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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**HELP GROUP SERVICES, INC.,  
A FEE-FOR-SERVICE  
REPRESENTATIVE PAYEE  
FOR THE  
SOCIAL SECURITY ADMINISTRATION**

**September 2008**

**A-04-08-28040**

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**AUDIT REPORT**

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## **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.**
- 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**

**We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.**



## SOCIAL SECURITY

### **MEMORANDUM**

**Date:** September 9, 2008

**Refer To:**

**To:** Paul D. Barnes  
Regional Commissioner  
Atlanta

**From:** Inspector General

**Subject:** Help Group Services, Inc., a Fee-for-Service Representative Payee for the Social Security Administration (A-04-08-28040)

### **OBJECTIVE**

Our objectives were to determine whether Help Group Services, Inc. (Help Group), as a representative payee for the Social Security Administration (SSA), (1) had effective safeguards over the receipt and disbursement of Social Security benefits, (2) used and accounted for Social Security benefits in accordance with SSA policies and procedures, and (3) adequately protected the personally identifiable information of the beneficiaries in its care.

### **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.<sup>1</sup> A representative payee may be an individual or an organization. SSA selects representative payees for Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries or Supplemental Security Income (SSI) recipients when representative payments would serve the individuals' interests. Representative payees are responsible for managing benefits<sup>2</sup> in the best interest of the beneficiary. Refer to Appendix B for specific representative payee responsibilities.

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<sup>1</sup> *The Social Security Act §§ 205(j) and 1631(a)(2), 42 U.S.C. §§ 405(j) and 1383(a)(2).*

<sup>2</sup> We use the term "benefits" generically in this report to refer to both OASDI benefits and SSI payments.

Since 2001, Help Group has operated as a fee-for-service representative payee for individuals who received payments under SSA's OASDI and SSI programs. The Atlanta Region considers Help Group to be a representative payee of last resort, meaning many of the beneficiaries it manages are adults who do not have family members or friends available or willing to represent them. Moreover, many of the beneficiaries have mental disorders, substance abuse problems, or criminal records and tend to be transient. During our audit period, August 1, 2006 to July 31, 2007, Help Group served as representative payee for about 650 (active and terminated) SSA beneficiaries. Help Group has only two full-time and two part-time employees.

SSA last reviewed Help Group in June 2005. This review found many of the same issues we identified during this audit. For example, SSA found that Help Group (1) should have reconciled its collective bank account balance to the individual beneficiaries' ledgers, (2) maintained negative ledger balances for some beneficiaries, (3) needed to notify SSA when an SSI recipient's resources exceed \$2,000, and (4) wrote checks to vendors without maintaining receipts to support the disbursements.

We performed audit tests on 50 randomly selected beneficiaries to determine whether Help Group properly managed their benefits. Refer to Appendix C for our complete Scope and Methodology.

## **RESULTS OF REVIEW**

Help Group did not have adequate controls over the receipt and disbursement of Social Security benefits. As a result, the funds of hundreds of beneficiaries were at-risk for improper safekeeping and use. We believe the representative payee's controls need to be significantly improved to ensure Social Security benefits are used and accounted for in accordance with SSA's policies and procedures.

Contrary to sound accounting practices, Help Group did not reconcile bank statement balances with its beneficiaries' ledger balances. Help Group used two bank accounts to receive and disburse Social Security benefits. As of July 31, 2007, the ledger balances exceeded the combined bank statement balances by \$443,120—indicating the bank accounts contained insufficient funds to cover the amounts reported in the representative payee's ledgers. We believe the lack of routine reconciliations contributed to the variance. Further, the lack of reconciliations and the significant variance between the ledgers and bank statements caused us to question the reliability of Help Group's financial records.

Since 2001, Help Group has been the representative payee for over 1,000 beneficiaries. Because Help Group did not reconcile the beneficiary ledgers with the receipts and disbursements listed in its bank statements, we could not determine the cause of this \$443,120 variance without reviewing tens of thousands of transactions and ledger entries dating back almost 7 years. Accordingly, for our audit period, we determined we could not rely on the beginning or ending balances in the individual beneficiary ledger.

accounts. That is, for our audit period, we did not rely on the ledger balances to calculate any overpayments that appeared to have occurred because of SSI recipients' excess resources.

