
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**EMERGE, INCORPORATED, AN
ORGANIZATIONAL REPRESENTATIVE
PAYEE FOR THE SOCIAL SECURITY
ADMINISTRATION**

March 2011

A-13-10-21087

AUDIT REPORT



Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
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- Independence to determine what reviews to perform.**
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SOCIAL SECURITY

MEMORANDUM

Date: March 31, 2011

Refer To:

To: Laurie Watkins
Regional Commissioner
Philadelphia

From: Inspector General

Subject: Emerge, Incorporated, an Organizational Representative Payee for the Social Security Administration (A-13-10-21087)

OBJECTIVE

Our objectives were to determine whether Emerge, Incorporated, (Emerge) as a representative payee for the Social Security Administration (SSA), (1) had effective safeguards over the receipt and disbursement of Social Security benefits and (2) used and accounted for Social Security benefits in accordance with SSA's policies and procedures.

BACKGROUND

Some individuals cannot manage or direct the management of their finances because of their youth and/or mental or physical impairments. Congress granted SSA the authority to appoint representative payees to receive and manage these beneficiaries' payments.¹ A representative payee may be an individual or an organization. SSA selects representative payees for Old-Age, Survivors and Disability Insurance (OASDI)² and/or Supplemental Security Income (SSI)³ beneficiaries⁴ when representative payments would serve the individual's interests.⁵ Representative payees are

¹ *Social Security Act* §§ 205(j)(1)(A) and 1631(a)(2)(A)(ii)(I); 42 U.S.C. §§ 405(j)(1)(A) and 1383(a)(2)(A)(ii)(I).

² The OASDI program provides benefits to qualified retired and disabled workers and their dependents as well as to survivors of insured workers. *Social Security Act* § 201 *et seq.*, 42 U.S.C. § 401 *et seq.*

³ The SSI program provides payments to individuals who have limited income and resources and who are age 65 or older, blind, or disabled. *Social Security Act* §1601 *et seq.*; 42 U.S.C. 1381 *et seq.*

⁴ We use the term "beneficiary" generically in this report to refer to both OASDI beneficiaries and SSI recipients.

⁵ 20 C.F.R. §§404.2001 and 416.601.

responsible for managing benefits in the best interest of the beneficiary. See Appendix B for additional representative payee responsibilities.

Founded in 1976, Emerge is a nonprofit organization that serves as an organizational representative payee in Columbia, Maryland. Emerge focuses on serving individuals with developmental, physical, and mental health disabilities. Emerge provides residential, employment, and day services⁶ to beneficiaries.

During our audit period, November 1, 2008 to October 31, 2009, Emerge served as representative payee for 209 beneficiaries. Of the 209, we selected a sample of 50 beneficiaries for review. During our review period, we determined the payee received approximately \$500,000 in Social Security benefits for the 50 beneficiaries. See Appendix C for the scope and methodology of our review.

RESULTS OF REVIEW

Generally, Emerge had effective safeguards over the receipt and disbursement of Social Security benefits and used and accounted for Social Security benefits in accordance with SSA's policies and procedures. However, we found instances where Emerge could improve its performance as a payee. Specifically, we found Emerge did not

- notify SSA when one beneficiary left its care,
- report to SSA that beneficiaries exceeded the resource limit for SSI payments,
- maintain burial funds in a separate bank account,
- repay overpayments that occurred because of the death of two beneficiaries, or
- complete a Representative Payee Report (RPR) for one beneficiary.

Finally, we found two beneficiaries earned significant wages that resulted in overpayments.

⁶ On its Internet site, Emerge reports it offers an array of employment options for individuals with disabilities. Its Day Program provides services to individuals who are older and no longer wish to work. <http://emergeinc.org/>

SSA Not Notified When Beneficiary Left Payee's Care

Emerge did not notify SSA until May 2009 that one beneficiary had left its care in July 2007. When the beneficiary left Emerge's care, the payee did not return \$91,089 in conserved funds⁷ to SSA. Instead, Emerge retained the conserved funds and received \$21,460 in OASDI benefits for this beneficiary from July 2007 to April 2009.

Federal regulations require that representative payees notify SSA of any changes that would affect their performance as a representative payee.⁸ Emerge notified SSA that it was no longer serving as representative payee approximately 2 years after the beneficiary left its care.

