
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**SINGLE AUDIT OF THE
GOVERNMENT OF THE
DISTRICT OF COLUMBIA
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2009**

November 2010 A-77-11-00003

**MANAGEMENT
ADVISORY REPORT**



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: November 24, 2010

Refer To:

To: Rebecca Tothero
Acting Director
Audit Management and Liaison Staff

From: Inspector General

Subject: Management Advisory Report: Single Audit of the Government of the District of Columbia for the Fiscal Year Ended September 30, 2009 (A-77-11-00003)

This report presents the Social Security Administration's (SSA) portion of the single audit of the Government of the District of Columbia for the Fiscal Year ended September 30, 2009. Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

BDO Seidman, LLP performed the audit. The desk review conducted by the Department of Health and Human Services (HHS) concluded that the audit met Federal requirements. In reporting the results of the single audit, we relied entirely on the internal control and compliance work performed by BDO Seidmen, LLP and the reviews performed by HHS. We conducted our review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspections*.

For single audit purposes, the Office of Management and Budget assigns Federal programs a Catalog of Federal Domestic Assistance (CFDA) number. SSA's Disability Insurance (DI) and Supplemental Security Income (SSI) programs are identified by CFDA number 96. SSA is responsible for resolving single audit findings reported under this CFDA number.

The District of Columbia's Disability Determination Services (DDS) performs disability determinations under SSA's DI and SSI programs in accordance with Federal regulations. The DDS is reimbursed for 100 percent of allowable costs. The Department of Disability Services (Department) is the DDS' parent agency.

The single audit reported that the Department:

- Did not maintain documentation that vendors were verified through the Excluded Parties List System (EPLS) for possible debarment or suspension. The corrective action plan indicates the Department will maintain documentation of the EPLS verifications (Attachment A, Page 1).
- Understated overtime hours reported on the Time Report of Personnel Services (Form SSA-4514). The Department agreed with the finding, but did not specify planned corrective actions. (Attachment A, Page 2).

We recommend that SSA:

1. Ensure the Department maintains documentation supporting EPLS verifications.
2. Verify the Department establishes procedures to ensure the accuracy of the Form SSA-4514.

The single audit also disclosed that the District of Columbia failed to comply with the Quick Payment Act (Attachment B, Page 1). This finding may impact DDS operations, although it was not specifically identified to SSA. I am bringing this matter to your attention as it represents a potentially serious service delivery and financial control problem for the Agency.

Please send copies of the final Audit Clearance Document to Shannon Agee. If you have questions, contact Shannon Agee at (816) 221-0315, extension 1537.



Patrick P. O'Carroll, Jr.

Attachments

District Agency – Department of Disability Services (DDS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-26	Social Security Administration Social Security - Disability Insurance CFDA Number: 96.001 Grant Award Number: 1-536001131-A4 Grant Award Period: 10/1/08-9/30/09	Procurement, Suspension, and Debarment	Not Determinable

Criteria or Specific Requirement – OMB Circulars A-133 and A-102 require that recipients of federal awards have adequate procedures and controls in place to ensure that the procurement transactions are properly documented in the entity's files, provide full and open competition supported by a cost or price analysis, provide a vendor debarment or suspension certification, provide for retention of files, and that supporting documentation collaborate compliance with these requirements.

Condition – We noted that there was no evidence of DDS verifying whether the 16 vendors sampled had been debarred or suspended from providing services where federal funds were utilized.

Context – This is a condition identified per review of DDS' compliance with specified requirements. We reviewed 22 procurement files totaling \$964,882.

Effect – Inefficient control systems related to procurement files can lead to noncompliance with laws and regulations. DDS could have inadvertently contracted with a vendor that is suspended or debarred from doing business with the Federal government.

Cause – DDS does not have adequate procurement processes and controls in place to ensure compliance with the federal procurement regulations.

Recommendation – We recommend that DDS improve internal controls to ensure adherence to federal regulations related to procurement of goods and services. In addition, we recommend that DDS review its current records retention policy to ensure that complete documentation is maintained for all procurement transactions.

