
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**ADMINISTRATIVE COSTS
CLAIMED BY THE
MASSACHUSETTS DISABILITY
DETERMINATION SERVICES**

July 2004 A-01-04-14032

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: July 13, 2004

Refer To:

To: Manuel J. Vaz
Regional Commissioner
Boston

From: Assistant Inspector General
for Audit

Subject: Administrative Costs Claimed by the Massachusetts Disability Determination Services
(A-01-04-14032)

The objectives of our audit of the Fiscal Years (FY) 2001 and 2002 administrative costs claimed by the Massachusetts Disability Determination Services (MA-DDS) were to:

- evaluate the MA-DDS' internal controls over the accounting and reporting of administrative costs,
- determine whether costs claimed by the MA-DDS were allowable and funds were properly drawn, and
- assess limited areas of the general security controls environment.

BACKGROUND

Disability determinations under the Social Security Administration's (SSA) Disability Insurance and Supplemental Security Income programs are performed by disability determination services (DDS) in each State or other responsible jurisdiction, according to Federal regulations.¹ Each DDS is responsible for determining claimants' disabilities and assuring that adequate evidence is available to support its determinations. To make proper disability determinations, each State agency is authorized to purchase consultative medical examinations and medical evidence of record from the claimants' physicians or other treating sources. SSA pays the State agency for 100 percent of allowable expenditures using Forms SSA-4513. (For additional background information, see Appendix B of this report.)

¹ 20 C.F.R. §§ 404.1601 et. seq. (2004) and 404.1001 et. seq. (2004).

RESULTS OF REVIEW

The MA-DDS had adequate internal controls over accounting and reporting of administrative costs and draw downs. Our tests of the amounts MA-DDS reported on Forms SSA-4513 provided reasonable assurance the DDS had accurately reported the administrative costs—totaling \$61,984,550—it incurred for disability determination activities during our audit period (see Table 1 below). Our tests of MA-DDS' claimed costs showed the sampled expenditures were allowable and allocable and Federal funds were properly drawn. However, we found that the MA-DDS leased more office space than SSA's policy allowed in FYs 2001 and 2002—but both DDS and SSA staff informed us the policy was outdated and needed revisions. Finally, our limited review of the MA-DDS' security controls environment showed that controls were in place, and SSA and the DDS were taking steps to address outstanding security issues.

TABLE 1: FY 2001 AND 2002 ADMINISTRATIVE COSTS CLAIMED			
Cost Categories	Total Obligations	Total Disbursements	Unliquidated Obligations
Personnel	\$37,584,370	\$37,584,370	\$0
Medical	\$12,548,546	\$12,548,546	\$0
Indirect	\$851,061	\$851,061	\$0
All Other	\$11,000,573	\$10,922,173	\$78,400
Total	\$61,984,550	\$61,906,150	\$78,400

(For a more detailed analysis of the FY 2001 and 2002 administrative costs claimed, see Appendix C.)

DDS OFFICE SPACE

SSA's policy (effective August 1996) limits DDS offices to a "...maximum total allowable space... [of] 150 square feet..." per full time equivalent (FTE).² However, our review of the MA-DDS' lease documentation showed the DDS leased over 180 square feet of office space for 388 FTEs.³ Specifically, the MA-DDS leased more than 13,000 square

² SSA, Program Operations Manual System, DI 39527.050, *DDS Office Space Allocation Guide*. An FTE represents an employee working full time (or 2,080 hours a year).

³ Our analysis of the MA-DDS' payroll data for FY 2002 showed that throughout the year no less than 258 employees, and no more than 280 employees, drew a State salary. Our analysis of the MA-DDS' contracted FY 2002 Medical Consultant data showed that 74 consultants were reimbursed for their medical work no less than 3 times, and no more than 52 times, during the year. We did not determine the number of temporary (or clerical) staff which were used throughout FY 2002. However, with a total of 354 employees and consultants needing office space, we concluded leasing office space for 388 FTEs was reasonable.

feet in office space (at a combined cost of over \$500,000 for FYs 2001 and 2002) than was specified in SSA's policy manual.⁴

