
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**ADMINISTRATIVE COSTS CLAIMED
BY THE STATE OF WASHINGTON
DIVISION OF DISABILITY
DETERMINATION SERVICES**

September 2003 A-15-02-12025

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.

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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:

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SOCIAL SECURITY

MEMORANDUM

Date: September 3, 2003

Refer To:

To: Carl L. Rabun
Regional Commissioner
Seattle

From: Assistant Inspector General
for Audit

Subject: Administrative Costs Claimed by the State of Washington Division of Disability Determination Services (A-15-02-12025)

OBJECTIVES

The objectives of our audit of the Washington Division of Disability Determination Service (WA-DDDS) were to:

- evaluate the adequacy of the internal controls over the accounting and reporting of administrative costs claimed and the draw down of Social Security Administration (SSA) funds to determine whether the controls were sufficient to ensure the proper accounting and reporting of administrative costs, as well as draw down of funds;
- determine whether costs claimed on the *State Agency Report of Obligations for SSA Disability Programs* (Form SSA-4513) for the period October 1, 1997 through September 30, 2000, were allowable and properly allocated; and
- determine whether the aggregate of the SSA funds drawn down agreed with total expenditures for Fiscal Years (FY) 1998 through 2000.

BACKGROUND

The Disability Insurance (DI) program was established in 1956 under Title II of the Social Security Act (Act). The program provides a benefit to wage earners and their families in the event the wage earner becomes disabled. The Supplemental Security Income (SSI) program was created as a result of the Social Security Amendments of 1972 with an effective date of January 1, 1974. SSI (Title XVI of the Act) provides a nationally uniform program of income to financially needy individuals who are aged, blind, and/or disabled.

SSA is primarily responsible for implementing policies governing the development of disability claims under the DI and SSI programs. Disability determinations under both DI and SSI are performed by Disability Determination Services (DDS) in each State according to 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 consultative medical examinations, x-rays, and laboratory tests to supplement evidence obtained from the claimants' physicians or other treating sources.

SSA pays the DDS for 100 percent of allowable expenditures. Each year, SSA approves a DDS budget. Once approved, the DDS withdraws Federal funds through the Department of the Treasury's (Treasury) Automated Standard Application for Payments system. Cash drawn from the Treasury to pay for program expenditures is to be drawn according to Federal regulations and in accordance with intergovernmental agreements entered into by Treasury and the States under the authority of the Cash Management Improvement Act (CMIA).² At the end of each fiscal quarter, each DDS submits to SSA a Form SSA-4513 to account for program disbursements and unliquidated obligations.

The designated agency for the State of Washington is the WA-DDDS, a division within the Washington Department of Social and Health Services (WA-DSHS). Parent agencies, such as WA-DSHS, often provide administrative services (accounting, purchasing, personnel, etc.) to the State designated DDS agency. SSA reimburses each DDS for 100 percent of the allowable expenditures reported quarterly on Form SSA-4513.

SCOPE AND METHODOLOGY

To accomplish our objectives, we obtained evidence to evaluate recorded financial transactions in terms of their being allowable under Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, and appropriateness as defined by SSA's *Program Operations Manual System* (POMS).

We reviewed the administrative costs totaling \$75,826,448 reported for the period October 1, 1997 through September 30, 2000, as of March 31, 2001. This amount included costs associated with SSA's Automation Investment Funds and Information Technology System funding activities.

¹ 42 USC § 421; 20 Code of Federal Regulations (C.F.R.), part 404, subpart Q, and part 416, subpart J.

² 31 C.F.R. Part 205 and Pub L. No. 101-453.

We also:

- reviewed applicable Federal regulations and pertinent parts of SSA's POMS, section DI 39500, *DDS Fiscal and Administrative Management*, and other instructions pertaining to administrative costs incurred by WA-DDDS and the draw down of SSA funds covered under the CMIA;
- interviewed WA-DSHS and WA-DDDS staff;
- documented our understanding of the WA-DSHS' and WA-DDDS' systems of internal controls over the accounting and reporting of administrative costs;
- evaluated and tested internal controls regarding accounting and financial reporting;
- traced the administrative expenditures WA-DDDS reported on Forms SSA-4513 to its accounting records;
- documented our understanding of the WA-DSHS' procedures and internal controls for drawing down SSA funds;
- analyzed WA-DSHS' draw down of SSA funds and their reconciliation with reported expenditures;
- reviewed the Washington State auditors' Single Audit reports and related working papers;
- conducted a physical inventory of computer equipment items SSA provided to WA-DDDS during our audit period; and
- reviewed a random sample of 400 cases of other non-personnel and medical costs for FYs 1999 through 2000. We reviewed an additional judgmental sample of 305 cases of other non-personnel costs, furnishings, rentals, equipment and software, communications, journal vouchers, and medical costs for FYs 1998 through 2000.

