



Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

*Audit Report*

Emmaus Homes, a Fee-for-Service  
Representative Payee for the Social  
Security Administration

*A-07-17-50217 | April 2017*

**OIG** Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

**MEMORANDUM**

**Date:** April 17, 2017

**Refer To:**

**To:** Michael R. Kramer  
Regional Commissioner  
Kansas City

**From:** Assistant Inspector General for Audit

**Subject:** Emmaus Homes, a Fee-for-Service Representative Payee for the Social Security Administration (A-07-17-50217)

The attached final report presents the results of our review. Our objectives were to determine whether Emmaus Homes (1) had effective safeguards over the receipt and disbursement of Social Security benefits, (2) used and accounted for Social Security benefits in accordance with Social Security Administration policies and procedures, and (3) adequately protected beneficiaries' personally identifiable information.

If you wish to discuss the final report, please call me or have your staff contact Mark Bailey, Director of the Kansas City Audit Division, at (877) 405-7694 ext. 18800.



Rona Lawson

Attachment

cc:

Gary S. Hatcher, Senior Advisor for Audit Liaison Staff  
Kim Bradford, Director of Finance for Emmaus Homes

# Emmaus Homes, a Fee-for-Service Representative Payee for the Social Security Administration

## A-07-17-50217



April 2017

Office of Audit Report Summary

### Objective

To determine whether Emmaus Homes (1) had effective safeguards over the receipt and disbursement of Social Security benefits, (2) used and accounted for Social Security benefits in accordance with Social Security Administration (SSA) policies and procedures, and (3) adequately protected beneficiaries' personally identifiable information.

### Background

Some individuals cannot manage or direct the management of their finances because of their youth or mental and/or physical impairments. Congress granted SSA the authority to appoint representative payees to receive and manage these beneficiaries' payments. Representative payees are responsible for managing benefits in the beneficiaries' best interests. Our audit period was May 1, 2015 through April 30, 2016.

### Findings

Emmaus Homes had effective safeguards over the receipt and disbursement of Social Security benefits, used and accounted for benefits in accordance with SSA policies and procedures, and adequately protected beneficiaries' personally identifiable information.

However, in May 2015, Emmaus Homes' routine review of disbursements found four employees misused eight beneficiaries' funds, totaling \$449. Following discovery of the misuse, Emmaus Homes returned the stolen funds to the beneficiaries, terminated the employment of the four employees, and added a secondary review of purchases and receipts. Emmaus Homes did not report the misuse of funds to SSA, as required by SSA's guidance to organizational representative payees.

### Recommendation

We recommend SSA remind Emmaus Homes to report benefit misuse to SSA immediately upon discovery.

SSA and Emmaus Homes agreed with our recommendation.

## TABLE OF CONTENTS

Objective .....	1
Background .....	1
Results of Review .....	1
Recommendation .....	2
Agency and Representative Payee Comments.....	2
Appendix A – Representative Payee Responsibilities.....	A-1
Appendix B – Scope and Methodology .....	B-1
Appendix C – Agency Comments.....	C-1
Appendix D – Representative Payee Comments .....	D-1

## **ABBREVIATIONS**

C.F.R.	Code of Federal Regulations
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code

## OBJECTIVE

The objectives of this review were to determine whether Emmaus Homes (1) had effective safeguards over the receipt and disbursement of Social Security benefits, (2) used and accounted for Social Security benefits in accordance with Social Security Administration (SSA) policies and procedures, and (3) adequately protected beneficiaries' personally identifiable information.

## BACKGROUND

Some individuals cannot manage or direct the management of their finances because of their youth or mental and/or physical impairments. Congress granted SSA the authority to appoint representative payees to receive and manage these beneficiaries' payments from the Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs.<sup>1</sup> A representative payee may be an individual or an organization.<sup>2</sup> SSA's regulations indicate the Agency will select representative payees for beneficiaries when representative payments would serve the individuals' interests.<sup>3</sup> Representative payees are responsible for managing benefits in the beneficiaries' best interests.<sup>4</sup> See Appendix A for representative payee responsibilities.

SSA's Kansas City Regional Office requested that we audit Emmaus Homes in St. Charles, Missouri, a nonprofit organization that provides residential care for developmentally disabled adults in several counties in and around the St. Louis metropolitan area. Our audit period was May 1, 2015 through April 30, 2016. During this time, Emmaus Homes served as the representative payee for 263 beneficiaries who received payments under SSA's OASDI and SSI programs. See Appendix B for our scope and methodology.