Boston and Worcester Offices

The MA-DDS commercially leased office space in the two most populated cities in the State of Massachusetts to perform its disability determination mission. The larger office was located in Boston and the smaller office was located in Worcester. According to its leases, the Boston office allocated 52,141 square feet to 281 FTEs, while the Worcester office allocated 19,375 square feet to 107 FTEs.⁵ On average, each FTE in the Boston office was allocated 186 square feet, and each FTE in the Worcester office was allocated 181 square feet of office space. Tables 2 and 3 below show the amount of office space leased (above the amount specified in SSA's policy manual) in FYs 2001 and 2002, respectively. (See Appendix D for the leases and the lease amendment.)

TABLE 2: FY 2001 EXCESS OFFICE SPACE ANALYSIS				
MA-DDS Facility	FTEs	Maximum Allowable Sq. Ft. for Office Space per SSA Policy Manual	Actual Amount of Leased Office Space	Square Footage Leased above SSA's Policy Manual Guidelines
Boston	281	42,150	52,141	9,991
Worcester (Oct. 2000–Feb. 14, 2001)	107	16,050	18,975	2,925
Worcester (Feb. 15, 2001–Sept. 2001)	107	16,050	19,375	3,325
Totals	388	58,200	71,516	13,166⁶

⁴ According to the lease agreements, the DDS paid \$23.75 per square foot in Boston and \$8.65 per square foot in Worcester. Over \$500,000 was charged to SSA for the space leased above the 150 square foot guidelines—calculated as follows: $[(\$23.75 * 9,991) + (\$8.65 * 3,325)] * 2 \text{ years}$. In our April 2004 report—*Administrative Costs Claimed by the Michigan Disability Determination Services* (A-05-03-13036)—we also determined that more than 150 square feet was leased per FTE.

⁵ Prior to February 15, 2001, the MA-DDS leased 18,975 square feet in Worcester for 107 FTEs (an average of 177 square feet per FTE).

⁶ The total was calculated as $9,991 + (2,925 \times 4.5 \text{ months}/12 \text{ months}) + (3,325 \times 7.5 \text{ months}/12 \text{ months})$.

TABLE 3: FY 2002 EXCESS OFFICE SPACE ANALYSIS

MA-DDS Facility	FTEs	Maximum Allowable Sq. Ft. for Office Space per SSA Policy Manual	Actual Amount of Leased Office Space	Square Footage Leased above SSA's Policy Manual Guidelines
Boston	281	42,150	52,141	9,991
Worcester	107	16,050	19,375	3,325
Totals	388	58,200	71,516	13,316

SSA Policy on Office Space

According to staff at the MA-DDS, SSA Regional Office (RO) in Boston, and SSA's Office of Disability Determinations in Baltimore, the current policy of 150 square feet per FTE is outdated and needs revisions.

- The MA-DDS staff believe the additional space is needed for equipment storage (e.g., computer systems), providing handicapped accessibility, and adequate training facilities.⁷
- SSA's RO staff indicated additional office space was needed for computer systems, as well as for training. Also, the RO staff did not believe the MA-DDS was leasing excess office space. Specifically, the FY 2002 Regional DDS Spending Plan showed that the MA-DDS requested, and the Region approved, funding for the leasing of 71,516 square feet of office space. Further, the Region believes the leasing rates for the two office locations were probably lower than what was typically charged for similar commercial office space. Finally, the RO mentioned the cost of moving DDS staff to smaller office space would be costly and would not allow for future expansion.
- SSA's Office of Disability Determinations—which has overall oversight over DDS operations—indicated that the space computation worksheet in SSA's policy manual was outdated and the DDSs are not held to its requirements. The Office of Disability Determinations staff was uncertain as to what is adequate DDS space and they are currently working on a space plan to be followed by DDSs in the future. However, this plan is in its initial stages.

⁷ In reference to its training facilities, MA-DDS staff informed us, "Some space might have been saved had the DDS offices [Boston and Worcester] elected to utilize one training facility in each site instead of the two facilities [computer based training and non-computer based training]." However, the staff also informed us that this approach would adversely impact the MA-DDS' ability to meet their training needs.