Based on our testing, however, we did conclude that most of the benefit payments received and disbursements made on behalf of the sampled beneficiaries were accurately recorded in the individual ledgers. Given that reconciliations had not been performed, but the tested ledger transactions were properly recorded, the \$443,120 variance may have occurred before our audit period and could be related to transactions that date back as far as 2001.

In addition to the lack of account reconciliations, we found the following.

- Beneficiary ledger accounts had negative balances—generally indicating Help Group spent more funds on behalf of these beneficiaries than the individuals had available, effectively borrowing funds from other beneficiaries.
- Beneficiary ledger accounts exceeded the \$2,000 SSI resource limits.
- Expense transactions lacked sufficient documentation to support whether funds were used to pay for the beneficiaries' current and foreseeable needs.
- There was a lack of separation of duties over the receipt and disbursement of Social Security benefits.

We did find that Help Group adequately protected the personally identifiable information of the beneficiaries in its care.

## **ACCOUNT RECONCILIATIONS WERE LACKING**

Help Group did not reconcile its bank statement balances to the individual beneficiary ledger balances. Without such reconciliations, Help Group could not ensure it complied with SSA's regulation that requires representative payees to maintain accurate and complete records for the Social Security benefits it manages.<sup>3</sup> We found that, as of July 31, 2007, Help Group's combined bank statement balances were approximately \$443,120 less than the combined beneficiary ledger balances. Specifically, Help Group's two bank accounts totaled \$340,821 while the beneficiaries' ledger balances totaled \$783,941.

SSA policy allows a representative payee to commingle Social Security benefits in a bank account as long as a separate ledger account is maintained for each beneficiary.<sup>4</sup> Help Group used two representative payee bank accounts to manage Social Security

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<sup>3</sup> 20 C.F.R. §§ 404.2065 and 416.665. See also SSA, *Guide for Organizational Representative Payees - Developing a Representative Payee Accounting System*.

<sup>4</sup> SSA, *Guide for Organizational Representative Payees – Managing and Conserving Funds*.

benefits—one for the receipt of Social Security benefits and one to disburse funds for beneficiary expenses. Accordingly, Help Group maintained a separate ledger account for each beneficiary. However, Help Group did not reconcile the bank statement balances to the beneficiary ledger balances. Help Group acknowledged it had not performed reconciliations and could not provide a complete explanation for the \$443,120 variance.

At the time of our audit, Help Group was only verifying that disbursements recorded in the beneficiary general ledgers were supported by cleared bank checks. Help Group explained it changed accounting software applications in July 2005. After the transition to the new accounting system, Help Group did not reconcile beneficiary ledger balances input to the new accounting system with the balances that existed in the previous system. As a result, some of the balances brought forward to the new accounting system may have been incorrect or missing. Help Group concluded that the transition to the new accounting system may have caused some of the account variances.

We believe the lack of reconciliations attributed to the \$443,120 variance between the bank accounts and the ledger balances. However, because Help Group had not performed reconciliations for years before our audit, we could not conclusively determine what caused the variance or when the differences occurred. Based on our testing, we determined that most of the receipts and disbursements for beneficiaries in our sample were accurately recorded in the beneficiary ledgers. Nevertheless, we are concerned the \$443,120 variance may indicate that beneficiary funds are missing.

Both SSA and Help Group are responsible for ensuring benefits paid to these often vulnerable beneficiaries are properly accounted for. Accordingly, SSA should work with Help Group to reconcile the bank statement balances to the beneficiaries' general ledger balances and determine what caused the variance. Most importantly, SSA should take corrective actions to ensure Help Group resolves all variances in individual beneficiary ledger balances. Once the accounts are balanced, SSA should ensure Help Group routinely reconciles the accounts.

## **PROPER LEDGER BALANCES WERE NOT MAINTAINED**

Help Group did not adequately monitor its beneficiaries' ledgers to ensure proper balances were maintained. We found 21 (42 percent) of our 50 sampled beneficiaries had a negative balance at the end of our audit period. Also, three SSI recipients had balances over the \$2,000 maximum resource limit.