To meet the objectives of our review, we assessed the reliability of computer processed data produced by the WA-DDDS administrative system.

As a result of our audit work, described in the bullets above, we determined that the data was sufficiently reliable given the audit objectives and intended use and should not lead to incorrect or unintentional conclusions.

We performed field work at the WA-DSHS in Lacy, Washington, the State Auditor's Office in Olympia, Washington, and the WA-DDDS' in Tumwater, Renton and

Spokane, Washington. We conducted our audit from July 2001 through August 2002 in accordance with generally accepted government auditing standards.

RESULTS OF REVIEW

We have concluded that the WA-DDDS generally complied with laws, regulations, policies, and procedures governing the recording and reporting of expenditures and obligations under Titles II and XVI of the Act. While we found no significant problems, we did identify four compliance issues. These issues were: 1) obligations reported in wrong FYs; 2) overstated unliquidated obligations; 3) failure to maintain required inventory records; and 4) controls lacking to ensure effective cash management.

OBLIGATIONS REPORTED IN THE WRONG FY

During our examination of administrative expenditures incurred and claimed for the period under audit, we identified \$61,594 in expenditures recorded as building improvements, equipment and furniture, which were incurred in FY 1999, but recorded in FY 1998.

31 U.S.C. §1502 (a) provides that:

“The balance of an appropriation or fund limited for obligation to a definite period is available only for payment of expenses properly incurred during the period of availability...the appropriation or fund is not available for expenditure for a period beyond the period otherwise authorized by law.”

Funds provided under Titles II and XVI of the Act for DDSs are taken out of SSA’s Limitation and Administrative Expense account and are to be obligated within each FY period.

On September 30, 1998, the SSA Seattle Regional Office (RO) provided authorization for advanced funding to the WA-DDDS.³ The WA-DDDS in turn, used 1998 funds of \$61,594 for FY 1999 incurred costs. WA-DDDS also had expended all its funding authority in FY 1999.

The accounting treatment used for the advanced funding was not consistent with 31 U.S.C. §1502, and necessary adjustments need to be made to re-establish obligation authority to properly reflect expenditures incurred in the appropriate FY. Although, we recognize that WA-DDDS closed the FY 1998 books, OMB Circular A-34, *Instructions on Budget Execution* section 11.6⁴ allows funds to be provided from an unexpired appropriation that is available for the same purpose as the closed account.

³ Advanced funding are those funds provided for an obligation that takes place in a subsequent FY.

⁴ OMB Circular A-34 was rescinded on June 27 2002, and superceded by OMB Circular No. A-11 Part 4. OMB Circular 34 was cited since it was applicable for the audit period.

OVERSTATED UNLIQUIDATED OBLIGATIONS

We reviewed documentation regarding the FY 1998 unliquidated obligations and were informed that \$61,617 in non-personnel costs were based on estimates. According to POMS,⁵ unliquidated or unpaid obligations for supplies, equipment and other contractual services should be supported by a commitment or promise to pay for goods or services. Also, "...State agencies should review unliquidated obligations at least once each month to cancel those no longer valid" as required in POMS DI 39506.203A.

We informed WA-DDDS about its invalid obligations. WA-DDDS acknowledged that there were no obligations remaining for FY 1998 and took action to deobligate \$61,617 in non-personnel costs reported as unliquidated obligations.

FAILURE TO MAINTAIN REQUIRED INVENTORY RECORDS

Washington State did not maintain inventory lists as required by Federal regulations.⁶ Regulations provide for the State to have title to equipment purchased for disability purposes. The State was also responsible for maintaining equipment to include identifying the equipment by labeling and by inventory.

