



SOCIAL SECURITY

MEMORANDUM

Date: May 6, 2003

Refer To:

To: Beatrice M. Disman
Regional Commissioner

From: Assistant Inspector General
for Audit

Subject: Audit of Atlantis Rehabilitation and Nursing Center - A Representative Payee for the Social Security Administration (A-02-03-13013)

Attached is a copy of our final report. Our objectives were to determine whether the Atlantis Rehabilitation and Nursing Center (1) had effective safeguards over the receipt and disbursement of Social Security benefits and (2) ensured Social Security benefits were used and accounted for in accordance with the Social Security Administration's policies and procedures.

Please comment within 60 days from the date of this memorandum on corrective action taken or planned on each recommendation. If you wish to discuss the final report, please call me or have your staff contact Rona Rustigian, Director, at (617) 565-1819.

Steven L. Schaeffer

Attachment

cc:
Fritz Streckewald
JoEllen Felice
Candace Skurnik

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**AUDIT OF THE ATLANTIS
REHABILITATION AND NURSING
CENTER – A REPRESENTATIVE
PAYEE FOR THE SOCIAL
SECURITY ADMINISTRATION**

May 2003 A-02-03-13013

AUDIT REPORT



Mission

We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the 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.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

Vision

By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.

Executive Summary

OBJECTIVE

Our objectives were to determine whether the Atlantis Rehabilitation and Nursing Center (Atlantis) (1) had effective safeguards over the receipt and disbursement of Social Security benefits and (2) ensured Social Security benefits were used and accounted for in accordance with the Social Security Administration's (SSA) policies and procedures.

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 (Rep Payee) to receive and manage these beneficiaries¹ payments. A Rep Payee may be an individual or an organization. SSA selects Rep Payees for Old-Age, Survivors and Disability Insurance beneficiaries or Supplemental Security Income recipients when representative payments would serve the individual's interests.

Rep Payees are responsible for using benefits to serve the beneficiary's best interests. Their duties include:

- using benefits to meet the beneficiary's current and foreseeable needs;
- conserving and investing benefits not needed to meet the beneficiary's current needs;
- maintaining accounting records of how the benefits are received and used;
- reporting events to SSA that may affect the individual's entitlement or benefit payment amount;
- reporting any changes in circumstances that would affect their performance as a Rep Payee; and
- providing SSA an annual *Representative Payee Report* (RPR) accounting for how benefits were spent and invested.

¹ We use the term "beneficiary" generically in this report to refer to both Old-Age, Survivors and Disability Insurance beneficiaries and Supplemental Security Income recipients.

Atlantis (formerly Parkview Healthcare Center) is a for-profit, multi-purpose skilled nursing facility in Carneys Point, New Jersey. During our audit period, Atlantis was the Rep Payee for 134 individuals who received Social Security benefits.

RESULTS OF REVIEW

Our audit showed that Atlantis generally (1) had effective safeguards over the receipt and disbursement of Social Security benefits and (2) ensured Social Security benefits were used and accounted for in accordance with SSA's policies and procedures. However, Atlantis did not always prepare the RPRs accurately.

We also identified two areas where SSA needs to improve its monitoring of Rep Payees. Specifically, Atlantis was the Rep Payee for eight beneficiaries who were not recorded in SSA's Representative Payee System (RPS). Also, SSA could not provide 16 of the 25 RPRs we requested (see Other Matters). We therefore could not determine whether Atlantis properly met its reporting responsibility for all cases.

CONCLUSIONS AND RECOMMENDATIONS

Generally, Atlantis met its responsibilities. However, Atlantis should exercise more care in preparing the RPRs. Also, SSA could improve the information about Atlantis in its RPS. We recommend that SSA:

- Clarify procedures with the Rep Payee for preparing the RPRs.
- Correct the RPS to include all beneficiaries for whom Atlantis was selected as Rep Payee.

AGENCY COMMENTS

SSA agreed with both of our recommendations. (See Appendix A for the full text of SSA's comments.) We also requested comments from the Rep Payee; however, Atlantis chose not to provide written comments.

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Acronyms

Atlantis	Atlantis Rehabilitation and Nursing Center
OASDI	Old-Age, Survivors and Disability Insurance
Rep Payee	Representative Payee
RPR	Representative Payee Report
RPS	Representative Payee System
SSA	Social Security Administration
SSI	Supplemental Security Income

Introduction

OBJECTIVE

Our objectives were to determine whether the Atlantis Rehabilitation and Nursing Center (Atlantis) (1) had effective safeguards over the receipt and disbursement of Social Security benefits and (2) ensured Social Security benefits were used and accounted for in accordance with the Social Security Administration's (SSA) policies and procedures.

