in August 2015 and referred the matter back to us for administrative action.

Entrepreneurs in Action for Change, Springfield, MA: The payee collected unauthorized fees from beneficiaries and falsified documents making it appear beneficiaries were incapable and in need of a payee. The total amount of unauthorized fees is unknown at this time. We have removed this organization as payee because it was misusing beneficiaries' funds and falsifying documents.

Update: We processed the misuse determination to recovery and recovered \$429 from the representative payee so far. We are in the process of ensuring that all of the affected beneficiaries receive reimbursement. This organization is not currently serving as representative payee for any beneficiaries. Our actions regarding this case are complete.

Individual Payee (Concord, NH): During a site review, we discovered the payee was charging questionable fees to a beneficiary as the court-appointed legal guardian. The alleged misuse amount is \$5,725. We have retained the payee pending completion of our misuse investigation.

Update: The payee filed a request for reconsideration following the determination of the misuse overpayment. We denied this request and the case has been processed to recovery. We have subsequently found new payees for all of the beneficiaries previously served by this payee.

Southwest Connecticut Mental Health, Bridgeport, CT: A former employee stole approximately \$28,000 from beneficiaries' funds. This case is currently under investigation by the Connecticut State's Attorney. Once the State's Attorney returns the payee records, we will continue our review of the payee. We have retained the payee pending completion of our misuse investigation because the incident was isolated to one former employee.

Update: Following the completion of the investigation by the Connecticut State's Attorney, we have been working with the payee to complete an independent investigation of the misuse. The FO has identified 307 potentially affected beneficiaries and is working with the payee to complete a review of the financial records for all of these individuals for the period July 2008 - April 2012.

The Hope Center, Lexington, KY: In December 2012, the Kentucky P&A agency conducted a site review of Hope Center and did not discover any misuse. After the P&A agency review, the payee decided to conduct an internal review and discovered 104 unexplained debits that were the results of employee theft. In January 2013, we conducted a site review and determined the former employee stole \$14,456 of beneficiaries' funds. We are retaining this payee because the incident was isolated to one former employee.

Update: OIG is reviewing the allegation for appropriate action.

Tri-County CAP, Whitefield, NH: During a site review, we discovered that the payee authorized the transfer of \$375,000 from the payee bank account to the organization's operating account to cover operating expenses. Based on its own determination, the payee also estimated the amount of misuse to be \$375,000, which has been reimbursed to the affected beneficiaries. We have retained the payee pending completion of our misuse investigation because the organization has reimbursed the beneficiaries affected by the misuse.

Update: We have completed a misuse investigation and determined that, of the \$375,000 moved to the payee operating account, \$1,645 was misused by the representative payee. The payee has reimbursed most of the beneficiaries for this amount directly. In addition, the payee reimbursed us \$740 for the beneficiaries it was not able to reimburse directly. We are in the process of making sure all of the remaining beneficiaries that the payee was not able to reimburse directly receive reimbursement. We retained this payee based on its full cooperation with the misuse investigation and the return of all of the misused funds.

Updates to FY 2012 Misuse Cases

City Transformation, Milwaukee, WI: We uncovered poor recordkeeping and financial irregularities from bank account reconciliations completed during a site review. The total amount of misuse is unknown at this time. We have removed this organization as payee because they were no longer satisfactorily fulfilling their payee duties. OIG is currently investigating this case. Upon completion of the investigation by OIG, we will render a misuse determination.

Update: The executive director pleaded guilty. On August 5, 2016, the defendant was sentenced to 6 months incarceration and ordered to pay restitution to us in the amount of \$251,559 for representative payee fraud. Our OGC is working to pursue collection of misused funds from City Transformation.

Guardian Conservator Services (GCS) Foundation, Inc. Salt Lake City UT: The payee was collecting unauthorized fees from beneficiaries. The total amount of unauthorized fees is unknown at this time. We retained the payee pending completion of our misuse determination because the organization is an otherwise good payee and appears to be the best payee available. We are in the process of completing administrative actions associated with the misuse determination.

Update: The misuse determination is complete. The organization has reimbursed all unauthorized fees charged. The FO has verified all remittances. Our actions in this case are complete.

South Dakota CARES Inc. Pierre, SD: The payee notified us that they found questionable transactions made by a former employee. An OIG audit determined the amount to be \$8,739. OIG closed the criminal investigation in December 2013. We will complete misuse determinations and make a final decision regarding the payee's continued suitability. The organization is currently serving as payee.

Update: The U.S. District Court for the District of South Dakota sentenced the employee in October 2013 to one-month incarceration and three years of supervised release. The court also ordered her to pay restitution for \$8,416 to South Dakota CARES and its insurance carrier. Our actions in this case are complete.

Updates to FY 2010 Misuse Cases

A and A Asset Management, Inc. Walterboro, SC: The payee collected \$38,114 in unauthorized and excessive fees. We notified the payee of our misuse determination, but the payee did not make an effort to repay the misused funds. In March 2011, we removed the organization as payee and found new payees for the beneficiaries.