SSA funded and provided WA-DDDS with 349 computers. The State did not maintain an inventory list, and no periodic inventory of SSA distributed equipment was prepared by the State. The lack of appropriate inventory procedures occurred because there was uncertainty between the State and SSA as to value and ownership of the equipment.

Maintaining such records will facilitate the annual inventories and could help to detect any stolen or misplaced equipment.

CONTROLS LACKING FOR EFFECTIVE CASH MANAGEMENT

Our audit tests call for determining whether State agencies or other responsible jurisdictions only draw down funds in order to meet immediate funding needs in accordance with applicable Federal Regulations.⁷ Our review of WA-DDDS accounting procedures disclosed that as of March 31, 2001, \$23,065,345 had been reported as disbursed for FY 1998. However, funding totaling \$16,489,306 had been drawn to fund such disbursements. We informed WA-DDDS accounting staff of the discrepancy and the need to perform sufficient accounting reconciliations to ensure appropriate reimbursement when required. Based on our action, WA-DSHS drew down the funds in September 2001.

⁵ POMS DI 39506.200A, DI 39506.201E.4 and DI 39506.203A.

⁶ 20 CFR §§ 404.1628 and 416.1028.

⁷ 31 CFR §205.11(b) states "A State and a Federal Program Agency must limit the amount of funds transferred to the minimum required to meet a State's actual and immediate cash needs."

CONCLUSIONS AND RECOMMENDATIONS

We concluded that the WA-DDDS generally complied with laws, regulations, policies, and procedures governing the recording and reporting of expenditures and obligations under Titles II and XVI of the Act. However, we identified obligations reported in wrong FYs, overstated unliquidated obligations, a failure to maintain required inventory records and controls lacking to ensure effective cash management.

We recommend the Regional Commissioner:

1. Instruct WA-DDDS to amend the Form SSA-4513 report to accurately reflect FY 1999 expenditures of \$61,594, which had been inappropriately reported in FY 1998.
2. Coordinate formal requests with WA-DSHS to adjust obligations currently closed for FY 1998 to allow for Recommendation 1 to be processed.
3. Require WA-DDDS to report only valid unliquidated obligations in accordance with POMS.
4. Require WA-DDDS to establish inventory controls over computer equipment distributed by SSA in accordance with Federal regulations.
5. Require WA-DDDS to establish accounting procedures which would provide appropriate reconciliation of draw downs with the Form SSA-4513 report.

SSA AND WA-DDDS COMMENTS

SSA Seattle RO and WA-DDDS agreed with our recommendations. The full texts of their comments are included at Appendices C and D, respectively.



Steven L. Schaeffer

Appendices

APPENDIX A – Acronyms

APPENDIX B – Washington Division of Disability Determination Services Obligations
Reported/Allowed Fiscal Years 1998 through 2000

APPENDIX C – SSA Comments

APPENDIX D – DDDS Comments

APPENDIX E – OIG Contacts and Staff Acknowledgments

Appendix A

Acronyms

| | |
|---------------|--|
| Act | Social Security Act |
| CE | Consultative Examination |
| CFR | Code of Federal Regulations |
| CMIA | Cash Management Improvement Act |
| DDS | Disability Determination Services |
| DI | Disability Insurance |
| Form SSA-4513 | State Agency Report of Obligations for SSA Disability Programs |
| FY | Fiscal Year |
| MER | Medical Evidence of Record |
| OMB | Office of Management and Budget |
| POMS | Program Operations Manual System |
| RO | Regional Office |
| SSA | Social Security Administration |
| SSI | Supplemental Security Income |
| Treasury | Department of the Treasury |
| WA-DDDS | Washington Division of Disability Determination Services |
| WA-DSHS | Washington Department of Social and Health Services |

