

# Integrated Life Choices, an Organizational Representative Payee for the Social Security Administration

## A-07-14-24001



April 2014

Office of Audit Report Summary

### Objective

To determine whether Integrated Life Choices (ILC) (1) had effective safeguards over the receipt and disbursement of Social Security benefits, (2) used and accounted for Social Security benefits in accordance with Social Security Administration (SSA) policies and procedures, and (3) adequately protected personally identifiable information.

### 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 beneficiaries' best interest.

### Our Findings

ILC adequately protected beneficiaries' personally identifiable information. However, ILC did not:

- Have effective safeguards over the receipt and disbursement of Social Security benefits. Specifically, ILC did not have an adequate segregation of duties in its accounting process, maintain complete and accurate ledgers, or maintain receipts supporting all expenditures.
- Use and account for Social Security benefits in accordance with SSA's policies and procedures. Specifically, ILC had inadequate internal controls related to conserved funds and did not obtain SSA's approval regarding trusts held by a nonprofit organization on behalf of several of ILC's beneficiaries.

In addition, ILC did not report to SSA incidents involving the misuse of beneficiaries' funds.

### Our Recommendations

We recommend SSA:

1. Ensure ILC establishes effective safeguards over the accounting process including a proper segregation of duties, complete and accurate ledgers, and adequate documentation to support the use of Social Security benefits in the beneficiaries' best interest.
2. Remind ILC to inform SSA when a beneficiary leaves its care, request SSA to stop sending benefits, and return all conserved funds to SSA.
3. Instruct ILC to request SSA's approval for trust accounts established on behalf of SSA beneficiaries and determine whether existing trust accounts comply with SSA policy.
4. Remind ILC to report incidents of possible benefit misuse to SSA immediately upon discovery.

SSA agreed with our recommendations.