CONCLUSIONS AND RECOMMENDATION

MA-DDS generally complied with laws, regulations, policies and procedures governing expenditures and obligations incurred for SSA's disability program for FYs 2001 and 2002. Also, the DDS had internal controls and security controls in place. However, the MA-DDS leased more office space than SSA's policy allowed in FYs 2001 and 2002—but both DDS and SSA staff indicated the policy was outdated and needed revisions. Without a firm policy in place, the potential exists for DDSs to charge SSA for unreasonable office space costs. Therefore, we recommend that the RO work with the Office of Disability Determinations staff to ensure the DDS office space policy is updated timely.

AGENCY COMMENTS

The RO agreed that the MA-DDS leased more office space than SSA's policy allowed, but that the amount of space in use was not unreasonable or excessive. Further the RO acknowledged that the current policy guidelines (written in 1996) do not represent the spacing needs of today's DDS.

Additionally, the RO requested that we review the \$364,278 in funds allocated for the operation of the Cooperative Disability Investigations (CDI) unit in FY 2002—since these funds were not specifically addressed in our audit of the DDS' administrative costs. (See Appendix E for the RO's comments. MA-DDS did not provide comments to the report.)

OIG RESPONSE

Although our report did not specifically address the CDI unit, our review of the *State Agency Obligational Authorization For SSA Disability Programs* (Form SSA-872) showed that the DDS appropriately reported the \$364,278 in CDI costs separately for FY 2002. Additionally, our review of the DDS' FY 2002 costs included \$182,744 of the \$364,278 CDI unit costs. Specifically, our review included the costs for the DDS employees who worked in the CDI unit, as well as the indirect costs. Since our review found that the DDS had adequate controls over the accounting and reporting of administrative costs, we did not include the remaining \$181,534 in CDI costs—which represent less than 1 percent of the \$31 million in total DDS costs for FY 2002—in our review. The \$181,534 in costs that were not included in our review were for personnel costs associated with State Attorney General staff working in the CDI unit, as well as non-personnel costs, such as two car leases.

Kyle W. Stone for
Steven L. Schaeffer

Appendices

APPENDIX A – Acronyms

APPENDIX B – Background, Scope and Methodology

APPENDIX C – Schedule of Total Costs Reported on the Forms SSA-4513—State Agency Reports of Obligations for SSA Disability Programs

APPENDIX D – Massachusetts Disability Determination Services’ Leases for its Boston and Worcester Facilities

APPENDIX E – Agency Comments

APPENDIX F – OIG Contacts and Staff Acknowledgments

Acronyms

Act	Social Security Act
CDI	Cooperative Disability Investigations
C.F.R.	Code of Federal Regulations
DDS	Disability Determination Services
DI	Disability Insurance
FTE	Full-Time Equivalents
FY	Fiscal Year
MA-DDS	Massachusetts Disability Determination Services
RO	Regional Office
SSA	Social Security Administration
SSA-4513	State Agency Report of Obligations for SSA Disability Programs
SSI	Supplemental Security Income
Treasury	Department of Treasury

Background, Scope and Methodology

BACKGROUND

The Disability Insurance (DI) program was established in 1954 under Title II of the Social Security Act (Act). The DI program provides benefits to wage earners and their families in the event the wage earner becomes disabled. In 1972, Congress enacted the Supplemental Security Income (SSI) program under Title XVI of the Act. The SSI program provides benefits to financially needy individuals who are aged, blind, or disabled.

The Social Security Administration (SSA) is responsible for implementing policies for the development of disability claims under the DI and SSI programs. Disability determinations under both the DI and SSI programs are performed by disability determination services (DDS) in each State or other responsible jurisdiction, in accordance with Federal regulations.¹ In carrying out its obligation, each DDS is responsible for determining claimants' disabilities and ensuring that adequate evidence is available to support its determinations. To assist in making proper disability determinations, each DDS is authorized to purchase medical examinations, x-rays, and laboratory tests on a consultative basis to supplement evidence obtained from the claimants' physicians or other treating sources.