## RESULTS OF REVIEW

Emmaus Homes had effective safeguards over the receipt and disbursement of Social Security benefits, used and accounted for benefits in accordance with SSA policies and procedures, and adequately protected beneficiaries' personally identifiable information.

---

<sup>1</sup> *Social Security Act*; 42 U.S.C. §§ 405(j), 1383(a)(2)(A)(ii) (2015).

<sup>2</sup> 20 C.F.R. §§ 404.2021, 416.621 (2016).

<sup>3</sup> 20 C.F.R. §§ 404.2001, 404.2010, 416.601, 416.610 (2016).

<sup>4</sup> 20 C.F.R. §§ 404.2035, 416.635 (2016). We use the term "benefits" to refer to OASDI benefits and SSI payments. Likewise, we use the term "beneficiaries" to refer to OASDI beneficiaries and SSI recipients.

However, when Emmaus Homes found misuse of beneficiaries' funds at the end of May 2015, it did not report the misuse to SSA. SSA's guide for organizational representative payees requires that representative payees report the misuse of beneficiaries' funds promptly.<sup>5</sup> When the representative payee does not inform SSA of misuse, SSA cannot provide the necessary guidance to decrease the risk of fraud.

According to Emmaus Homes, the misuse occurred when four employees who provided beneficiaries direct care used the representative payee's credit card to buy items for their personal use from January through May 2015. The cost of these items totaled \$449, and the purchases were charged to eight beneficiaries' accounts. A routine review of receipts and credit card bills conducted by Emmaus Homes' finance department found the misuse at the end of May 2015. Emmaus Homes terminated the four employees, reimbursed the beneficiaries, and reported the misuse to the police and the Missouri Department of Mental Health.

To prevent a similar event, Emmaus Homes implemented a secondary review of credit card purchases and receipts. The Residential Quality Managers are required to review purchases during random visits to beneficiary residences. The Residential Quality Managers are familiar with their beneficiaries' personal spending habits, which helps them identify suspicious purchases.

Emmaus Homes told us it was unaware of SSA's reporting requirement and will report future misuse to SSA when it is found.

## **RECOMMENDATION**

We recommend SSA remind Emmaus Homes to report benefit misuse to SSA immediately upon discovery.

## **AGENCY AND REPRESENTATIVE PAYEE COMMENTS**

SSA and Emmaus Homes agreed with our recommendation. See Appendix C for the full text of SSA's comments. See Appendix D for the full text of Emmaus Homes' comments.



Rona Lawson  
Assistant Inspector General for Audit

---

<sup>5</sup> SSA, *2014 Guide for Organizational Representative Payees*, p. 30.

# *APPENDICES*

## **Appendix A – REPRESENTATIVE PAYEE RESPONSIBILITIES**

---

Representative payees are responsible for using Social Security benefits to serve the beneficiary's best interests. The responsibilities include, but are not limited to, the following.<sup>1</sup>

- Determine the beneficiary's current needs for day-to-day living and use her/his payments to meet those needs.
- Conserve and invest benefits not needed to meet the beneficiary's current needs.
- Keep benefits received on the beneficiary's behalf separate from the payee's own funds.
- Maintain accounting records of how the benefits are received and used.
- Report events to the Social Security Administration (SSA) that may affect the individual's entitlement or benefit payment amount.
- Report any changes in circumstances that would affect their performance as a representative payee.
- Provide SSA an annual representative payee report to account for benefits spent and invested.
- Return any payments to SSA to which the beneficiary is not entitled.
- Return conserved funds to SSA when it is no longer serving as the representative payee for the beneficiary.
- Be aware of other income Supplemental Security Income recipients may have and monitor their conserved funds to ensure they do not exceed resource limits.

---

<sup>1</sup> 20 C.F.R. §§ 404.2035, 416.635 (2016).