WASHINGTON DIVISION OF DISABILITY DETERMINATION SERVICES
OBLIGATIONS REPORTED/ALLOWED

| Fiscal Year 1998 (as of March 31, 2001) | | | | | | | | | | | |
|--|---------------------|--------------------|------------------|---------------------|---------------------|--------------------------|----------------|-----------------|------------------|------------------|----------------------|
| | Disbursements | | | | | Unliquidated Obligations | | | | | Total Obligations |
| | <u>Personnel</u> | <u>Medical</u> | <u>Indirect</u> | <u>All Other</u> | <u>Total</u> | <u>Personnel</u> | <u>Medical</u> | <u>Indirect</u> | <u>All Other</u> | <u>Total</u> | |
| <u>As Reported by State Agency:</u> | | | | | | | | | | | |
| Personnel | \$12,454,844 | | | | \$12,454,844 | | | | | | \$ 12,454,844 |
| Medical Evidence of Record (MER) Consultative Examination (CE) | | \$2,362,065 | | | \$ 2,362,065 | | | | | | \$ 2,362,065 |
| | | \$4,933,044 | | | \$ 4,933,044 | | | | | | \$ 4,933,044 |
| Indirect | | | \$ 663,417 | | \$ 663,417 | | | | | | \$ 663,417 |
| All Other | | | | \$ 2,651,975 | \$ 2,651,975 | | | | \$ 61,617 | \$ 61,617 | \$ 2,713,592 |
| Total Claimed by State Agency | \$12,454,844 | \$7,295,109 | \$663,417 | \$ 2,651,975 | \$23,065,345 | \$ - | \$ - | \$ - | \$ 61,617 | \$ 61,617 | \$ 23,126,962 |
| <u>Audit Adjustments:</u> | | | | | | | | | | | |
| 1. To adjust disbursements incurred in Fiscal Year (FY) 1999 but reported in FY 1998. | | | | \$ (61,594) | \$ (61,594) | | | | | | \$ (61,594) |
| 2. To deobligate those amounts reported as unliquidated obligations determined as invalid. | | | | | | | | | \$ (61,617) | \$ (61,617) | \$ (61,617) |
| Adjusted Claims per Audit | \$12,454,844 | \$7,295,109 | \$663,417 | \$ 2,590,381 | \$23,003,751 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 23,003,751 |

Note: Washington Division of Disability Determination Services eliminated the reported unliquidated obligations of \$61,617 after we informed it that the adjustment was necessary.

**WASHINGTON DIVISION OF DISABILITY DETERMINATION SERVICES
OBLIGATIONS REPORTED/ALLOWED**

| | | Fiscal Year 1999 (as of March 31, 2001) | | | | | | | | | | |
|---|--|---|--------------------|------------------|---------------------|----------------------|--------------------------|----------------|-----------------|------------------|--------------|--------------------------|
| <u>As Reported by State Agency:</u> | | Disbursements | | | | | Unliquidated Obligations | | | | | Total Obligations |
| | | <u>Personnel</u> | <u>Medical</u> | <u>Indirect</u> | <u>All Other</u> | <u>Total</u> | <u>Personnel</u> | <u>Medical</u> | <u>Indirect</u> | <u>All Other</u> | <u>Total</u> | |
| Personnel | | \$13,540,299 | | | | \$ 13,540,299 | | | | | | \$13,540,299 |
| MER | | | \$2,662,247 | | | \$ 2,662,247 | | | | | | \$ 2,662,247 |
| CE | | | \$5,597,739 | | | \$ 5,597,739 | | | | | | \$ 5,597,739 |
| Indirect | | | | \$740,431 | | \$ 740,431 | | | | | | \$ 740,431 |
| All Other | | | | | \$ 2,874,116 | \$ 2,874,116 | | | | | | \$ 2,874,116 |
| Total Claimed by State Agency | | \$13,540,299 | \$8,259,986 | \$740,431 | \$ 2,874,116 | \$ 25,414,832 | \$ - | \$ - | \$ - | \$ - | \$ - | \$25,414,832 |
| <u>Audit Adjustments:</u> | | | | | | | | | | | | |
| 1. To adjust disbursements incurred in FY 1999 but reported in FY 1998. | | | | | \$ 61,594 | \$ 61,594 | | | | | | \$ 61,594 |
| Adjusted Claims per Audit | | \$13,540,299 | \$8,259,986 | \$740,431 | \$ 2,935,710 | \$ 25,476,426 | \$ - | \$ - | \$ - | \$ - | \$ - | \$25,476,426 |