SSA reimburses the DDS for 100 percent of allowable expenditures up to its approved funding authorization. The DDS withdraws Federal funds through the Department of the Treasury's (Treasury) Automated Standard Application for Payments system to pay for program expenditures. Funds drawn down must comply with Federal regulations² and intergovernmental agreements entered into by Treasury and States under the Cash Management Improvement Act of 1990.³ An advance or reimbursement for costs under the program must comply with the Office of Management and Budget's Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*. At the end of each quarter of the Fiscal Year (FY), each DDS submits a *State Agency Report of Obligations for SSA Disability Programs* (Form SSA-4513) to account for program disbursements and unliquidated obligations.

¹ 20 C.F.R. §§ 404.1601 et. seq. and 404.1001 (2004).

² 31 C.F.R. § 205 (2004).

³ Public Law No. 101-453, 31 C.F.R. § 6501 (2004).

SCOPE

To accomplish our objectives, we reviewed the administrative costs Massachusetts Disability Determination Services (MA-DDS) reported on its Forms SSA-4513 for FYs 2001 and 2002. For the periods reviewed, we obtained evidence to evaluate recorded financial transactions and determine whether they were allowable under Circular A-87 and appropriate, as defined by SSA's Program Operations Manual System.

We also:

- Reviewed applicable Federal regulations and pertinent parts of Program Operations Manual System DI 39500, *DDS Fiscal and Administrative Management*, and other instructions pertaining to administrative costs incurred by MA-DDS and draw down of SSA funds covered by the Cash Management Improvement Act.
- Interviewed staff at MA-DDS and the SSA Regional Office.
- Reviewed State policies and procedures related to personnel, medical services, and all other non-personnel costs.
- Evaluated and tested internal controls regarding accounting and financial reporting and cash management activities.
- Verified the reconciliation of official State accounting records to the administrative costs reported by MA-DDS on Forms SSA-4513 for FYs 2001 and 2002.
- Examined the administrative expenditures (personnel, medical service, and all other non-personnel costs) incurred and claimed by MA-DDS for FYs 2001 and 2002 on Forms SSA-4513.
- Examined the indirect costs claimed by MA-DDS for FYs 2001 and 2002 and the corresponding Cost Allocation Plans.
- Compared the amount of SSA funds drawn to support program operations to the allowable expenditures reported on Forms SSA-4513.
- Reviewed the State of Massachusetts Single Audit reports issued in 2000 through 2002.
- Conducted limited general control testing—which encompassed reviewing the physical access security and security plan within the DDS. We also reviewed the (1) April 2003 DDS Self-Review (Security Review Checklist) - Boston and Worcester facilities, (2) SSA – Boston Region's 5-Year Security Review of the MA-DDS, and (3) "Disability Determination Services Security Document" (Administrators' Letter No. 644). We also toured each floor of the Boston facility to further measure the MA-DDS' security controls.

The electronic data used in our audit was sufficiently reliable to achieve our audit objectives. We assessed the reliability of the electronic data by reconciling it with the costs claimed on the Forms SSA-4513. We also conducted detailed audit testing on selected data elements in the electronic data files.

We performed our audit in Boston, Massachusetts at the Office of the Inspector General/Office of Audit and the MA-DDS between September 2003 and March 2004. We conducted our audit in accordance with generally accepted government auditing standards.

METHODOLOGY

Our sampling methodology encompassed the four general areas of costs as reported on Forms SSA-4513: (1) personnel, (2) medical, (3) indirect, and (4) all other non-personnel costs. We obtained computerized data from MA-DDS for FYs 2001 and 2002 for use in statistical sampling.

Personnel Costs

We sampled 50 employee salary items from one randomly selected pay period in FY 2002. We tested regular and overtime payroll and hours for each individual selected. We verified that approved time records were maintained and supported the hours worked. We tested payroll records to ensure the MA-DDS correctly paid employees and adequately documented these payments.

We also sampled 50 randomly selected medical consultant costs from FY 2002. We determined if sampled costs were reimbursed properly and ensured the selected medical consultants were licensed.

Medical Costs

We sampled a total of 100 medical evidence of records and consultative examination records (50 items from each FY) using a proportional random sample. We determined whether sampled costs were properly reimbursed.

