

# Report Summary

Social Security Administration Office of the Inspector General

March 2012



## Objectives

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

## Background

Dacotah Foundation is a fee-for-service organizational payee that serves approximately 264 Social Security beneficiaries and Supplemental Security Income recipients.

In Calendar Year 2010, SSA's staff became aware of incidents in which Dacotah Foundation transferred beneficiary funds into its business operating account. The Denver Region referred the matter to our Office of Investigations and requested this audit.

To view the full report, visit <http://oig.ssa.gov/audits-and-investigations/audit-reports/A-06-10-20174>

## *Dacotah Foundation, an Organizational Representative Payee for the Social Security Administration (A-06-10-20174)*

### Our Findings

With one significant exception, Dacotah Foundation had effective controls 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. Dacotah Foundation maintained documentation supporting receipts and expenditures for transactions reviewed, and timely and accurately recorded transactions in its accounting records. Also, Dacotah Foundation adequately secured beneficiaries' personal and financial information.

However, from January 2006 through April 2010, the Dacotah Foundation improperly transferred \$789,500 from beneficiary accounts into its business operating account. A Dacotah Foundation official stated they temporarily borrowed from beneficiary accounts to cover cash flow shortages in the business operating account. Although we confirmed that Dacotah Foundation eventually returned all funds to the appropriate beneficiary accounts, these transactions were a misuse of beneficiary funds. We also determined that Dacotah Foundation did not maintain adequate bonding to protect SSA and the beneficiaries in its care against potential financial harm caused by its officers or employees.

### Our Recommendations

We recommended that SSA make an official determination whether benefit misuse occurred. If so, we recommended that SSA seek recovery of \$4,740 in monthly management fees Dacotah Foundation charged affected beneficiaries during periods of misuse. We also recommended SSA reevaluate Dacotah Foundation's suitability to remain an SSA payee and ensure the payee maintains required bonding.

SSA agreed with our recommendations. Dacotah Foundation stated it was committed to continual service delivery improvement and wished to continue its role as a representative payee. Dacotah Foundation further stated it would work to assure SSA of its commitment to comply with representative payee program guidelines and safeguard the funds entrusted to it. The Dacotah Foundation also provided documentation indicating that effective February 21, 2012, Dacotah Foundation had increased its employee theft bond coverage from \$200,000 to \$560,000.