Representative payees are required to complete an RPR⁹ each year. Emerge did not file the applicable RPR for the year ended March 31, 2008. On May 5, 2009, it filed an RPR that covered the reporting period ended March 31, 2009. That RPR stated the beneficiary left Emerge's care in 2007. An Emerge official reported that a staff member informed SSA about the beneficiary leaving its care before it submitted the RPR. However, the official did not provide evidence to support this statement or identify a specific date for notification. Agency information did not indicate SSA was aware this beneficiary left Emerge's care before receiving the RPR in May 2009.

Emerge did not return the conserved funds—totaling \$112,549—to SSA. Instead, Emerge transferred the beneficiary's funds to a nonprofit organization that would later become the beneficiary's new payee. At that time, Agency policy stated, "A representative payee who has conserved or invested funds for a beneficiary, but is no longer serving as payee for the beneficiary, must return the funds to SSA for reissuance to either the successor payee or to the beneficiary in direct payment."¹⁰

According to Emerge staff, the funds were transferred to the organization that would later become the beneficiary's new payee. Staff reported the funds that were transferred to the organization were used to purchase the beneficiary's residence. Our review of public records confirmed a condominium was purchased in the beneficiary's name on June 4, 2008. An Emerge official explained new procedures were developed

⁷ Conserved funds are unspent or saved Social Security payments. Representative payees generally maintain recipients' unspent or saved Social Security payments in bank accounts. 20 C.F.R. §§ 404.2045 and 416.645.

⁸ 20 C.F.R. §§ 404.2035 and 416.635.

⁹ The RPR is intended to assist SSA in determining the payee's use of a beneficiary's Social Security payments for a 12-month period. Generally, SSA issues an RPR to representative payees if benefits were paid during the 12-month period. SSA, POMS GN 00605.001 B(1).

¹⁰ SSA, POMS, GN 00603.055 was in effect until December 5, 2010. SSA's policy was modified on December 6, 2010 to state, "SSA may permit a former payee to transfer conserved funds directly to a new payee or to a capable beneficiary rather than returning them to SSA if it serves the best interest of the beneficiary. SSA will allow such transfers on a case-by-case basis."

to ensure timely reporting of beneficiaries' leaving the payee's care and ensure the return of beneficiaries' conserved funds to SSA.

We discussed the payee's actions with SSA. In July 2009, SSA appointed the nonprofit organization as the beneficiary's new representative payee.

Beneficiaries Exceeded Resource Limit for SSI Payments

Emerge did not inform SSA that some beneficiaries' resources exceeded the resource limit¹¹ established for individuals receiving SSI payments. The representative payee is responsible for informing SSA when beneficiaries' resources exceed the allowable limit.¹² We identified 12 beneficiaries who exceeded the SSI resource limit and, as a result, received approximately \$29,000¹³ in SSI overpayments during our audit period. SSI overpayments can occur when (1) a beneficiary's resources¹⁴ exceed the resource limit because of changes in the beneficiary's circumstances that affect eligibility for benefits¹⁵ or (2) the representative payee is improperly conserving benefits by not spending the funds on the beneficiary's current and foreseeable needs.¹⁶

In September 2008, an SSA site review of the payee found that some beneficiaries had exceeded SSI resource limits. SSA found four beneficiaries whose conserved funds exceeded the \$2,000 resource limit for SSI payments. These beneficiaries exceeded the resource limit at various times between May 2007 and April 2008.

We discussed the 12 beneficiaries' overpayments with Emerge staff. Staff acknowledged that some beneficiaries' accounts exceeded resource limits.

We discussed the SSI overpayments with SSA and provided information concerning the 12 beneficiaries and their associated overpayments. SSA subsequently confirmed overpayments of approximately \$29,000 occurred for the period November 1, 2008 to October 31, 2009. On December 9, 2010, Agency staff stated all overpayments had

¹¹ The resource limit for SSI recipients is \$2,000 for an individual and \$3,000 for a married couple. See 20 C.F.R. § 416.1205(c) and SSA, POMS, SI 01110.003.A.2.

¹² 20 C.F.R. §§ 416.704(c), 416.708(d), 416.635(d) and GN 00502.113.C.1; SSA, *Guide for Organizational Representative Payees – What Changes Must You Report to SSA?*

¹³ We calculated the overpayment to be \$29,329.

¹⁴ SSA, POMS, SI 01110.100. Resources are cash and any other personal property that an individual owns, has the right, authority, or power to convert to cash, and is not legally restricted from using for his/her support maintenance.