**WASHINGTON DIVISION OF DISABILITY DETERMINATION SERVICES
OBLIGATIONS REPORTED/ALLOWED**

| Fiscal Year 2000 (as of March 31, 2001) | | | | | | | | | | | |
|---|---------------------|--------------------|------------------|---------------------|---------------------|--------------------------|------------------|-----------------|------------------|--------------|--------------------------|
| <u>As Reported by State Agency:</u> | Disbursements | | | | | Unliquidated Obligations | | | | | Total Obligations |
| | <u>Personnel</u> | <u>Medical</u> | <u>Indirect</u> | <u>All Other</u> | <u>Total</u> | <u>Personnel</u> | <u>Medical</u> | <u>Indirect</u> | <u>All Other</u> | <u>Total</u> | |
| Personnel | \$14,148,532 | | | | \$14,148,532 | | | | | | \$14,148,532 |
| MER | | \$3,183,481 | | | \$ 3,183,481 | | | | | | \$ 3,254,890 |
| CE | | \$4,905,335 | | | \$ 4,905,335 | | | | | | \$ 5,076,878 |
| Indirect | | | \$856,230 | | \$ 856,230 | | | | | | \$ 856,230 |
| All Other | | | | \$ 2,676,946 | \$ 2,676,946 | | | | | \$ 15,931 | \$ 2,692,877 |
| Total Claimed by State Agency | \$14,148,532 | \$8,088,816 | \$856,230 | \$ 2,676,946 | \$25,770,524 | \$ - | \$242,952 | \$ - | \$ 15,931 | \$ - | \$26,029,407 |
| <u>Audit Adjustments:</u> | | | | | | | | | | | |
| None recommended | | | | | | | | | | | |
| Adjusted Claims per Audit | \$14,148,532 | \$8,088,816 | \$856,230 | \$ 2,676,946 | \$25,770,524 | \$ - | \$242,952 | \$ - | \$ 15,931 | \$ - | \$26,029,407 |

Appendix C

SSA Comments



SOCIAL SECURITY

MEMORANDUM

DATE: July 28, 2003 Refer To: S2DXG3:D3

TO: Assistant Inspector General
Audit

FROM: Regional Commissioner
Seattle Region

SUBJECT: Audit of the Administrative Costs Claimed by the Washington Disability Determination Services (A-15-02-12025) --- REPLY

This responds to the draft report of the Audit of the Administrative Costs Claimed by the Washington Disability Determination Services (A-15-02-12025). Our response to each report recommendation follows:

1. Instruct WA-DDDS to amend the Form SSA-4513 report to accurately reflect FY 1999 expenditures of \$61,594, which had been inappropriately reported in FY 1998.

Response: We agree with this recommendation and will instruct the WA DDS to amend Form SSA-4513 report to accurately reflect FY 1999 expenditures of \$61,594, which had been inappropriately reported in FY 1998.

2. Coordinate formal requests with WA-DSHS to adjust obligations currently closed for FY 1998 to allow for Recommendation 1 to be processed.

Response: We agree with this recommendation and will coordinate formal requests with the Washington Department of Social and Health Services (DSHS) and the SSA Office of Finance to adjust obligations currently closed for FY 1998 to allow for Recommendation 1 to be processed.

3. Require WA-DDDS to create valid unliquidated obligations in accordance with POMS.

Response: We agree with this recommendation and will continue to require that the WA DDS create valid unliquidated obligations in accordance with POMS instructions.

4. Require WA-DDDS to establish inventory control over computer equipment distributed by SSA in accordance with Federal regulations.

Response: We agree with the proposed recommendation and the proposed action. The WA DDS is currently in the process of establishing inventory controls over computer equipment distributed by SSA in accordance with Federal regulations.

5. Require WA-DDDS to establish accounting procedures which would provide appropriate reconciliation of draw downs with the Form SSA-4513 report.

Response: We agree with this recommendation and will ask the WA DDS to work with DSHS to establish accounting procedures that will provide appropriate reconciliation of draw downs with the Form SSA-4513 report.

If you or your staff has any questions regarding our comments, please contact Shelly Beach, Program Specialist, Center for Disability Operation via email at SF-Exchange or by phone at 206-615-2137.