### **Beneficiary Ledger Balances Were Negative**

Help Group maintained negative ledger balances for many of the beneficiaries it served. Specifically, 21 (42 percent) of our 50 sampled beneficiaries had negative ledger balances totaling \$22,523 as of July 31, 2007 (Table 1). Further, 11 additional beneficiaries had a negative ledger balance for at least 1 month during our audit period. In effect, beneficiaries with conserved funds were lending money to beneficiaries with

negative ledger balances to fund monthly disbursements. According to SSA policy, a representative payee cannot lend one beneficiary's money to another beneficiary.<sup>5</sup>

A Help Group official explained that, in certain months, the organization paid more allowances and expenses for the beneficiaries than SSA payments received. Further, Help Group did not review ledger balances to identify and correct negative balance occurrences. Help Group should closely monitor ledger balances to ensure those beneficiaries' allowances and expenses do not exceed their resources.

**Table 1: Negative Ledger Balances as of July 31, 2007**

	Beneficiary Sample Number	Beneficiary Ledger Account Balance
1	38	\$(-9,699.00)
2	13	(2,457.97)
3	47	(1,725.00)
4	26	(1,707.55)
5	27	(1,668.75)
6	7	(1,046.00)
7	48	(980.20)
8	28	(542.70)
9	11	(453.81)
10	10	(439.52)
11	22	(334.60)
12	50	(294.14)
13	34	(248.70)
14	18	(174.00)
15	45	(166.14)
16	16	(146.33)
17	41	(108.13)
18	32	(105.37)
19	6	(96.00)
20	5	(91.00)
21	12	(38.50)
<b>Total</b>		<b>\$(-22,523.41)</b>

For example, in the first item in the above table, Help Group was the representative payee for the SSI recipient when the beneficiary died in April 2004. However, Help Group was unaware of the death. SSA continued to pay benefits through November 2006, when it discovered the beneficiary had died. An \$18,093 overpayment

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<sup>5</sup> SSA, *Guide for Organizational Representative Payees – Some Things a Representative Payee Cannot Do.*

resulted. As of November 2006, the beneficiary's ledger showed \$8,394 in conserved funds.<sup>6</sup> Upon receipt of SSA's overpayment notice, Help Group remitted the \$18,093 to SSA, which caused a \$9,699 negative ledger balance.

Help Group explained it changed to a new accounting system in July 2005 but failed to transfer the beneficiary's ledger balance of \$12,491 to the new accounting system. Additionally, Help Group failed to record the \$603 SSI payment for October 2006. Had the \$12,491 been properly transferred to the new accounting system and the \$603 SSI benefit recorded, the beneficiary's ledger balance would have totaled \$21,488 as of November 2006. Therefore, after the \$18,093 overpayment was returned to SSA, the beneficiary would have a positive \$3,395 balance instead of the \$9,699 negative balance shown on Help Group's ledger.<sup>7</sup>

We are concerned that for over 2 years, Help Group received funds for a beneficiary with whom they had no contact and for whom they paid no expenses. As a representative payee, Help Group should have known the beneficiary's living arrangements. Moreover, once Help Group could not locate the individual and discontinued paying living expenses, it should have notified SSA.

This example illustrates the problems that can occur when Help Group does not properly manage or account for beneficiaries' funds. Had Help Group been routinely monitoring the beneficiary ledger balances, it would have been aware the beneficiary exceeded the SSI resource limit and initiated corrective actions. SSA should have been notified that the beneficiary could not be located and exceeded the resource limit. Accordingly, SSA would have stopped benefits and limited the amount of the overpayment. Also, when Help Group returned the \$18,093 overpayment, which caused a \$9,699 negative ledger balance, it should have investigated the negative balance. Had it done so, it would have determined that its ledger showed a balance of \$3,395 remained for this beneficiary. If Help Group's ledger was correct, it should have remitted the funds to SSA or the beneficiary's estate. However, because we questioned the reliability of Help Group's ledger balances, we did not recommend a specific corrective action for this beneficiary's account.