Views of Responsible Officials and Planned Corrective Actions – DDS confirmed that none of the sources awarded with contracts or purchase orders were debarred, suspended, or ineligible. Although the on-line file did not include physical evidence that the excluded parties list at <https://www.epls.gov/eplss/search> was checked for the small purchases (less than \$100,000), EPLS verification was actually conducted at the time of the award on a majority of the procurements. DDS, on advisement from the reviewers, has agreed that documentation to the file will include a "print screen" pasted to a word document of the actual EPLS findings, even for simplified acquisitions (small purchases), which require minimum documentation, consistent with regulatory guidance at Federal Acquisition Regulation (FAR) Part 13, section 13.106-3 and FAR 9.105-2(a).

District Agency – Department of Disability Services (DDS)

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2009-27	Social Security Administration	Reporting	Not Determinable

Social Security - Disability Insurance
CFDA Number: 96.001
Grant Award Number: 1-536001131-A4
Grant Award Period: 10/1/08-9/30/09

Criteria or Specific Requirement – The form SSA-4514, Time Report of Personnel Services (OMB No. 0960-0421), is a quarterly report used to identify the number of hours worked by staffing category and employment status (i.e., full-time, part-time, temporary). This report should reflect all hours worked by personnel engaged in the program during the reporting period.

Condition – We reviewed form SSA-4514 for the quarter ended March 31, 2009 and noted that total employee overtime hours reported were 17 hours lower than the supporting documentation.

Context – This is a condition identified per review of DDS' compliance with specified requirements.

Effect – DDS was not in compliance with the reporting requirements of the grant program.

Cause – It appears that accounting and review procedures over information recording were not functioning as intended.

Recommendation – We recommend that DDS enhance the review and approval process to ensure that the reports submitted to the Federal agency reflect accurate information.

Views of Responsible Officials and Planned Corrective Actions – DDS concurs with the finding that the overtime hours included on SSA-4514 report were understated by 17 hours.

The form SSA-4514 is a quarterly programmatic report submitted to the Social Security Administration and is used to determine the number of FTE(s) based on the number of the regular and overtime hours worked for that quarter. This report does not impact the expenditures reported to Social Security Administration for the Disability Insurance Grant. The form SSA-4513 quarterly financial status report which reports the expenditures reflected the correct amount of overtime hours and the related expenditures. If the 17 hours were included in the SSA-4514 report, the FTE(s) would have been 33.79 as opposed to 33.82.

2009-05 Quick Payment Act

The Quick Payment Act of 1984 states, in part, the following:

In accordance with rules and regulations issued by the Mayor of the District of Columbia ("Mayor"), each agency of the District of Columbia government ("District"), under the direct control of the Mayor, which acquires property or services from a business concern but which does not make payment for each complete delivered item of property or service by the required payment date shall pay an interest penalty to the business concern in accordance with this section on the amount of the payment which is due.

Specifically, the due dates required are as follows:

- 1) The date on which payment is due under the terms of the contract for the provision of the property or service;
- 2) 30 calendar days after receipt of a proper invoice for the amount of payment due;
- 3) In the case of meat or a meat food product, a date not exceeding seven calendar days after the date of delivery of the meat or meat food product; and
- 4) In the case of agricultural commodities, a date not exceeding seven calendar days after the date of delivery of the commodities.

Furthermore, the act addresses various requirements for payment of interest penalties and includes provisions regarding required reports as follows:

- 1) Each District agency shall file with the Mayor a detailed report on any interest penalty payments made.
- 2) The report shall include the numbers, amounts, and frequency of interest penalty payments, and the reasons the payments were not avoided by prompt payment, and shall be delivered to the Mayor within 60 days after the conclusion of each fiscal year.
- 3) The Mayor shall submit to the Council within 120 days after the conclusion of each fiscal year a report on District agency compliance with the requirements.

For the year ended September 30, 2009, we noted 248 instances where the District failed to comply with the Quick Payment Act.

Management's Response:

Prompt payment is dependent upon quick approval of valid vendors' invoices by an agency's program office. Certification of delivery of services or goods must be communicated to the agency's finance division before vendor payments can be made. Management will increase efforts to assure compliance with the Quick Payment Act.

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.