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 (Rep Payee) to receive and manage these beneficiaries' and recipients' benefit payments.¹ A Rep Payee may be an individual or an organization. SSA selects Rep Payees for Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries or Supplemental Security Income (SSI) recipients when representative payments would serve the individual's interest.

Rep Payees are responsible for using benefits to serve the beneficiary's best interests. Their duties include:²

- using benefits to meet the beneficiary's current and foreseeable needs;
- conserving and investing benefits not needed to meet the beneficiary's current needs;
- maintaining accounting records of how the benefits are received and used;
- reporting events to SSA that may affect the individual's entitlement or benefit payment amount;
- reporting any changes in circumstances that would affect their performance as a Rep Payee; and
- providing SSA an annual *Representative Payee Report* (RPR) accounting for how benefits were spent and invested.

¹ 42 U.S.C. §§ 405(j) and 1383(a)(2).

² Id.; 20 C.F.R. Part 404, Subpart U, and Part 416, Subpart F.

About 7.6 million individuals have Rep Payees—approximately 4.5 million are OASDI beneficiaries, 2.3 million are SSI recipients, and 800,000 are entitled to both OASDI and SSI. The following chart reflects the types of Rep Payees and the number of individuals they serve.

Type of Rep Payee	Number of Rep Payees	Number of Individuals Served
Individual Payees: Parents, Spouses, Adult Children, Relatives, and Others	5,333,200	6,685,100
Organizational Payees: State Institutions, Local Governments and Others	41,500	807,400
Organizational Payees: Fee-for-Service	900	104,200
TOTAL	5,375,600	7,596,700

Source: Master Representative Payee File as of January 2003.

Atlantis is a for-profit, multi-purpose skilled nursing facility in Carneys Point, New Jersey. As a multi-purpose facility, Atlantis provides nursing home services (138 beds) and assisted living services (24 beds) to its residents. Before March 2002, Atlantis was named Parkview Healthcare Center. During our audit period, Atlantis was the Rep Payee for 134 individuals who were receiving Social Security benefits.

Atlantis has a contractual arrangement with Broadway Healthcare Management to perform all of its accounting functions. Broadway Healthcare Management is located in Hackensack, New Jersey.

Atlantis provides residents receiving OASDI benefits \$35 per month from their benefits for their personal expenses. Atlantis uses the remaining amount for housing and food. Most SSI recipients are provided \$40 per month in payments from Social Security, and the entire amount is provided to the residents for their personal expenses. Medicaid per diem payments cover the SSI recipients' housing and food costs. SSI recipients living in the assisted living section of the facility are paid a higher congregate care rate and receive \$78.50 (effective January 2002, \$80.50) per month for their personal expenses.

SCOPE AND METHODOLOGY

Our audit covered the period May 1, 2001 through April 30, 2002. During this period, Atlantis served as Rep Payee for 134 individuals. To accomplish our objectives, we:

- Reviewed the Social Security Act and SSA's policies and procedures pertaining to Rep Payees.
- Contacted SSA regional office and field office staffs to obtain background information about the Rep Payee's performance.

- Obtained from SSA's Representative Payee System (RPS) a list of individuals who were in the Rep Payee's care as of April 30, 2002 or who left the Rep Payee's care after May 1, 2001.
- Obtained from the Rep Payee a list of individuals who were in its care and had received SSA funds as of April 30, 2002 or who left its care after May 1, 2001.
- Compared and reconciled the RPS list to the Rep Payee's list to identify the population of SSA beneficiaries who were in the Rep Payee's care from May 1, 2001 to April 30, 2002.
- Reviewed the Rep Payee's internal controls over the receipt and disbursement of OASDI benefits and SSI payments.
- Performed the following tests for a simple random sample of 50 beneficiaries.
 - Compared and reconciled benefit amounts received according to the Rep Payee's records to benefit amounts paid according to SSA's records.
 - Reviewed the Rep Payee'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.
- Interviewed a sample of eight beneficiaries to determine whether their basic needs were being met.
- Reviewed a sample of nine RPRs to determine whether the Rep Payee properly reported to SSA how benefits were used.
- Reviewed a sample of five Representative Payee Applications (Form SSA-11) to evaluate the completeness and appropriateness of the information provided on the applications.