### **SSI Recipients Exceeded Allowable Resource Limits**

Help Group allowed SSI recipients' ledger balances to exceed the \$2,000 maximum allowed.<sup>8</sup> Specifically, three SSI recipients had balances over the \$2,000 resource limit. SSA recommends that beneficiary accounts be monitored so that, when balances approach the allowable resource limit, the representative payee can assess the

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<sup>6</sup> The beneficiary's conserved funds exceeded the \$2,000 SSI resource limit. Therefore, this beneficiary is also included in the following section of this report.

<sup>7</sup> Because Help Group's beneficiary ledgers and bank statements were not reconciled and the balance of these records significantly differs, we question the overall accuracy of the representative payee's financial records. Accordingly, we did not report specific overpayment balances to be recovered by SSA.

<sup>8</sup> 20 C.F.R § 416.1205.

beneficiary's personal needs, such as clothing, educational, or entertainment.<sup>9</sup> Assessing and meeting personal needs helps the representative payee maintain resources below the \$2,000 limit and could improve the beneficiary's quality of life.<sup>10</sup> As a representative payee, Help Group is responsible for using the benefits in the beneficiary's best interest and reporting when the beneficiary's resources exceed the \$2,000 limit. If Help Group does not closely monitor the ledger balances, beneficiaries could be overpaid and become ineligible for SSI payments.

Because beneficiary ledgers and bank statements were not reconciled and a significant variance (\$443,120) existed between the balances of these records, we question the overall accuracy of Help Group's financial records. As such, we did not report specific overpayment balances to be recovered by SSA. Before overpayments are recovered, SSA must ensure that Help Group's records are accurate.

### **SUPPORTING DOCUMENTATION FOR DISBURSEMENTS WAS LACKING**

Help Group did not always maintain documentation to support expenditures paid with Social Security funds. For our sampled beneficiaries, Help Group did not obtain documentation as to how any of the 1,070 personal allowance disbursements were spent. Also, 235 (54.3 percent) of the 433 rent payments and 120 (51.5 percent) of the 233 other payments were unsupported. In total, Help Group could not provide documentation supporting \$229,792 in disbursements made during our audit period on behalf of the 50 sampled beneficiaries.

For 22 (44 percent) of the 50 sampled beneficiaries, Help Group made only 2 types of payments—rent and/or personal allowances. A personal allowance is a payment made directly to the beneficiary for food and personal items. Help Group made payments for expenses such as clothing, transportation and utilities for other beneficiaries.

SSA requires that representative payees keep accurate and complete records to show the amount of Social Security benefits received and how the money was used.<sup>11</sup> Further, a representative payee's primary responsibility is to ensure funds are used to pay for the beneficiary's current and foreseeable needs, such as food, clothing, housing, medical care and personal comfort items.<sup>12</sup> Supporting documentation for beneficiary expenses was lacking primarily because Help Group did not require the collection or retention of receipts for personal allowances or other expenses. Receipt maintenance is a safeguard Help Group should have in place to verify that items purchased by beneficiaries were needed and appropriate for the beneficiary.

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<sup>9</sup> SSA, *Guide for Organizational Representative Payees – Best Practices*.

<sup>10</sup> *Id.*

<sup>11</sup> 20 C.F.R. §§ 404.2065 and 416.665.

<sup>12</sup> SSA, POMS, GN 00602.001 A.2.

### Personal Allowances

A personal allowance is money provided directly to the beneficiary for food and personal items. Help Group did not require that beneficiaries provide receipts to show how the personal allowance money was spent. Therefore, beneficiaries were able to use these funds at their own discretion. During our audit period, Help Group made 1,070 personal allowance disbursements, totaling \$123,694, to the 50 sampled beneficiaries. The allowances accounted for about 41 percent of the total payments made to these beneficiaries. Also, almost one-third (16 of 50) of our sampled beneficiaries received 50 percent or more of their benefits in the form of personal allowances (Table 2). Further, 3 of the 16 received over 75 percent of their benefits in the form of personal allowances (Table 2).