¹⁵ Changes in a beneficiary's circumstances that affect eligibility for benefits include new living arrangements, marriage, divorce, incarceration, and employment earnings. See 20 C.F.R. §§ 416.635(d) and 416.708; SSA, POMS, GN 00502.113.C.1.

¹⁶ SSA, POMS, GN 00602.130.A and GN 00603.001.B.2.

either been collected or were being recovered. We did not independently verify that the overpayments were collected.

Burial Funds Not Maintained in Separate Bank Account

Emerge did not maintain a separate bank account for burial funds,¹⁷ as required by SSA policy.¹⁸ A maximum of \$1,500 in funds can be set aside for burial expenses of beneficiaries receiving SSI payments. SSA policy states burial funds may be commingled with burial-related assets but must be kept separate from non-burial-related assets. Within the policy, SSA cites a bank account containing funds designated for burial and living expenses as an example of an unallowable practice.¹⁹

During our audit period, Emerge deposited all Social Security payments into one bank account. From this account, the payee paid various expenses—which could have included burial expenses. Emerge used a separate general ledger account to record and monitor beneficiaries' burial funds. As of April 2010, the burial fund general ledger account, which totaled approximately \$20,800, included burial funds for 33 beneficiaries.²⁰ Since Emerge did not maintain burial funds in a separate bank account, these funds could be considered resources. As a result, it is possible SSI overpayments occurred.

We discussed the accounting of burial funds with Emerge staff and SSA. An Emerge official indicated he was unaware of SSA's policy prohibiting commingling of burial funds with funds used for other expenses. As of November 3, 2010, SSA had not taken action regarding the payee's accounting of burial funds. When SSA takes follow-up action on this issue with the payee, it may include determining whether the amount of money set aside for burial expenses can be excluded from beneficiaries' resources. SSA's policy states burial funds must be kept separate from non-burial-related assets to be excluded from resources. If burial funds are commingled with non-burial-related assets, the exclusion does not apply.²¹ On November 30, 2010, an Emerge official stated a separate bank account was established for burial funds. However, we did not independently verify that the burial account was established in accordance with SSA policy.

¹⁷ Burial funds are revocable burial contracts, revocable burial trusts, other revocable burial arrangements, cash, financial accounts, or other financial instruments with a definite cash value. The funds must be clearly designated for the individual or spouse's burial, cremation, or other burial-related expenses. SSA, POMS, SI 01130.410.B.1.

¹⁸ SSA, POMS, SI 01130.410 C.3.

¹⁹ Id.

²⁰ Excluding the burial funds, we previously identified 2 of the 33 beneficiaries as exceeding resource limits for SSI payments.

²¹ SSA, POMS, SI 01130.410 C.3a.

Overpayments to Deceased Beneficiaries

During our audit, we identified overpayments made to deceased beneficiaries. In November 2009, SSA’s records indicated payments were issued to Emerge after four beneficiaries’ deaths. For two beneficiaries, Emerge repaid the overpayments. However, as of October 2010, Emerge had not repaid the SSI overpayments for the remaining two beneficiaries.

SSA’s data indicated the overpayment pertaining to one beneficiary was deemed uncollectible, and the overpayment for the other beneficiary was waived. Table 1 shows these overpayments.

Table 1: SSI Overpayments After Death of Beneficiaries

Beneficiary	Action Taken by SSA	Date Waived/Deemed Uncollectible	Amount of Overpayment ²²
Beneficiary 1	Deemed Uncollectible	December 18, 2008	\$1,339
Beneficiary 2	Waived	January 26, 2009	679
Total			\$2,018

We questioned SSA’s decisions not to collect the \$2,018 in overpayments. We believe Emerge was financially able to repay these funds and should return the overpayments to SSA. If payments are received after the death of a beneficiary and they are not due, the representative payee must return the money to SSA.²³

On October 22, 2010, we discussed these collection actions with SSA staff. Although the overpayments associated with one beneficiary were deemed uncollectible, staff explained the Agency could nonetheless take action to collect the overpayment. On October 25, 2010, a follow-up notice was issued to collect the SSI overpayment from the payee. For the remaining overpayment, SSA staff explained that they were unable to locate documentation for the waiver or provide further information. On November 30, 2010, an Emerge official stated the \$2,018 was repaid to SSA for the two beneficiaries. The official also stated Emerge was repaying \$2,608 for another beneficiary who died in October 2010.