## Appendix B – SCOPE AND METHODOLOGY

---

Our audit covered May 1, 2015 through April 30, 2016. To accomplish our objectives, we:

- Reviewed applicable Federal laws and regulations as well as Social Security Administration (SSA) policies, procedures, and guidance pertaining to representative payees.
- Communicated with SSA’s Kansas City Regional Office to obtain background information and prior audits regarding Emmaus Homes.
- Compared and reconciled the payee’s list of SSA beneficiaries in Emmaus Homes’ care to a list we obtained from SSA’s Representative Payee System.
- Reviewed Emmaus Homes’ internal controls over the receipt and disbursement of Social Security benefits.
- Performed the following tests for the randomly selected 50 beneficiaries in the representative payee’s care during the audit period.
  - Compared and reconciled benefit amounts received according to Emmaus Homes’ records to benefit amounts paid according to SSA’s records.
  - Reviewed Emmaus Homes’ accounting records to determine whether benefits were properly spent or conserved on the beneficiaries’ behalf.
  - For selected beneficiaries, traced all recorded expenses to available source documents and examined the documentation for reasonableness and authenticity.
- Reconciled bank records and Emmaus Homes’ records for selected beneficiaries for the entire audit period.
- Interviewed 12 beneficiaries and observed their living conditions.
- Observed two work sites to determine whether the beneficiaries’ working conditions were adequate.
- Reviewed the available annual representative payee reports to determine whether Emmaus Homes properly reported to SSA how the beneficiaries’ funds were used.

We conducted our fieldwork for this review in St. Charles, Missouri, and surrounding counties and Kansas City, Missouri, between June and December 2016. We tested the data obtained for our review and determined them to be sufficiently reliable to meet our objectives. 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Appendix C – AGENCY COMMENTS

---

March 23, 2017

**Subject:** Signed Draft Report (A-07-17-50217) - Kansas City Response

Thank you for the opportunity to review the draft audit report, “Emmaus Homes, a Fee-for-Service Representative Payee for the Social Security Administration”. Our response to the recommendation is as follows:

**Recommendation 1:** SSA will remind Emmaus Homes to report benefit misuse to SSA immediately upon discovery.

**Response:** We agree. We will provide a verbal and written reminder to Emmaus Homes regarding immediate SSA notification of benefit misuse.

We plan to complete the recommendation by April 7, 2017.

If you have questions, please contact me. If members of your staff need additional information or assistance, they may contact Shelli Reicks, Center for Disability and Program Support.

Mike Kramer

## **Appendix D– REPRESENTATIVE PAYEE COMMENTS**

---

April 10, 2017

**Subject:** Audit of Emmaus Homes

Emmaus Homes appreciates the time and effort that went into auditing our Representative Payee program. The Social Security auditors were polite, patient, and thorough.

In regards to the recommendation on misuse of client benefits, Emmaus will be diligent with reporting any future events to our local field office. I have also met with my staff to review the Guide for Organizational Representative Payees to ensure that we meet or exceed best practices.

On behalf of the clients that we serve, I appreciate your oversight to ensure their funds are protected. Protecting those that we serve is truly at the heart of both of our missions.

If you have any questions or concerns, please don't hesitate to contact me.

Thank you!

Kim Bradford  
Director of Finance

## MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

## CONNECT WITH US

The OIG Website (<https://oig.ssa.gov/>) gives you access to a wealth of information about OIG. On our Website, you can report fraud as well as find the following.

- OIG news
- audit reports
- investigative summaries
- Semiannual Reports to Congress
- fraud advisories
- press releases
- congressional testimony
- an interactive blog, “[Beyond The Numbers](#)” where we welcome your comments

In addition, we provide these avenues of communication through our social media channels.



[Watch us on YouTube](#)



[Like us on Facebook](#)



[Follow us on Twitter](#)



[Subscribe to our RSS feeds or email updates](#)

## OBTAIN COPIES OF AUDIT REPORTS

To obtain copies of our reports, visit our Website at <https://oig.ssa.gov/audits-and-investigations/audit-reports/all>. For notification of newly released reports, sign up for e-updates at <https://oig.ssa.gov/e-updates>.

## REPORT FRAUD, WASTE, AND ABUSE

To report fraud, waste, and abuse, contact the Office of the Inspector General via

**Website:** <https://oig.ssa.gov/report-fraud-waste-or-abuse>

**Mail:** Social Security Fraud Hotline  
P.O. Box 17785  
Baltimore, Maryland 21235

**FAX:** 410-597-0118

**Telephone:** 1-800-269-0271 from 10:00 a.m. to 4:00 p.m. Eastern Standard Time

**TTY:** 1-866-501-2101 for the deaf or hard of hearing