**Table 2: Benefits Disbursed as Personal Allowances**

Number of Beneficiaries	Percent of Benefits Disbursed as Personal Allowances	Amount of Personal Allowances Disbursed
23	Less than 30	\$18,234
7	30 to 40	\$19,765
4	40 to 50	\$15,413
13	50 to 75	\$61,310
3	More than 75	\$8,972
<b>50</b>	<b>Total</b>	<b>\$123,694</b>

The fact that beneficiaries require a representative payee indicates that SSA deemed the beneficiaries incapable of managing or directing the management of their Social Security benefits. However, Help Group released a significant portion of benefits to some beneficiaries without requiring documentation of how the money was to be spent. Without evidence to show how funds are used, Help Group cannot be assured it is complying with one of its primary responsibilities of ensuring beneficiaries' needs are met and benefits are used in the beneficiaries' best interest.

### Rent

For our 50 sampled beneficiaries, Help Group made 433 rent payments totaling \$142,801. However, 235 (54.3 percent) of the 433 payments did not have an invoice or lease agreement to support the rent expenditure. The unsupported rent payments totaled \$94,310.

Help Group explained that it did not always obtain documentation to support a beneficiary's rent expense. Rather, Help Group either called the landlord to obtain the rent amount or contacted the beneficiary to determine their monthly rent. Help Group

was aware it did not always obtain documentation to support rent payments and is in the process of implementing a procedure that requires landlords to provide a lease agreement or invoice to document the rent charged to the beneficiary.

### **Other Expenses**

Help Group did not maintain documentation for 120 (51.5 percent) of the 233 disbursements made for beneficiaries' other expenses. Of the \$20,492 that Help Group disbursed for the 50 sampled beneficiaries' other expenses, it could not provide documentation supporting \$11,788. Help Group acknowledged that other expenses were not always supported with proper documentation but explained that it had recently become more diligent in obtaining receipts for other expenses.

Help Group only paid other expenses for about half (26 of 50) of the beneficiaries we tested. According to a Help Group official, not all beneficiaries had other expenses because their rent included utilities, and some beneficiaries preferred to have the balance of their monthly benefits (after rent) disbursed as a personal allowance.

### **SEPARATION OF DUTIES WAS INADEQUATE**

Help Group did not have adequate separation of duties for the disbursement of Social Security benefits. Specifically, two Help Group employees had sole responsibility for writing and signing checks, recording transactions, and maintaining custody of blank checks.

Separation of employee duties improves controls and helps deter misuse of funds. When establishing or re-evaluating internal procedures, representative payee organizations should consider the best way to separate employee duties. Ideally, a different person should be assigned to perform the following basic duties:

- logging paper checks into ledgers as soon as received;
- depositing paper checks into bank accounts promptly;
- maintaining ledgers and bank records;
- holding blank check stock;
- writing checks for approved disbursements;
- signing checks for approved disbursements; and
- reconciling ledgers and bank accounts.<sup>13</sup>

Help Group only had two full-time employees and two part-time employees. Given the limited staff, we understand it is difficult to have the optimum separation of duties. While Help Group may not be able to establish the best possible internal control system, compensating controls can be put in place to reduce the risk of misuse of

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<sup>13</sup> SSA, *Best Practices for Maintaining an Effective Representative Payee Accounting System - Separation of Employee Duties*.

beneficiaries' funds. Additionally, such controls will help prevent and/or detect errors in the recordation of beneficiary receipts and expenditures.

## **CONCLUSION AND RECOMMENDATIONS**

Help Group needs to improve its safeguards over the receipt and disbursement of Social Security benefits. Specifically, we found that Help Group did not reconcile bank statements, maintained improper beneficiary account balances, lacked sufficient documentation for expenditures paid with Social Security funds, and had inadequate separation of duties for its employees. Taken as a whole, the problems we identified cause us to be concerned as to whether the financial records are accurate, benefits were properly managed and beneficiaries' needs were being met. Because Help Group is managing benefits for some of SSA's most vulnerable beneficiaries, it is critical that Help Group complies with all requirements of being a representative payee.

