

Payee Assistance Management, Inc., an Organizational Representative Payee for the Social Security Administration A-06-12-11261



March 2013

Office of Audit Report Summary

Objective

We initiated this audit at the request of the Social Security Administration's (SSA) Denver Regional Commissioner. Our objective was to determine whether Payee Assistance Management, Inc. (PAM), had effective safeguards over the receipt and disbursement of Social Security benefits and used and accounted for benefits in accordance with SSA's policies and procedures.

Background

Congress granted SSA the authority to appoint representative payees for those beneficiaries judged incapable of managing or directing the management of their benefits. Representative payees receive and manage payments on behalf of these beneficiaries.

PAM is a fee-for-service organizational representative payee that served 17 Social Security beneficiaries and Supplemental Security Income recipients.

Our Findings

PAM did not have effective safeguards over the receipt and disbursement of Social Security benefits and did not always use and account for Social Security benefits in accordance with SSA policies and procedures.

PAM transferred beneficiary funds into a non-SSA-authorized collective account and acknowledged it commingled beneficiary funds with funds that belonged to an undisclosed number of non-beneficiaries. PAM did not adequately account for beneficiary funds in the collective account, adequately monitor or report Supplemental Security Income recipient resources, or account for unspent beneficiary funds paid to a travel agency. PAM double charged a beneficiary for purchases, charged unallowable payee fees, and maintained insufficient bonding. We also identified internal control deficiencies related to documentation of transactions and separation of duties.

Our Recommendations

PAM resigned as an SSA representative payee effective June 30, 2012, and SSA assigned another representative payee to manage these beneficiaries' payments. However, a number of issues remained unresolved. As such, we made eight recommendations for corrective action.

SSA agreed with our recommendations.