Indirect Costs

We reviewed the indirect cost base and computations used to determine those costs for reimbursement purposes. Our objective was to ensure SSA reimbursed MA-DDS in compliance with the State Cost Allocation Plan. We analyzed the approved rate used for each quarter, ensuring the indirect cost rate changed when the Indirect Cost Rate Agreement was modified. We reviewed the documentation and traced the base amounts back to Forms SSA-4513 for the indirect cost computation components. We determined whether the approved rate utilized was a provisional, predetermined, or final rate.

All Other Non-Personnel Costs

We stratified all other non-personnel costs into ten categories: (1) Occupancy, (2) Contracted Costs, (3) EDP Maintenance, (4) New EDP Equipment/Upgrades, (5) Equipment Purchases and Rental, (6) Communications, (7) Applicant Travel, (8) DDS Travel, (9) Supplies, and (10) Miscellaneous. We selected a stratified random sample of 50 items from each FY based on the percentage of costs in each category (excluding Occupancy) to total costs. We also performed a 100 percent review of Occupancy expenditures.

Appendix C

Schedule of Total Costs Reported on Forms SSA-4513—State Agency Reports of Obligations For Social Security Administration Disability Programs

Massachusetts Disability Determination Services

FISCAL YEAR (FY) 2001 AND FY 2002 COMBINED

REPORTING ITEMS	DISBURSEMENTS	UNLIQUIDATED OBLIGATIONS	TOTAL OBLIGATIONS
Personnel	\$37,584,370	\$0	\$37,584,370
Medical	\$12,548,546	\$0	\$12,548,546
Indirect	\$851,061	\$0	\$851,061
All Other	\$10,922,173	\$78,400	\$11,000,573
TOTAL	\$61,906,150	\$78,400	\$61,984,550

FY 2002

REPORTING ITEMS	DISBURSEMENTS	UNLIQUIDATED OBLIGATIONS	TOTAL OBLIGATIONS
Personnel	\$19,630,811	\$0	\$19,630,811
Medical	\$6,233,405	\$0	\$6,233,405
Indirect	\$462,384	\$0	\$462,384
All Other	\$5,175,839	\$78,400	\$5,254,239
TOTAL	\$31,502,439	\$78,400	\$31,580,839

FY 2001

REPORTING ITEMS	DISBURSEMENTS	UNLIQUIDATED OBLIGATIONS	TOTAL OBLIGATIONS
Personnel	\$17,953,559	\$0	\$17,953,559
Medical	\$6,315,141	\$0	\$6,315,141
Indirect	\$388,677	\$0	\$388,677
All Other	\$5,746,334	\$0	\$5,746,334
TOTAL	\$30,403,711	\$0	\$30,403,711

Appendix D

Massachusetts Disability Determination Services' Leases for its Boston and Worcester Facilities

BOSTON, MASSACHUSETTS LEASE

DCPO PROCURED LEASE (DPL)

TRANSACTION APPROVAL

New Lease Lease Amendment
 Faxed and Sent Original Form 3 to Agency 5/16/97
 DCPO / Office of Leasing and State Office Planning (617) 427-8080 x200

DCPO Project No: 9CC910
 DCPO Old Project No: 8LC634
 Facility Code: BP
 DCPO Project Mgr: R. Thurston-Lighty

USER AGENCY NAME:	Mass. Rehabilitation Comm. - DDS	TOWN/CITY:	Boston
SQ FT:	52,141	STAFF (FTE):	281
ADDRESS:	110 Chauncy Street, Boston	RESERVED PARKING:	
ZIP:	02111		

1. SUMMARY OF AGREEMENT

TYPE OF AGREEMENT	Amendment # _____	PROJECTED TERM
<input checked="" type="checkbox"/> New Agreement	Excavation _____	Begin Date: 9/1/98
<input type="checkbox"/> Lease	Change in SF _____	End Date: 8/31/03
<input type="checkbox"/> Other _____	Other: _____	Term: Five (5) Years _____ Months