We recommend SSA:

1. Refrain from placing additional beneficiaries with Help Group until the representative payee's financial records are deemed reliable and controls are in place to ensure that Social Security benefits are properly accounted for. If these corrective actions cannot be implemented within 6 months, consider placing Help Group's beneficiaries with a new representative payee.
2. Work with Help Group to reconcile the bank statement balances to the beneficiaries' ledger balances and resolve any resulting differences.
3. Ensure Help Group performs monthly reconciliations to determine beneficiary funds are properly accounted for.
4. Investigate improper beneficiary ledger balances and make certain Help Group takes the appropriate actions to ensure the balances comply with SSA policies.
5. Instruct Help Group to maintain sufficient documentation to support that disbursements for personal allowances and other expenses are in the best interest of the beneficiaries.
6. Work with Help Group to improve separation of duties for the receipt and disbursement of beneficiary funds so that no one individual has sole responsibility for writing and signing checks, recording transactions and maintaining custody of blank checks.

## **AGENCY AND REPRESENTATIVE PAYEE COMMENTS**

SSA and Help Group agreed with our recommendations. See Appendix D for the full text of SSA's comments and Appendix E for the full text of Help Group's comments.

## OTHER MATTERS

At the time of our audit, Help Group employed 2 full-time and 2 part-time employees to represent more than 500 beneficiaries. We are concerned that Help Group does not have sufficient staff to properly manage benefits and to ensure beneficiaries' needs are being met. SSA policies or guidelines do not provide a recommended staff-to-beneficiary ratio for representative payees.

At its current staffing level, we are concerned that Help Group cannot ensure beneficiaries' living arrangements are adequate and their needs are being met. We understand that some of Help Group's beneficiaries live in group homes and for these beneficiaries, Help Group can determine whether their needs are being met. However, assuming it takes, on average, about 30 minutes to contact or visit a beneficiary, in a normal work week, 1 Help Group employee would be able to see or speak with only 80 beneficiaries—or 320 a month. At the time of our audit, Help Group represented more than 500 active beneficiaries, and none of its staff was fully dedicated to visiting or contacting beneficiaries.

We believe SSA should consider developing policy that establishes a method for determining the number of beneficiaries that can be assigned to a fee-for-service representative payee. For example, SSA could develop guidelines that establish a representative payee staff-to-beneficiary ratio. Such a ratio would help ensure that a representative payee has adequate staff to regularly visit beneficiaries and determine whether their basic living needs are being met.



Patrick P. O'Carroll, Jr.

# **Appendices**

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[\*\*APPENDIX A\*\*](#) – Acronyms

[\*\*APPENDIX B\*\*](#) – Representative Payee Responsibilities

[\*\*APPENDIX C\*\*](#) – Scope and Methodology

[\*\*APPENDIX D\*\*](#) – Agency Comments

[\*\*APPENDIX E\*\*](#) – Representative Payee Comments

[\*\*APPENDIX F\*\*](#) – OIG Contacts and Staff Acknowledgments

## ***Appendix A***

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### **Acronyms**

C.F.R.	Code of Federal Regulations
Help Group	Help Group Services, Inc.
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
RPS	Representative Payee System
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:<sup>1</sup>

- 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 for which the beneficiary is not entitled.
- Return conserved funds to SSA when no longer the representative payee for the beneficiary.
- Ensure Supplemental Security Income recipients do not exceed their resource limits, be aware of any other income they may have and monitor their conserved funds.

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<sup>1</sup> 20 C.F.R. § 404, subpart U, and § 416, subpart F.

### **Scope and Methodology**

Our audit covered the period August 1, 2006 through July 31, 2007. To accomplish our objectives, we:

- Reviewed applicable Federal laws and regulations and Social Security Administration (SSA) policies and procedures pertaining to representative payees.
- Queried SSA's Representative Payee System (RPS) for a list of individuals who were in the care of Help Group Services, Inc. (Help Group), as of July 31, 2007 or who left Help Group's care before August 1, 2007.
- Obtained from Help Group a list of individuals who were in its care and had received Social Security funds as of July 31, 2007 or who left its care during the period August 1, 2006 through July 31, 2007.
- Compared and reconciled the RPS list to Help Group's list to identify the population of SSA beneficiaries who were in Help Group's care from August 1, 2006 through July 31, 2007.
- Reviewed Help Group's internal controls over the receipt and disbursement of Social Security benefits.
- Randomly sampled 50 beneficiaries from a population of 650 beneficiaries who were in Help Group's care at some time during the period August 1, 2006 through July 31, 2007.
- Performed the following tests for the 50 randomly selected beneficiaries:
  - Compared and reconciled benefit amounts received according to Help Group's records to benefit amounts paid according to SSA's records.
  - Reviewed Help Group'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 eight beneficiaries to determine whether their basic needs were being met.