Update: The FO is completing the misuse administrative actions.

Update to FY 2005 Misuse Case

Life First, Inc. Illinois: We determined that the director of this organization misused beneficiaries' funds. We removed this payee and notified the director to refund \$228,074, which he has not done. We have finished reimbursing beneficiaries. OIG has completed its investigation and referred the case to the U.S. Attorney's Office for prosecution. In March 2010, the director was indicted on 11 counts of mail fraud. The criminal trial was set for February 13, 2013.

Update: In February 2016, all criminal charges against the subject were dismissed at the request of the United States Attorney's Office. Our actions in this case are complete.

Conclusion

Our reviews found that the overwhelming majority of payees are properly using beneficiaries' funds. We found misuse of benefits in less than one percent of cases reviewed. These results give us confidence that our monitoring efforts protect vulnerable beneficiaries by:

- Deterring payee misconduct;
- Providing a strong oversight message to payees;
- Ensuring that FFS payees continue to be qualified under the law;
- Establishing open lines of communication between our agency and the payees; and
- Promoting good payee practices.

Since we first began monitoring FFS and high-volume payees in 2000, we have gained expertise in reviewing the recordkeeping of payees. The reviews have helped us identify areas where we need to improve our message to payees about their responsibilities.

We will continue to enhance our payee program and improve our efforts to better support payees. We awarded a new payee site review contract which will enhance our efforts to effectively monitor our payees. In addition, we continue to improve our payee program through procedural and technological changes.

Beneficiaries who need a payee are of particular concern to us because of their vulnerability. As stewards of public funds, we take our responsibility to our beneficiaries and the taxpayers very seriously. We look forward to continuing to work with Congress on measures to improve our programs.

APPENDIX A – Annual Representative Payee Report – Description of Payee Problems

Annual accounting forms not returned: Payees did not complete annual accounting forms to account for how they used beneficiaries' funds.

Bank account not interest bearing: Payees did not use interest-bearing accounts for beneficiaries' funds.

Beneficiary expenses not properly documented: Payees did not keep receipts to document how they used beneficiaries' funds.

Beneficiary funds in agency operating account: Payees deposited beneficiaries' funds in an operating account that did not reflect beneficiaries' ownership of funds.

Collective account not approved by the Social Security Administration (SSA): Payees did not obtain our approval before they deposited a beneficiary's funds in a collective bank account. We require payees to ask for permission before depositing a beneficiary's funds to ensure the account is properly titled, account records are clear and up-to-date, and the payee has agreed to make account and supporting records available.

Conserved funds not returned: Payees stopped serving as payee but did not promptly return conserved benefits to us for re-issuance to the new payee or to a capable beneficiary.

Deposit to beneficiary accounts not timely: Payees receiving paper checks for beneficiaries did not deposit the checks immediately, thereby increasing the risk of loss or theft.

Failure to report changes: Payees failed to comply with reporting responsibilities for both Social Security and Supplemental Security Income (SSI) beneficiaries. The most common deficiencies in this area were a failure to report a change in a beneficiary's residence address or change in income.

Incorrect fee for service charged: In some cases, the payees charged a fee that we did not authorize. In other situations, we authorized the payees to charge a fee, but the payees charged fees in excess of the statutory limit.

Incorrect titling of bank accounts: Bank accounts did not clearly reflect that the beneficiary, rather than the payee, was owner of the account, or the payee did not title the account in such a way to prevent the beneficiary from gaining direct access to the account. The bank account(s) in question may be an individual or collective account.

Interest not posted timely: The payees did not post the earned interest timely to each beneficiary's accounts so the money was not available for the beneficiary's use.

Misuse found: Payees received beneficiaries' benefits, but did not use the money for the beneficiaries.

Misuse suspected: Payees kept such poor records that it suggested the possibility of misuse of benefits.

No personal needs allowance given: The payees applied all benefits toward the cost of care for institutionalized beneficiaries and did not provide any money to beneficiaries for their personal needs.

Over SSI resource limit: SSI recipients had more than \$2,000 in countable resources, thus causing ineligibility.

Payee did not exercise oversight of benefits: Payees did not use the beneficiaries' benefits for their current needs, but rather gave the funds directly to the beneficiaries.

Payee repaid itself without SSA approval: Payee did not obtain our approval before reimbursing itself for past debts. Our policy requires payees to seek approval from us before they take money from a beneficiary because of a past debt to ensure repayment is not detrimental to the beneficiary.

Payment after death not returned: Payees failed to return payments issued after the death of a beneficiary.

Recordkeeping problems: Payees had poor recordkeeping practices or made bookkeeping errors.