TYPE OF SPACE: Publicly-owned Space Private Space

OWNER: Name: _____ Vendor Code #: _____ [If known] 522012713 0009

Mailing Address: _____

Contact Person: _____ Telephone #: _____

RENTAL COSTS (for this agreement only)				COST NOT INCLUDED IN RENT:		
RENTAL PERIOD	Rate/SF	Annual Rent	Monthly Rent	[Paid to]:	Landlord	Other
Year Begin Date End Date				Electricity [Lights & Plugs]	\$	\$
1 9/1/98 8/31/99	\$23.75	\$1,238,348.75	\$103,195.73	HVAC	\$	\$
2 9/1/99 8/31/00	\$23.75	\$1,238,348.75	\$103,195.73	Parking (#):	\$	\$
3 9/1/00 8/31/01	\$23.75	\$1,238,348.75	\$103,195.73	Janitorial	\$	\$
4 9/1/01 8/31/02	\$23.75	\$1,238,348.75	\$103,195.73	Escalators	\$	\$
5 9/1/02 8/31/03	\$23.75	\$1,238,348.75	\$103,195.73	Other:	\$	\$
AVG	\$23.75	\$1,238,348.75		RENTAL ACCOUNT NUMBERS		
				[] State [x] Federal [] Trust Fund	4120-0511	
				[] State [] Federal [] Trust Fund		

Square Feet Occupied/FTE 186 Total Occupancy Cost/SF \$23.75

2. APPROVALS

AGENCY Sufficient funds are included or have been requested in the budget to cover the cost of this agreement.



4-24-97

AUTHORIZED SIGNATURE

DATE

DCPO

 PROJECT MANAGER

5/12/97 DATE

Lensing Manager

TITLE

AGENCY CONTACT NAME

TELEPHONE NUMBER

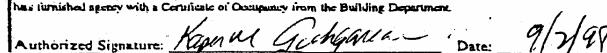
 COMMISSIONER

5/16/97 DATE

3. CONFIRMATION OF OCCUPANCY / COMMENCEMENT OF LEASE TERM

AGENCY	Annual Cost by Fiscal Year	DCPO
Date of Occupancy / 9/1/98	FY 99 \$1,031,957.30	Reviewed By: _____
Commencement of Lease Term	FY 00 \$1,238,348.75	Date: _____
Ending Date of Lease: 8/31/03	FY 01 \$1,238,348.75	FY 02 \$1,238,348.75
Any required buildout of the premises has been substantially completed in accordance with the RFP specifications and Landlord		

has furnished agency with a Certificate of Occupancy from the Building Department.

Authorized Signature:  Date: 9/2/98

See instructions on back of form

WORCESTER, MASSACHUSETTS LEASE

ORIGINAL
3

CPO PROCURED LEASE (DPL)

10/17/97

TRANSACTION APPROVAL

<input checked="" type="checkbox"/> New Lease	<input type="checkbox"/> Lease Amendment	OFFICE OF LEASING	DCPO Project No: <u>950920.1</u>
Original Form 3 to Annex 12/1/97		DCPO Old Project No: <u>760606</u>	Facility Code: <u>R/P</u>
DCPO / Office of Leasing and State Office Planning (617) 727-8000 x200		DCPO Project Mgr: <u>PFC</u>	