We determined the data we obtained and analyzed from SSA were sufficiently reliable to meet the objectives of our review. However, the lack of bank statement reconciliations and the significant variance between the ledgers and bank statements

caused us to question the reliability of Help Group's financial records. Therefore, for our audit period, we determined we could not rely on the beginning or ending balances in the individual beneficiary ledger accounts.

We performed our fieldwork in East Point and Atlanta, Georgia, between July 2007 and May 2008. 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.

## **Appendix D**

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### **Agency Comments**

**Sent:** Thursday, August 14, 2008 11:50 AM

**Subject:** REPLY (Atlanta)- Signed Draft Report (A-04-08-28040) Help Group Services, Inc

To: Inspector General

From: Regional Commissioner, Atlanta

Subject: Help Group Services, Inc.--A Fee for Service Representative Payee for the Social Security Administration--REPLY

Thank you for the opportunity to review Audit Report (A-04-08-28040), "Help Group Services, Inc., A Fee- For Service Representative Payee." We agree with all the recommendations as stated on the report. We will work with Help Group Services to ensure all recommendations are implemented and that appropriate representative payee practices are followed. Additionally, in order to properly monitor Help Group Services, Inc., Social Security is in the process of scheduling an audit of this representative payee's financial records with a Certified Public Account.

If you have any questions, please contact Tiffany Schaefer with the RSI Programs Team at (404) 562-1322.

Paul D. Barnes

## **Appendix E**

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### **Representative Payee Comments**

# **Help Group Services**

P O Box 90668  
Atlanta, GA 30364  
404-766-3628 or FAX 404-766-4329

**August 29, 2008**

**To:** Kimberly A. Byrd  
Audit Director

**From:** Betty Huffman  
Director

**Regarding: Draft Audit Report**

**To address the issues found from our 2008 Audit, we have implemented the following policies and procedures to correct our problem.**

We have engaged the services of DAS Consulting, a Georgia based Accounting Firm to help reconcile the client accounts, handle our monthly bank reconciliation and provide a detail report of any variance that does not comply with SSA standards going forward. With the initial review by the accounting firm hired, it was determined that more time will be needed to provide a complete and accurate reconciliation of each clients account.

As stated in the audit report in July of 2005, HGS purchased a Representative Payee Management System (RPM), to help ensure proper managing of receipts and disbursements for each beneficiary. The initial conversion to the new system was not handled correctly causing a majority of the problems discovered during the audit. The lack of bank reconciliation was an additional problem. Both items will be corrected with the help of the new accounting firm that has been hired.

The firm estimates the projected time line to correct the inaccurate balances will take approximately 5 months based on the volume of transaction in the system.

Based on the SSA guidelines for collecting a service fee, I am unable to employ additional staffing to fully comply with what was recommended by the auditors. At the current moment I personally devote approximately 80+ hours a week to compensate from the lack of staffing.

In addition, I take extra precaution to ensure that all my client's bills are paid timely and allowances are properly allocated to each one. To help monitor my clients, I work very closely with their social workers and case managers who oversee all aspects of their lives.

**I have gone over and above to meet the needs of my clients and for the most part they are satisfied with our services**

**I thank you for your cooperation in getting this matter resolved and can ensure you that great steps are in place to correct the problems.**

**If you have any further questions, please call me at the above number.**

**Thank you.**

## ***Appendix F***

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# **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

Kimberly Byrd, Director, Southern Audit Division, (205) 801-1650

Frank Nagy, Audit Manager, Atlanta Office of Audit, (404) 562-5552

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## **DISTRIBUTION SCHEDULE**

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Chairman and Ranking Minority Member, Subcommittee on Social Security Pensions and Family Policy  
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Social Security Advisory Board  
Help Group Services, Inc.

## **Overview of the Office of the Inspector General**

The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

### **Office of Audit**

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.

### **Office of Investigations**

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.

### **Office of the Counsel to the Inspector General**

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.