
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**SINGLE AUDIT OF THE
STATE OF ILLINOIS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2000**

APRIL 2002

A-77-02-00012

AUDIT REPORT



Mission

We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the 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

By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.



SOCIAL SECURITY

MEMORANDUM

Date: April 30, 2002

Refer To:

To: Ellen Baese
Director
Management Analysis and Audit Program Support Staff

From: Assistant Inspector General
for Audit

Subject: Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2000
(A-77-02-00012)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Illinois for the Fiscal Year ended. KPMG LLP, Certified Public Accountants, performed the audit. The Department of Health and Human Services' desk review concluded that the audit met Federal requirements.

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

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

The single audit reported that DHS did not have a certification process in place to verify that DDS employees worked solely on SSA's disability programs, as required by OMB Circular A-87. The corrective action plan indicated that DHS has expanded its certification process to include DDS employees (Appendix A).

We recommend that SSA ensure that a certification process is implemented for DDS employees who work solely on SSA's disability programs.

Please send copies of the final Audit Clearance Document to Mark Bailey in Kansas City, Missouri, and Paul Wood in Baltimore, Maryland. If you have questions, contact Mark Bailey at (816) 936-5591.



A handwritten signature in black ink, appearing to read "Paul D. Wood for".

Steven L. Schaeffer

Attachments

STATE OF ILLINOIS

Schedule of Findings and Questioned Costs

Current Findings

For the Year Ended June 30, 2000

State Agency: Illinois Department Human Services (IDHS)
Federal Agency: US Department of Health and Human Services
Program Name: Social Security Disability Insurance

CFDA No. and Program Expenditures: #96.001 (\$57,517,000)

Questioned Costs: Can not be determined

Finding 00-11 Inadequate Supporting Documentation for Payroll Costs

Adequate supporting documentation does not exist to substantiate payroll costs claimed for federal reimbursement under the Social Security Disability Insurance (SSDI) program.

IDHS does not have an established process to obtain certifications from employees who work solely on the SSDI program in order to verify that they spent 100% of their time on this federal program. We reviewed a sample of 25 employee payroll expenditures totaling \$19,236 noting that no certifications were made. Furthermore, our discussions with IDHS management indicate that no certifications were obtained for any employees throughout the fiscal year. For each of these payroll expenditures, we reviewed the payroll records and contacted the employee and inquired whether they worked solely on the SSDI program. Total payroll costs charged to the SSDI program for the fiscal year ended June 30, 2000 was \$18,856,858.

OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with state and local governments. To be allowable under federal awards, costs must meet certain general criteria. Those criteria require, among other things, that the expenditure be adequately documented. If an employee works solely on one federal program and 100% of their salary or wages are charged to the program, IDHS must obtain a certification from the employee or their direct supervisor that 100% of their time is spent on the single federal program. This certification must be kept on file and is required to be obtained at least every six months.

In discussing these conditions with IDHS officials, they state the Agency had a certification process in place and was in the process of finalizing the procedures for the SSDI program.

Inadequate documentation and lack of required semiannual certifications may result in the federal funds being expended for unallowable purposes. (Finding Code 00-11)

(Continued)

STATE OF ILLINOIS
Schedule of Findings and Questioned Costs
Current Findings
For the Year Ended June 30, 2000

Recommendation:

We recommend 1DHS implement a certification process for employees that work solely on a single federal award or cost objective which requires each employee to certify, no less than semi-annually, that they worked solely on the applicable federal program for the period covered.

IDHS Response:

We agree with the recommendation. We implemented expanded procedures to certify SSDI employees work solely on the federal program on January 12, 2001.

Overview of the Office of the Inspector General

Office of Audit

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency.

Office of Executive Operations

The Office of Executive Operations (OEO) provides four functions for the Office of the Inspector General (OIG) – administrative support, strategic planning, quality assurance, and public affairs. OEO supports the OIG components by providing information resources management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this Office coordinates and is responsible for the OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act. The quality assurance division performs internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from the Agency. This division also conducts employee investigations within OIG. The public affairs team communicates OIG's planned and current activities and the results to the Commissioner and Congress, as well as other entities.

Office of Investigations

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Counsel to the Inspector General

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.