²² The amount for “Beneficiary 1” is the total for several monthly benefit payments. The amount for “Beneficiary 2” is a single monthly benefit payment.

²³ SSA, *Guide for Organizational Representative Payees – Checks Received After the Death of a Beneficiary*.

RPR Not Completed for a Beneficiary

Emerge did not complete an RPR for one beneficiary for the reporting period July 1, 2008 through June 30, 2009.²⁴ SSA is required to obtain an annual accounting from all representative payees.²⁵ Representative payees are responsible for keeping records and reporting the use of benefits by completing an RPR annually.²⁶ The RPR is intended to assist SSA in determining the (1) use of benefits during the preceding 12-month reporting period; (2) payee's continuing suitability; and (3) continuing need for representative payment. If the payee's responses warrant concern, SSA should contact the payee to determine its continued suitability.

According to SSA, Emerge received \$41,491²⁷ in benefits during this period on behalf of the beneficiary. Since Emerge did not complete the RPR, the Agency could not monitor the benefit payments for this period. However, for our audit period, nothing came to our attention that indicated the benefit payments were not used in this beneficiary's best interests.

The RPR was sent to Emerge in January 2010; however, SSA did not receive the completed RPR from Emerge. On August 18, 2010, we notified Emerge staff that SSA did not receive the report. Emerge staff stated they were unaware the report was not submitted. Emerge staff also stated they would contact the SSA field office and complete the report. However, as of March 28, 2011, SSA's systems did not indicate the applicable RPR had been submitted.

On October 21, 2010, we discussed this matter with SSA staff. According to staff, as a "non-responder" representative payee—a payee that fails to submit the RPR—the field office would send a follow-up notice to Emerge. On October 26, 2010, SSA staff sent a follow-up notice to Emerge.

Earned Wages Resulted in Overpayments

We found two beneficiaries receiving SSI payments had significant earned wages. One beneficiary had earnings of over \$22,000 each year in 2008 and 2009. The other beneficiary had earnings in excess of \$17,000 in 2008 and about \$8,000 in 2009.

²⁴ We identified an additional beneficiary for whom the payee did not complete an RPR. As previously discussed, Emerge did not timely report to SSA that the beneficiary had left its care. Further, we are conducting a separate review of *Annual Representative Payee Report Non-Responders (A-06-10-11069)* to determine whether SSA takes appropriate action when representative payees fail to account for their use of benefits.

²⁵ 42 U.S.C. §§ 405(j)(3)(A) and 1383(a)(2)(C)(i), 20 C.F.R. §§ 404.2065, 416.665, SSA, POMS, GN 00605.090, SSA, *Guide for Organizational Representative Payees – How often do I have to report to SSA on how funds have been used?*

²⁶ SSA, POMS, GN 00605.001.

²⁷ This includes an approximately \$36,000 retroactive payment.

According to SSA policy, a beneficiary's income from wages is considered "countable income" and is part of the calculation of a beneficiary's monthly SSI payment.²⁸ According to SSA staff, the Agency generally verifies wages paid to the beneficiary and estimates future wages for any month in which a change of income has occurred or during a redetermination of benefits.

The beneficiaries' earned wages resulted in overpayments. According to SSA's records, an overpayment of approximately \$17,000 was posted on August 31, 2009 to one beneficiary's record.²⁹ An overpayment of about \$1,500 was posted to the other beneficiary's record on September 20, 2010. On October 21, 2010, the Agency reported the overpayments were identified at the conclusion of the redetermination process, and were the result of underestimated wages. An Emerge official confirmed being aware of the wages earned but unaware the wages should be reported to SSA each month. SSA requires that representative payees report wages for any months the income has changed.³⁰

In December 2010, we asked SSA staff whether these two beneficiaries still needed a representative payee. Staff explained that, generally, SSA does not use significant wages as a basis for re-evaluating whether a beneficiary needs a payee. Staff explained that earning a significant wage does not necessarily indicate that the beneficiaries are capable of managing money or adequately taking care of their own needs. However, if the issue is raised by the beneficiary, payee, or anyone else, SSA would perform a capability determination.

