Report Summary

Social Security Administration Office of the Inspector General

July 2011

Objectives

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

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 best interest of the beneficiary.

To view the full report, visit http://www.ssa.gov/oig/ADOBEPDF/A-07-11-11141.pdf

Safe Harbor, A Fee-for-Service Representative Payee for the Social Security Administration (A-07-11-11141)

Our Findings

Our audit period was from October 1, 2009 to June 30, 2010. We found that Safe Harbor did not use and account for benefits in accordance with SSA's policies and procedures. Specifically, Safe Harbor had inadequate controls related to conserved funds and interest-bearing checking accounts, and operated as a conduit payee. In addition, Safe Harbor did not have effective safeguards over the disbursement of Social Security benefits. Specifically, Safe Harbor had inadequate internal controls in the segregation of duties and oversight of the accounting function, and did not maintain receipts to support expenditures. Further, Safe Harbor did not adequately protect beneficiaries' PII. Finally, Safe Harbor did not periodically meet with beneficiaries to determine their current and foreseeable needs.

Our Recommendations

We recommended that SSA (1) remind Safe Harbor to return conserved funds timely in accordance with SSA's instructions; (2) encourage Safe Harbor to place beneficiaries' conserved funds of $500 or more in an interest-bearing account or a relatively risk-free investment; (3) determine whether Safe Harbor is the appropriate representative payee for those individuals for whom it is a conduit payee; (4) ensure Safe Harbor establishes effective safeguards over the accounting process including a proper segregation of duties and monthly bank reconciliations; (5) instruct Safe Harbor to maintain sufficient documentation for all the beneficiaries it serves to support that Social Security benefits are used in the best interest of the beneficiaries; (6) verify the adequacy of Safe Harbor's implementation of PII safeguards; and (7) encourage Safe Harbor to meet periodically with all beneficiaries to ascertain their current and foreseeable needs.

SSA agreed with our recommendations.