APPENDIX B – Problems Discovered Throughout the Review Process and Corrective Action Taken

	Description of Payee Problems	Corrective Action Taken
Incorrect Titling of Bank Accounts	Bank accounts did not clearly reflect that the beneficiary, rather than the payee, was owner of the account, or the payee did not title the account in such a way to prevent the beneficiary from gaining direct access to the account. The bank account(s) in question may be an individual or collective account.	At our direction, payees re-titled their accounts. The payees did not misuse any beneficiary’s funds because of this error.
Interest Not Posted Timely	The payees did not post the earned interest timely to each beneficiary’s account, so the money was not available for the beneficiary’s use.	We directed payees to start posting interest timely.
Bank Account Not Interest Bearing	Payees did not use interest-bearing accounts for beneficiaries’ funds.	We directed the payees to move beneficiaries’ funds to interest-bearing accounts.
Deposit to Beneficiary Accounts Not Timely	Payees receiving paper checks for beneficiaries did not deposit the checks immediately, thereby increasing the risk of loss or theft.	We educated payees about the risks of paper checks and encouraged them to switch to direct deposit. In March 2013, the Department of Treasury required payees to establish direct deposit for beneficiaries.
Beneficiary Funds in Agency Operating Account	Payees deposited beneficiaries’ funds in an operating account that did not reflect beneficiaries’ ownership of funds.	We directed payees to move beneficiaries’ funds into correctly titled accounts.
Beneficiary Expenses Not Properly Documented	Payees did not keep receipts to document how they used beneficiaries’ funds.	We reminded payees of their recordkeeping responsibilities and advised them to keep receipts to document major purchases. In addition, we verified large expenditures with competent beneficiaries. We also interviewed beneficiaries regarding their satisfaction with their payee’s management of their benefits.

	Description of Payee Problems	Corrective Action Taken
No Personal Needs Allowance Given	The payees applied all benefits toward the cost of care for institutionalized beneficiaries and did not provide any money to beneficiaries for their personal needs.	We advised payees that current maintenance for institutionalized beneficiaries includes expenses for personal needs and directed them to set aside funds for personal needs and to repay any money incorrectly withheld.
Incorrect FFS Charged	In some cases, the payees charged a fee that we did not authorize. In other situations, we authorized the payees to charge a fee, but the payees charged fees in excess of the statutory limit.	We instructed payees who were not FFS payees to stop charging fees. We discuss these cases in depth in the “Findings of Misuse” section (beginning on page 13).
Conserved Funds Not Returned	Payees stopped serving as payee, but did not promptly return conserved benefits to us for re-issuance to the new payee or to a capable beneficiary.	We advised payees of our policy regarding conserved funds. These payees agreed to comply with our policies in the future.
Failure to Report Changes	Payees failed to comply with reporting responsibilities for both Social Security and SSI beneficiaries. The most common deficiencies in this area were a failure to report a change in a beneficiary’s residence address or change in income.	We reviewed reporting responsibilities with payees who did not report the changes and updated each beneficiary’s record.
Payee Did Not Exercise Oversight of Benefits	Payees did not use the beneficiaries’ benefits for their current needs, but rather gave the funds directly to the beneficiaries.	We completed capability determinations for the beneficiaries who received their benefits in full directly from the payees to determine if the beneficiaries could manage their own money. We also reminded the payees to report whenever they believe a beneficiary in their care is capable of managing his or her money. For those beneficiaries we found to be capable, we began paying them directly.
Annual Accounting Forms Not Returned	Payees did not complete annual accounting forms to account for how they used beneficiaries’ funds.	We obtained outstanding accounting forms from payees.
Recordkeeping Problems	Payees had poor recordkeeping practices or made bookkeeping errors.	We instructed payees on how to improve their recordkeeping, and we worked diligently with payees to ensure they improved.

	Description of Payee Problems	Corrective Action Taken
Payment After Death Not Returned	Payees failed to return payments after the death of a beneficiary.	We required payees to refund the amounts received after the beneficiaries' deaths and reminded the payees of their responsibility to promptly refund payments not due after a beneficiary's death.
Payee Repaid Itself Without SSA Approval	Payees did not obtain our approval before reimbursing themselves for past debts. Our policy requires payees to seek approval from us before they take money from a beneficiary because of a past debt to ensure repayment is not detrimental to the beneficiary.	We reminded payees of our policy and reviewed each payee's actions for conformity with our rules and regulations.
Collective Account Not Approved by SSA	Payees did not obtain our approval before they deposited a beneficiary's funds in a collective bank account. We require payees to ask for permission before depositing a beneficiary's funds to ensure the account is properly titled, account records are clear and up-to-date, and the payee has agreed to make account and supporting records available.	We reviewed the accounts to ensure each met our requirements.
Misuse Suspected	Payees kept such poor records that it suggested the possibility of misuse of benefits.	We determined that the payees had poor recordkeeping practices, but did not misuse benefits. We instructed these payees on how to improve recordkeeping and worked with them to ensure they improved.
Misuse Found	Payees received beneficiaries' benefits, but did not use the money for the beneficiaries.	We discuss cases of misuse beginning on page 13 under "Findings of Misuse."