CONCLUSION AND RECOMMENDATIONS

Generally, we found Emerge had effective safeguards over the receipt and disbursement of Social Security benefits and used and accounted for Social Security benefits in accordance with SSA's policies and procedures. However, we found instances where Emerge could improve its performance as a payee. There was an instance where Emerge did not return conserved funds to SSA when it was no longer serving as the representative payee for the beneficiary. There were also instances where Emerge did not monitor conserved funds to ensure beneficiaries stayed below resource limits. In addition, Emerge did not maintain burial funds in a separate bank account. We found instances where Emerge did not return overpayments for deceased beneficiaries and did not always complete RPRs. Lastly, we found Emerge had two beneficiaries in its care who earned significant wages, which resulted in overpayments.

²⁸ SSA, POMS, SI 00810.300.

²⁹ The beneficiary's SSI payments were being offset to collect the overpayment. However, as of November 2010, the beneficiary is not receiving SSI payments because countable income exceeds SSI payment amounts.

³⁰ SSA, POMS, SI 00820.143, effective November 9, 2010, updated the Agency's policy from encouraging monthly wage reporting to requiring it.

We recommend that SSA:

1. Instruct Emerge to (a) notify the Agency timely when a beneficiary is no longer in its care and (b) return benefit payments and conserved funds to SSA when no longer serving as representative payee for a beneficiary.
2. Pursue collection of the overpayments that resulted from SSI recipients' account balances exceeding the \$2,000 maximum allowed—either from the beneficiaries if their conserved funds still exceed the maximum; or from Emerge if, by its insufficient monitoring, the representative payee should be held accountable.
3. Instruct Emerge to (a) monitor beneficiaries' resources and (b) inform the Agency in a timely manner when beneficiaries receiving SSI payments have conserved funds that exceed resource limits.
4. Verify that Emerge established a separate bank account for burial funds, in accordance with Agency policy.
5. Determine whether SSI overpayments occurred as a result of the method Emerge used to account for burial funds, and collect overpayments, as applicable.
6. Verify that Emerge repaid SSI overpayments for deceased beneficiaries.
7. Remind Emerge to complete and submit RPRs for the beneficiaries it serves in a timely fashion.
8. Remind Emerge of its monthly reporting responsibilities on behalf of beneficiaries for any significant wages earned, to avoid or reduce overpayments.

AGENCY COMMENTS

SSA agreed with our recommendations (see Appendix D).

OTHER MATTER

While conducting our review, we found SSA did not issue RPRs for three beneficiaries receiving OASDI benefits under their parents' records. For the period November 1, 2008 to October 31, 2009, we could not locate RPRs for all beneficiaries served by the payee. Emerge staff indicated they had no record of receiving RPRs from SSA for these three beneficiaries. SSA staff confirmed the Agency did not generate RPRs for these individuals. Table 2 shows the periods SSA did not issue the RPRs, but Agency records indicate benefit payments were issued.

Table 2: SSA Benefits Paid But Not Monitored by SSA

Beneficiary	No Representative Payee Report Issued	SSA Benefits Paid
Beneficiary A	6/1/2004 to 10/31/2009	\$40,047
Beneficiary B	7/1/1995 to 10/31/2009	82,782
Beneficiary C	6/1/1995 to 10/31/2009	112,275
Total		\$235,104

We examined SSA’s records to identify commonalities among the three beneficiaries. We found all three beneficiaries initially received SSI payments. These payments ended, and the beneficiaries received OASDI benefits during our audit period, November 1, 2008 to October 31, 2009.

In August 2010, Agency staff advised us that RPRs were not generated for the three beneficiaries because of a computer programming problem. Payees that served these beneficiaries did not report how the OASDI benefits were used. For our audit period, we determined that the benefit payments for these three beneficiaries were used in accordance with SSA’s policies and procedures. However, since SSA had not received RPRs for these three beneficiaries in several years, it had not been determining whether the Social Security payments were used in the beneficiaries’ best interest.

On October 19, 2010, SSA staff reported adjusting information recorded in the Agency’s information system for two of the three beneficiaries and stated the adjustments will result in RPRs being issued to the payee. On November 18, 2010, SSA provided us with the RPR that was generated for one beneficiary for the reporting period November 2009 through December 2010. However, as of December 29, 2010, an RPR was not generated for the second beneficiary. For the third beneficiary, SSA staff indicated the non-issuance of the RPR was “an anomaly.” The Agency did not indicate the total number of representative payees not sent RPRs.