We determined the Rep Payee's computer processed data to be sufficiently reliable for our intended use. Further, any data limitations are minor in the context of this assignment, and the use of the data should not lead to an incorrect or unintentional message. We tested benefit payment receipts and disbursements recorded in the Rep Payee's accounting system. We conducted tests to determine the completeness, accuracy and validity of the data. These tests allowed us to assess the reliability of the data and achieve our audit objectives. We performed our audit in Carneys Point and Hackensack, New Jersey, and New York, New York, from July to December 2002. We conducted our audit in accordance with generally accepted government auditing standards.

Results of Review

Our audit showed that Atlantis generally (1) had effective safeguards over the receipt and disbursement of Social Security benefits and (2) ensured Social Security benefits were used and accounted for in accordance with SSA's policies and procedures. This determination was based on a review of 50 beneficiaries who received \$262,359 in SSA funds during the audit period. However, Atlantis did not always prepare the RPRs accurately.

We also identified one area where SSA needed to improve its monitoring of Rep Payees. Specifically, Atlantis was the Rep Payee for eight beneficiaries who were not recorded in SSA's RPS.

Preparation of Representative Payee Reports

We examined nine RPRs obtained from SSA and found that five were inaccurate. All five of the RPRs demonstrated the same pattern of preparation. The amounts reported as saved for the beneficiaries at the end of the reporting period were exactly the same as reported for the previous period. Also, the amount reported as spent for the beneficiaries' needs was always \$420, or the entire annual amount of the monthly \$35 personal expense allowance provided to OASDI beneficiaries, even though one individual was on SSI and received a higher monthly personal expense allowance.

Beneficiaries Recorded in the Representative Payee System

The Omnibus Budget Reconciliation Act of 1990³ requires that SSA provide for specific identification and control of all Rep Payees and the beneficiaries they serve. As a result, SSA established RPS, an on-line system for entering and retrieving information about Rep Payees and those applying to be Rep Payees. RPS contains data about Rep Payee applicants, beneficiaries in the Rep Payee's care, and the relationship between the Rep Payee and the beneficiaries. In addition, SSA uses the RPS to select a sample of beneficiaries for review during its site visits of Rep Payees.

To determine the number of beneficiaries in Atlantis' care, we compared Atlantis' records to information contained in RPS. As a result, we identified eight beneficiaries for whom Atlantis was serving as Rep Payee but for whom Atlantis was not recorded as the Rep Payee in the RPS.

We found that SSA personnel can bypass RPS to establish a Rep Payee. Agency staff can establish a Rep Payee by identifying individuals or organizations as the beneficiaries' Rep Payee directly on the Master Beneficiary Record or the Supplemental Security Record—SSA's systems for recording eligibility to OASDI benefits and SSI payments, respectively.

³ Pub. L. No. 101-508, sec. 5105(a)(2) (codified at 42 U.S.C. § 405(j)(2)).

Conclusions and Recommendations

Generally, Atlantis (1) had effective safeguards over the receipt and disbursement of Social Security benefits and (2) ensured Social Security benefits were used and accounted for in accordance with SSA's policies and procedures. However, Atlantis should exercise more care in preparing the RPRs. Also, SSA could improve the information about Atlantis contained within its RPS. We recommend that SSA:

1. Clarify procedures with the Rep Payee for preparing the RPRs.
2. Correct the RPS to include all beneficiaries for whom Atlantis was selected as Rep Payee.

AGENCY COMMENTS

SSA agreed with both of our recommendations. Specifically, SSA (1) provided training to the Atlantis staff on how to prepare the RPRs and (2) is comparing a list of Atlantis residents and RPS to identify any beneficiaries who are not listed in RPS. In addition, SSA is conducting training at the local field office to ensure RPS is not bypassed in the future. (See Appendix A for the full text of SSA's comments.) We also requested comments from the Rep Payee; however, Atlantis chose not to provide written comments.

Other Matters

One method SSA uses to monitor Rep Payees is the RPR. The RPR is intended to assist SSA in determining the (1) use of benefits during the preceding 12-month reporting period, (2) Rep Payee's continuing suitability, and (3) continuing need for representative payment.⁴ Depending on the Rep Payee's responses, SSA may contact the Rep Payee to determine its continued suitability. We found that SSA could not always retrieve Atlantis' completed RPRs.

As part of our audit, we planned to review a sample of completed RPRs to determine whether Atlantis met its reporting responsibilities. We requested from SSA the most recently completed RPRs for 25 beneficiaries. However, SSA only provided 9 of the 25 RPRs we requested. Because SSA did not provide all of the RPRs requested, we could not independently confirm whether Atlantis met its reporting responsibilities for all cases. In addition, we were unable to determine whether some RPRs were not provided because they could not be located or because they were never submitted.

