
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**SINGLE AUDIT OF THE
STATE OF INDIANA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2004**

December 2005 A-77-06-00001

**MANAGEMENT
ADVISORY 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: December 6, 2005

Refer To:

To: Candace Skurnik
Director
Audit Management and Liaison Staff

From: Inspector General

Subject: Management Advisory Report: Single Audit of the State of Indiana for the Fiscal Year Ended June 30, 2004 (A-77-06-00001)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Indiana for the Fiscal Year ended June 30, 2004. Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

The Indiana State Board of Accounts performed the audit. The Department of Health and Human Services (HHS) desk review 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 the Indiana State Board of Accounts and the reviews performed by HHS. We conducted our review in accordance with the Quality Standards for Inspections issued by the President's Council on Integrity and Efficiency.

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 Indiana 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 Family and Social Services Administration (FSSA), Division of Disability, Aging and Rehabilitation is the Indiana DDS' parent agency.

The single audit reported that errors in the computer program used to prepare the SSA-4514 (Time Report of Personnel Services) resulted in an under reporting of hours for Indiana DDS employees. The corrective action plan indicated that FSSA implemented procedures to verify that amounts reported on Form SSA-4514 properly reconciled to source records and revised SSA-4514 reports were submitted to SSA (Attachment A, pages 1, 2, and 3).

We recommend SSA verify that FSSA implemented appropriate procedures to ensure that the amounts reported on the SSA-4514 are accurate.

Please send copies of the final Audit Clearance Document to Shannon Agee and Rona Lawson. If you have questions, contact Shannon Agee at (816) 936-5590.



Patrick P. O'Carroll, Jr.

Attachment

STATE OF INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

The findings are numbered with the state year, then the initials of the state agency responsible (the initials are defined in Note 4 of the Notes to the Schedule of Expenditures of Federal Awards) and then a sequential number. Unless otherwise noted, prior report references are to the State of Indiana Single Audit Report for the period of July 1, 2002, to June 30, 2003, Report Number B22813.

PRIOR FINDINGS

Prior audit findings regarding procedures, compliance, or internal controls that continued to be findings per the criteria of OMB Circular A-133 during this audit period are not repeated in this Schedule of Findings and Questioned Costs. They are disclosed in the Summary Schedule of Prior Audit Findings. These findings include:

- 96-FSSA-33 Fund Balances - Child Support Enforcement Fund Centers
- 99-FSSA-7 ISETS Information Technology (IT) Controls
- 2000-FSSA-1 Lack of and Improper Supporting Documentation
- 2000-FSSA-2 Overpayment of Adoption Assistance Subsidies
- 2000-FSSA-3 Foster Care Provider Licensure
- 2000-FSSA-5 Child Support Enforcement Program Federal Reporting
- 2001-FSSA-3 Pass-Through Entity Responsibilities, Division of Mental Health
- 2002-FSSA-3 Title XX and Validation of Day Services Claims
- 2002-FSSA-4 Pass-Through Entity Responsibilities at Division of Mental Health for Title XX
- 2003-FSSA-1 Foster Care Payments
- 2003-FSSA-3 Allowable Costs/Cost Principles
- 2003-FSSA-6 Child Care and Development Fund (CCDF) - Monitoring of Registered Ministries
- 2003-FSSA-8 Child Care Development Fund (CCDF) - Fire Marshall
- 2003-FSSA-9 Child Care and Development Fund (CCDF) Local Offices of Family and Children
- 2003-FSSA-11 Child Care and Development Fund (CCDF) - Office of General Counsel
- 2003-FSSA-16 Ongoing Verification of Provider Medical Licenses

Our test of the Summary Schedule of Prior Audit Findings found the schedule to be materially correct except as noted in the current findings.

Findings 2004-FSSA-1 through 2004-FSSA-8 relate to programs administered by the Indiana Family and Social Services Administration (FSSA). Their response to the findings starts on page 219.

FINDING 2004 - FSSA-1, SOCIAL SECURITY – DISABILITY INSURANCE

Federal Agency: Social Security Administration (SSA)
Federal Program: Social Security–Disability Insurance
CFDA Number: 96.001
Auditee Contact: Pat Carew-Ceesay
Title of Contact Person: Deputy Director, Disability Determination Bureau (DDB)
Phone Number: 317-396-2007
Compliance Requirement: Reporting
Internal Control: Reportable Condition

STATE OF INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The Time Report of Personnel Services for Disability Determination Services (Form SSA – 4514) is required to be filed quarterly by FSSA with SSA for the Social Security – Disability Insurance program. During our audit of this report, we found that the computer program utilized to compile the employee hours was not counting all the lines in the report. It was determined that if there were blanks in cells instead of zeros the program would omit the whole line for counting purposes. This has resulted in the under reporting of hours since 2003 when this computer program was first utilized. An analysis of the quarterly reports submitted during the audit period indicated the total employee hours and the Full Time Equivalent (FTE) employee calculation were three percent to seven percent less than the correct amounts. The Social Security Administration had communicated to the DDB that the hours reported appeared low. This report has no financial impact on this program; it is an analysis tool to determine the (FTE) employees working on the program during the quarter.

20 CFR 437.40 (a): "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program function or activity."

We recommended that FSSA implement procedures to verify that amounts reported on the Form SSA – 4514 properly reconcile to the source records.

FINDING 2004-FSSA-1 SOCIAL SECURITY--DISABILITY INSURANCE

Federal Agency: Social Security Administration (SSA)
Federal Program: Social Security--Disability Insurance
CFDA Number: 96.001
Auditee Contact: Patricia A. Carew-Ceesay
Title of Contact Person: Deputy Director, Disability Determination Bureau (DDB)
Phone Number: 317-396-2007
Compliance Requirement: Reporting

Audit Response:

FSSA Finance has implemented procedures to verify that amounts reported on form SSA-4514 properly reconcile to the source records. Finance will export the source records to a spreadsheet and create totals to verify the computer generated SSA-4514 report is correct.

FSSA Finance has revised all reports that were generated incorrectly and submitted them to the Disability Determination Bureau. Reports will also be submitted to SSA. This audit finding has been addressed and corrected.

Overview of the Office of the Inspector General

The Office of the Inspector General (OIG) is comprised of our Office of Investigations (OI), Office of Audit (OA), Office of the Chief Counsel to the Inspector General (OCCIG), and Office of Executive Operations (OEO). To ensure compliance with policies and procedures, internal controls, and professional standards, we also have a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts and/or supervises 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 and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

Office of Investigations

OI conducts and coordinates investigative activity 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 OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Chief Counsel to the Inspector General

OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG 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. Finally, OCCIG administers the Civil Monetary Penalty program.

Office of Executive Operations

OEO supports OIG by providing information resource management and systems security. OEO also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OEO is the focal point for OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act of 1993.