Patrick P. O’Carroll, Jr.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Representative Payee Responsibilities

APPENDIX C – Scope and Methodology

APPENDIX D – Agency Comments

APPENDIX E – OIG Contacts and Staff Acknowledgments

Acronyms

C.F.R.	Code of Federal Regulations
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
RPR	Representative Payee Report
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code

Representative Payee Responsibilities

Representative payees are responsible for using benefits to serve the beneficiary's best interests. The responsibilities include:¹

- Determine the beneficiary's current needs for day-to-day living and use his or her payments to meet those needs.
- Conserve and invest benefits not needed to meet the beneficiary's current needs.
- 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 no longer serving as the representative payee for the beneficiary.
- Be aware of any other income that Supplemental Security Income recipients may have and monitor their conserved funds to ensure they do not exceed resource limits.

¹ 20 C.F.R. §§ 404.2001 et.seq. and 416.601 et.seq.

Scope and Methodology

Our audit covered the period November 1, 2008 through October 31, 2009. To accomplish our objectives, we:

- Reviewed applicable Federal laws and regulations and Social Security Administration (SSA) policies and procedures pertaining to representative payees.
- Reviewed prior work performed by the Office of the Inspector General and SSA in the representative payee area.
- Compared and reconciled the payee's list of SSA beneficiaries in Emerge, Incorporated's, (Emerge) care to a list obtained from SSA's Representative Payee System.
- Reviewed Emerge's internal controls over the receipt and disbursement of Social Security benefits.
- Randomly selected a sample of 50 beneficiaries from a population of 209 beneficiaries who were in Emerge's care during our audit period.
- Selected a sample of 50 beneficiaries in Emerge's care during the audit period and performed the following tests.
 - ✓ Compared and reconciled benefit amounts received according to Emerge's records to benefit amounts paid according to SSA's records.
 - ✓ Reviewed Emerge's accounting records to determine whether benefits were properly spent or conserved on the individual's behalf.
 - ✓ Traced a sample of recorded expenses to source documents and examined the underlying documentation for reasonableness and authenticity.
- Visited and interviewed 21 beneficiaries to determine whether their basic needs were being met. Further, we visited and interviewed 11 of the 21 beneficiaries at their workplaces to determine whether working conditions were adequate.
- Obtained either *Request to be Selected as Payee* (Form SSA-11-BK) or other documentation that indicated that SSA considered Emerge to be the representative payee for 47 beneficiaries and reviewed 5 *Representative Payee Applications* (Form SSA-11-BK) to determine the completeness and appropriateness of the information provided on the applications.

- Selected 30 beneficiaries to determine the completeness and appropriateness of the information provided on the *Representative Payee Reports* (SSA-6234).¹
- Reviewed SSA records for 10 beneficiaries to determine whether SSA was aware of the beneficiaries' wages and whether those wages would impact the amount of benefits paid.
- Determined whether the organization was complying with its policies, and those set by SSA, for protecting personally identifiable information.

We performed our audit in Woodlawn and Columbia, Maryland, between February and December 2010. We tested the data obtained for our audit and determined them to be sufficiently reliable to meet our audit 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 our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹ Of the 30, we reviewed Representative Payee Reports for 26 beneficiaries. For the remaining four beneficiaries, SSA did not issue reports to the payee for three beneficiaries; and the report for one beneficiary was not completed for the audit period.

Agency Comments

March 07, 2011

Subject: Philadelphia Reply: Signed Formal Draft (A-13-10-21087)

The Philadelphia region appreciates the opportunity to offer our feedback on this formal draft of the audit concerning Emerge, Incorporated.

We concur with all of OIG's findings and recommendations contained within this draft. We would like to add that Emerge Incorporated will be undergoing a mandatory 3 year triennial review later this year. As part of this review, we will make sure the reviewing team is aware of the audit's recommendations and the status of Emerge's compliance with those recommendations. Special attention will be paid to remind Emerge of their reporting responsibilities and duties as an organizational payee.

If you or any of your staff have any questions regarding this response, please contact Michael Sparks in the Center for Program Support at 215-597-2239.

Mary Horne

OIG Contacts and Staff Acknowledgments

OIG Contacts

Shirley E. Todd, Director, Evaluation Division

Florence Wolford, Acting Audit Manager

Acknowledgments

In addition to those named above:

Donna Parris, Auditor-In-Charge

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OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

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OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

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OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Also, OCIG administers the Civil Monetary Penalty program.

Office of External Relations

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

Office of Technology and Resource Management

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.