USER AGENCY NAME:	Mass. Rehabilitation Commission	TOWN/CITY:	Worcester
SQFT:	18975	STAFF (FTE):	107 *
ADDRESS:	10-20 Front Street	RESERVED PARKING:	0
ZIP:	01614		
1. SUMMARY OF AGREEMENT			
TYPE OF AGREEMENT		PROJECTED TERM	
<input checked="" type="checkbox"/> New Agreement	Amendment # _____	Begin Date:	3/1/98
<input checked="" type="checkbox"/> Lease	Extension _____	End Date:	2/28/03
<input type="checkbox"/> Other _____	Other _____	Term:	Five Years _____ Months
TYPE OF SPACE:		Publicly-owned Space <input checked="" type="checkbox"/> Private Space	
OWNER		Vendor Code # _____ [if known] <u>033324665 MARC</u>	
Name: _____ Mailing Address: _____			
Contact Person: _____	Telephone #: _____		
RENTAL COSTS [for this agreement only]			
RENTAL PERIOD		Rate/SF	Annual Rent
Begin Date	End Date	\$8.65	\$164,133.75
		\$8.65	\$164,133.75
3		\$8.65	\$164,133.75
4		\$8.65	\$164,133.75
5		\$8.65	\$164,133.75
AVG		\$8.65	\$164,133.75
Square-Feet-Occupied/FTE		177	
Total Occupancy Cost/SF		\$8.65	
2. APPROVALS			
AGENCY	Sufficient funds are included or have been requested in the budget to cover the cost of this agreement.		
<u>Leasing Manager</u>	<u>10/16/97</u>	DCPO	<u>10/20/97</u>
AUTHORIZED SIGNATURE	DATE	PROJECT MANAGER	DATE
Leasing Manager		COMMISSIONER	
TITLE			
AGENCY CONTACT NAME	TELEPHONE NUMBER		
3. CONFIRMATION OF OCCUPANCY/COMMENCEMENT OF RENT TERM			
AGENCY	Annual Cost by Fiscal Year		
Date of Occupancy / Commencement of Lease Term	FY 99	133,130.68	FY 02 164,133.75
1st Date of Lease:	FY 00	164,133.75	FY 03 164,133.75
	FY 01	164,133.75	FY 04 31,003.04
Any required buildup of the premises has been substantially completed in accordance with the RPP specifications and Landlord is furnished agency with a Certificate of Occupancy from the Building Department.			
Authorized Signature: <u>Leanne M. Lavelle</u>	Date: <u>1/5/99</u>	Reviewed By: _____	Date: _____

1/96

See Instructions on back of form

WORCESTER, MASSACHUSETTS LEASE AMENDMENT

3

ASSET MANAGEMENT PROCURED LEASE (DPL)

TRANSACTION APPROVAL

New Lease Lease Amendment

Asset Management

Office of Leasing & State Office Planning (617) 727-8000 x300

Asset Management Project No:

Asset Management Old Project No:

Facility Code:

Asset Management Project Mgr:

USER AGENCY NAME:	Mass. Rehab. Commission - DDS.	TOWN/CITY:	Worcester
SQ FT:	19,375	STAFF [FTE]:	107
ADDRESS:	10-20 Front Street	ZIP:	01614

I. SUMMARY OF AGREEMENT

TYPE OF AGREEMENT

New Agreement Amendment # one
 Lease Extension Change in SF
 Other Other _____

PROJECTED TERM

Begin Date: 2/16/01
End Date: 9/8/03
Term: One Years Seven Months

TYPE OF SPACE: Publicly-owned Space Private Space

OWNER

Name: _____

Mailing Address: _____

Vendor Code

[if known] 033-324-665-MARC

Contact Person: _____ Telephone #: _____

RENTAL COSTS [for this agreement only]

RENTAL PERIOD		Rate/SF	Annual Rent	Monthly Rent
Year	Begin Date	End Date		
1	9/9/98	9/8/99	<u>8.65</u>	<u>164,133.75</u>
2	9/9/99	9/8/00	<u>8.65</u>	<u>164,133.75</u>
3	9/9/00	9/8/01	<u>8.65</u>	<u>165,431.25</u>
4	9/9/01	9/8/02	<u>8.65</u>	<u>167,593.80</u>
5	9/9/02	9/8/03	<u>8.65</u>	<u>167,593.80</u>
AVG			<u>8.65</u>	<u>167,593.80</u>

COST NOT INCLUDED IN RENT:

[Paid to]:	Landlord	Other
Electricity [Lights & Plugs]	\$	\$
HVAC	\$	\$
Parking (#: _____)	\$	\$
Janitorial	\$	\$
Escalators	\$	\$
Other:	\$	\$

RENTAL ACCOUNT NUMBERS

<input type="checkbox"/> State	<input checked="" type="checkbox"/> Federal	<input type="checkbox"/> Trust Fund	<u>4120-0511</u>
<input type="checkbox"/> State	<input type="checkbox"/> Federal	<input type="checkbox"/> Trust Fund	_____

Square Feet Occupied/FTE

Total Occupancy Cost/SF \$

2. APPROVALS

AGENCY Sufficient funds are included or have been requested in the budget to cover the cost of this agreement.