In response to our draft report, SSA reported that it was testing a concept allowing organizations that serve as Rep Payees for thousands of beneficiaries to electronically file RPRs via the Internet. As of the date of this review, annual reports were filed in paper form. SSA's pilot is expected to last 6 months. If the pilot is successful, it will provide Rep Payees with another way to fulfill their reporting responsibilities. SSA expects electronic filing to

- reduce follow-up contacts by alerting the Payee to provide missing information or correct conflicting information before the report is transmitted;
- result in RPRs that are more complete and have fewer inconsistencies; and
- provide for easier location of the RPRs and a better way to determine whether a report was submitted.

⁴ See SSA's Program Operations Manual System, sections GN 00605.065, GN 00605.066, GN 00605.067, GN 00605.090, and GN 00605.221.

Appendices

Appendix A

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: April 14, 2003 Refer To: S2D2G3
To: Assistant Inspector General for Audit
From: Regional Commissioner
New York
Subject: Audit of Atlantis Rehabilitation and Nursing Center- An Organizational Representative Payee For the Social Security Administration (A-02-03-13013)-REPLY

Thank you for the opportunity to comment on the above-mentioned audit.

We agree with the audit report's recommendations and are pursuing the following corrective actions.

The FO recently provided training/guidance to the Atlantis staff ensuring they fully understand how the Representative Payee Accounting Reports should be completed. SSA recognizes the importance of the representative payee accounting reports. The payee responses are indicators about payee performance that may trigger the need for recontact with and reevaluation of the payee.

The report indicated SSA could not provide the entire requested sample of completed Representative Payee Reports for review. As a result, the audit could not determine whether Atlantis properly reported to SSA how the benefits were used. In addition, the audit could not determine whether some of the Representative Payee Reports were not provided because they could not be located or because they were never submitted. SSA is currently conducting a pilot, which if successful will ensure the completed Representative Payee Reports are easily retrievable and identify if they were never submitted.

SSA is testing a concept allowing organizations that serve as representative payees for thousands of Social Security and Supplemental Security Income beneficiaries to electronically file via the Internet the required annual reports. At present, annual reports are filed on a paper form. The pilot is expected to last 6 months. If the pilot is successful, it would provide payees with another way to fulfill their reporting responsibilities. Electronic filing has the potential to reduce follow-up contacts by

alerting the payee to provide missing information or correct conflicting information before the report is transmitted. Electronic reporting will result in Representative Payee Reports that are more complete and have fewer inconsistencies. It will also provide for easier location of the reports and a better way to identify if a report was never submitted.

Regarding the second recommendation, the FO is currently obtaining a complete list of residents who Atlantis is payee for and comparing the listing to RPS, as a result capturing any beneficiaries who are not listed in RPS.

In addition, RPS training at the local FO is taking place to ensure RPS is not bypassed in the future. Agency staff should not be identifying individuals or organizations as the beneficiaries' representative payee on the Master Beneficiary Record or the Supplemental Security Record without establishing the application on RPS.

Any questions concerning the above comments can be directed to Angela Caputo of the Program Operations Center, RSI Team at (212)264-4402.

/s/
Beatrice M. Disman

Appendix B

OIG Contacts and Staff Acknowledgments

OIG Contacts

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Tim Nee, Deputy Director, (212) 264-5295

Staff Acknowledgments

In addition to those named above:

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Arthur Treglia, Senior Auditor

Kimberly Beauchamp, Writer-Editor

For additional copies of this report, please visit our web site at www.ssa.gov/oig or contact the Office of the Inspector General's Public Affairs Specialist at (410) 966-1375. Refer to Common Identification Number A-02-03-13013.

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Social Security Advisory Board
Atlantis Rehabilitation and Nursing Center

Overview of the Office of the Inspector General

Office of Audit

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency.

Office of Executive Operations

The Office of Executive Operations (OEO) provides four functions for the Office of the Inspector General (OIG) – administrative support, strategic planning, quality assurance, and public affairs. OEO supports the OIG components by providing information resources management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this Office coordinates and is responsible for the OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act. The quality assurance division performs internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from the Agency. This division also conducts employee investigations within OIG. The public affairs team communicates OIG's planned and current activities and the results to the Commissioner and Congress, as well as other entities.

Office of Investigations

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Counsel to the Inspector General

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.