/s/ Carl L. Rabun

Cc: Director, WA DDS
Office of Disability Programs, RMB

Appendix D

WA-DDDS Comments



STATE OF WASHINGTON

DEPARTMENT OF SOCIAL AND HEALTH SERVICES

Division of Disability Determination Services

P.O. Box 9303, Olympia, Washington 98507-9303

MEMORANDUM

DATE: July 28, 2003

TO: Assistant Inspector General
Audit

FROM: Director
Disability Determination Services

SUBJECT: Audit of the Administrative Costs Claimed by the Washington
Disability Determination Services

1. Instruct WA-DDDS to amend the Form SSA-4513 report to accurately reflect FY 1999 expenditures of \$61,594, which had been inappropriately reported in FY 1998.

Response: We have no objections to the first or second recommendations. WA State is currently working with SSA Regional Office X to commence with the paper work that will reallocate \$61,594 from FY 1998 to FY 1999.

2. Coordinate formal requests with WA-DSHS to adjust obligations currently closed for FY 1998 to allow for Recommendation 1 to be processed.

Response: Same as response to #1.

3. Require WA-DDDS to create valid unliquidated obligations in accordance with POMS.

Response: Recommendation #3 is stating WA State should be required to create valid unliquidated obligations in accordance with POMS. The Washington State accounting manager and staff, along with Regional Office staff, are knowledgeable regarding the criteria needed for valid unliquidated obligations during, and at the end of, a current fiscal year. Both offices are aware of what is required to create obligations and adhere to the POMS policies.

4. Require WA-DDDS to establish inventory control over computer equipment distributed by SSA in accordance with Federal regulations.

Response: WA State has begun the process of placing all computer equipment into the WA State inventory system. The computer equipment will have WA State inventory tags, along with SSA inventory tags. Accounting regulations state inventory should be

recorded at lower of cost or market value. In this case, the value would be \$0.00 since DDS funds did not purchase the equipment. However, State regulations require us to record inventory at purchase price or fair market value. By fulfilling this OIG request, the DDS computer equipment will be valued twice; once in SSA's inventory system, and a second time in WA State's inventory system.

The draft report states on page 5, "The State did not maintain an inventory list, and no periodic inventory of SSA distributed equipment was prepared by the State." It is true that a periodic inventory of the equipment was not performed, nor was the equipment tagged as WA State property. However, each office does have on file an inventory list, received by SSA, of PC equipment and the serial numbers associated to each piece of equipment.

5. Require WA-DDDS to establish accounting procedures which would provide appropriate reconciliation of draw downs with the Form SSA-4513 report.

Response: WA State DDS does not have access to ASAP, the cash draw down system. However, this information can be provided by our parent agency, DSHS. It is our intent to incorporate the cash draw down data into our reconciliation practices when completing and filing Form SSA-4513 reports.

The draft audit report acknowledges and identifies the OIG auditors involved. I commend them for their professional behavior, reasonableness, and patience. They were enjoyable to work with. However, I also feel that the WA State accounting staff are worthy of acknowledgement. Although OIG auditors stated they intended to be as least disruptive as possible to the work process, they consumed virtually all of my staff's time. In conjunction with the large amount of time dedicated to the audit, the WA State accounting staff had to perform their usual duties. Payments still had to be made to medical facilities, and reports still had to be prepared for SSA. The audit was extremely taxing to accounting's work schedule. This audit was conducted by both sides; Office of Inspector General and WA State. Our efforts were equally as important to the outcome of the audit and this report. Therefore I feel it is necessary to also acknowledge the WA State Staff. Those to be acknowledged are as follows:

Janis Hughes, Financial Analyst 3
Jennie McCloud, Medical Assistant Specialist 5

/s/ Dr. Martin A. (Tony) Jones
Director
WA State Disability Determination Services

CC: SSA Region X
Office of Disability Programs, RMB

Appendix E

OIG Contacts and Staff Acknowledgments

OIG Contacts

Frederick C. Nordhoff, Director, Financial Audits, (410) 966-6676

Carl Markowitz, Deputy Director, (410) 965-9742

Acknowledgments

In addition to those named above:

Steven Sachs, Auditor

Suzanne Valett, Auditor

Sigmund Wisowaty, Auditor

Richard Wilson, Auditor

Joe Borowy, Auditor

Sandra Westfall, Program Analyst

Annette DeRito, Writer/Editor

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Social Security Advisory Board

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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, rather than detecting problems after they occur.

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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.