Karen M. Yule

2/9/00

AUTHORIZED SIGNATURE

DATE

ASSET MANAGEMENT

Administrative Assistant II

TITLE

AGENCY CONTACT NAME

TELEPHONE NUMBER

COMMISSIONER

DATE

3. CONFIRMATION OF OCCUPANCY / COMMENCEMENT OF LEASE TERM

AGENCY

Commencement Date of Lease: 9/9/98

Annual Cost by Fiscal Year

FY 99 133,130.71

ASSET MANAGEMENT

FY 00 164,133.72

Reviewed By: _____

Expiration Date of Lease: 9/8/03

FY 03 167,593.80

Date: _____

FY 01 165,431.25

FY 04 31,656.61

Agency has obtained a copy of the Certificate of Completion, Certificate of Occupancy, Engineer Certificate, and certificates of insurance. (Attach if not previously submitted.)

Authorized Signature: *Karen M. Yule*

Date: 2/9/01

See Instructions on back of form

9/98

Appendix E

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: June 15, 2004

Refer To:
S2D1G5-3065 /DI-
16/ORC-2004-5665

To: Steven L. Schaeffer
Assistant Inspector General for Audit

From: Manuel J. Vaz /s/
Regional Commissioner
Boston

Subject: Administrative Costs Claimed by the Massachusetts Disability Determination Services (A-01-04-14032), (Your Memo Dated May 7, 2004) - REPLY

We have reviewed your draft report on the audit of the administrative costs claimed by the Massachusetts Disability Determination Services (MA DDS) for Fiscal Years (FYs) 2001 and 2002. We are pleased that the MA DDS had adequate internal controls over accounting and reporting of administrative costs and draw downs. Further, your review showed that the MA DDS's security controls were in place, and we and the DDS are taking steps to address outstanding security issues.

The only finding identified was that the MA DDS leased more office space than SSA's policy allowed in FYs 2001 and 2002. This finding is based on a POMS instruction dated in 1996. Since the time of this POMS issuance, the DDS has automated and installed a LAN, added personal computers, printers, peripheral computer equipment and built a computer room to support this, and has established an IVT training room. Also, the DDS built hearings offices with private interviewing space. These needs are not addressed in the 1996 POMS guidelines for space. Further, the Boston MA DDS space spans seven floors of a commercial building, resulting in the need for additional space to accommodate handicapped access, stairwells and elevators. These issues must be considered in assessing the space needs to operate a DDS in today's operating environment, as well as a consideration of the cost benefit assessment of moving to a new facility, incurring the high costs of moving and retrofitting space to install the necessary cabling, wiring and security for SSA's systems requirements. When we plan budgets and review leases, we have concurred with the MA DDS's requests, based on their operating needs and costs justifications. Based on these issues, we do not feel the DDS space is unreasonable or excessive.

We are disappointed, however, that the audit did not include an assessment of the Cooperative Disability Investigations (CDI) unit funds that were allocated to the MA DDS. In FY02, the DDS budget included \$364,278 for the CDI unit. This funding supported salaries and indirect costs for 2.2 state Attorney General (AG) investigators and 3 DDS staff, as well as the costs for car leases, insurance, fuel, tolls and maintenance of two cars used by state investigators. We feel this audit is incomplete without an assessment of this aspect of the administrative costs claimed by the DDS and request it be included as an addendum to this audit.

If you have any further questions, please do not hesitate to contact me or your staff may contact Roni Brown of the Center for Disability staff at (617)565-2390.

cc: Lenore Carlson

Appendix F

OIG Contacts and Staff Acknowledgments

OIG CONTACTS

Judith Oliveira, Director, (617) 565-1765

ACKNOWLEDGMENTS

In addition to those named above:

David Mazzola, Audit Manager

Joseph LoVecchio, Auditor

Alexander Rosania, Program Analyst

For additional copies of this report, please visit our web site at www.ssa.gov/oig or contact the Office of the Inspector General's Public Affairs Specialist at (410) 966-1375. Refer to Common Identification Number A-01-04-14032.

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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.

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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.

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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.

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