

# Erosun, Incorporated, a Representative Payee for the Social Security Administration

## A-13-16-50146



September 2017

Office of Audit Report Summary

### Objective

To determine whether Erosun, Incorporated (Erosun), 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's policies and procedures, and (3) adequately protected beneficiaries' personally identifiable information.

### Background

Some individuals cannot manage or direct the management of their finances because of their youth and/or mental and/or physical condition. Congress granted SSA the authority to appoint a representative payee to receive and manage these beneficiaries' payments. Representative payees are responsible for managing benefits in the beneficiary's best interests.

Erosun is an organizational representative payee in Baltimore, Maryland, that provides residential and daily professional care to adults who have such developmental disabilities as autism, behavioral problems, and cerebral palsy.

### Findings

Erosun adequately protected beneficiaries' personally identifiable information. However, Erosun did not always have effective safeguards over the receipt and disbursement of Social Security benefits or use and account for Social Security benefits in accordance with SSA policies and procedures. Specifically, Erosun (1) commingled beneficiary funds with its operating funds; (2) used a collective bank account without SSA's approval; (3) inadequately maintained accounting records over the receipt and disbursement of beneficiary funds; and (4) did not always use funds for the beneficiaries' best interests. In addition, Erosun did not notify SSA when beneficiaries' resources exceeded the allowable limit.

### Recommendations

We made eight recommendations to SSA, including ensuring Erosun staff establishes and maintains procedures and guidelines that manage and record beneficiaries' funds in compliance with SSA's policies.

The Agency agreed with the recommendations. Erosun generally agreed with the recommendations.