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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**PERSONNEL COSTS AND HIRING PRACTICES OF  
THE GEORGIA DISABILITY  
ADJUDICATION SERVICES**

**December 2012**

**A-04-12-22135**

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**AUDIT REPORT**

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## **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.**



# Office of the Inspector General

## SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

**Date:** December 20, 2012 **Refer To:**

**To:** Michael W. Grochowski  
Regional Commissioner  
Atlanta

**From:** Inspector General

**Subject:** Personnel Costs and Hiring Practices of the Georgia Disability Adjudication Services  
(A-04-12-22135)

## OBJECTIVE

Our objectives were to (1) evaluate the Georgia Disability Adjudication Services' (GA-DAS) internal controls over the accounting and reporting of personnel costs; (2) determine whether the personnel costs claimed by GA-DAS were accurate and allowable, and funds were properly drawn for these costs; and (3) determine whether GA-DAS complied with Social Security Administration (SSA) policies, procedures, and guidelines when hiring personnel.

## BACKGROUND

Disability determination services (DDS) in each State or other responsible jurisdiction perform disability determinations under the SSA Disability Insurance and Supplemental Security Income programs according to Federal law and regulations.<sup>1</sup> Each DDS is responsible for determining claimants' disabilities and ensuring adequate evidence is available to support its determinations.

To make proper disability determinations, SSA authorizes each DDS 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.<sup>2</sup>

<sup>1</sup> Social Security Act §§ 221 and 1614, 42 U.S.C. §§ 421 and 1382c; 20 C.F.R. §§ 404.1601, et seq., and 416.1001, et seq.

<sup>2</sup> SSA, POMS, DI 39545.120.A. (April 20, 2007).

SSA reimburses the DDS for 100 percent of allowable expenditures up to its approved funding authorization for costs reported on a *State Agency Report of Obligations for SSA Disability Programs* (Form SSA-4513).<sup>3</sup>

GA-DAS' main office is in Stone Mountain, Georgia, and its four branches are in Athens, Dalton, Savannah, and Thomasville, Georgia. GA-DAS is a component of the Georgia Vocational Rehabilitation Agency, within the Georgia Department of Human Services (GA-DHS). On July 1, 2012, after our audit period, the State of Georgia organizationally transferred GA-DAS from the Georgia Department of Labor (GA-DoL) to the newly created Georgia Vocational Rehabilitation Agency.<sup>4</sup> Before this transfer, GA-DoL accounted for GA-DAS' disbursements, completed the Form SSA-4513, and prepared requests to transfer cash from the Department of the Treasury to the State Treasurer. After the transfer, GA-DoL continued providing support services to GA-DAS and will do so until all responsibilities are fully transferred to GA-DHS.

For the 6-month period October 1, 2011 through March 31, 2012, GA-DAS claimed total costs of about \$31 million, including \$18 million in personnel costs.<sup>5</sup> See Appendix C for the costs GA-DAS reported on Form SSA-4513 for the four major cost categories. As of October 1, 2011, GA-DAS had 463 employees: 443 full-time and 20 part-time. During our audit period, SSA authorized GA-DAS to hire 15 full-time staff and approved 3 hardship transfers. As of July 31, 2012, GA-DAS had hired 12 of the 15 authorized full-time staff and the 3 hardship transfers. For additional background and our audit scope and methodology, see Appendix B.

## RESULTS OF REVIEW

During our audit period, most of the personnel costs GA-DAS claimed were appropriate. However, we identified instances of overpayments and actions that indicated GA-DAS needed to better adhere to SSA policies and procedures. Specifically, GA-DAS incorrectly used \$7,097 of SSA funds to pay the salary of a GA-DoL employee on loan to GA-DAS. SSA granted excessive systems access to the same individual based on inaccurate information provided by GA-DAS. That is, GA-DAS did not indicate on the required request form that the individual was not a permanent employee. Finally, GA-DAS paid \$115,701 in temporary salary increases to certain employees without SSA's approval. Given our findings, we believe SSA should work with the DDS to ensure its leadership and parent agency are properly trained and counseled on SSA

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<sup>3</sup> SSA, POMS, DI 39501.020 B. (February 28, 2002), DI 39506.001.B. (March 12, 2002), and DI 39506.202.A. (March 12, 2002).

<sup>4</sup> On April 19, 2012, Georgia's Governor signed Georgia House Bill 1146 that created the Georgia Vocational Rehabilitation Agency, effective July 1, 2012. The new agency was created "to perform the functions and assume the duties, powers, and authority exercised . . . by the Division of Rehabilitation Services within the Department of Labor, including the disability adjudication and the Roosevelt Warm Springs Institute for Rehabilitation . . ." See Code 1981, § 49-9-4, as redesignated by Ga. L. 2012, p.303, § 1/HB 1146.

<sup>5</sup> Included in these personnel costs is \$4.7 million GA-DAS paid for contracted Medical Consultants.

personnel policies. Further, we believe SSA should closely monitor GA-DAS personnel costs until it is satisfied that GA-DAS is complying with SSA policies and procedures.

## **INCORRECT PAYROLL COSTS**

### **Improper Use of SSA Funds**

GA-DAS incorrectly used \$7,097 of SSA funds to pay the salary of a GA-DoL executive who was on loan to GA-DAS. This individual was not a GA-DAS employee. According to the Director, GA-DAS, GA-DoL loaned GA-DAS the executive to assist with management initiatives and transitioning the DDS' functions to the new Georgia Vocational Rehabilitation Agency. The loaned executive began working with GA-DAS in October 2011 and, at the time of our audit, was still serving in this position. GA-DAS used SSA funds to pay the loaned executive's salary for March and April 2012.

The Director, GA-DAS, informed us that the funding error occurred because staff processing payroll believed the loaned executive had been designated as a GA-DAS employee. As such, staff mistakenly changed the project and function codes in the State's payroll system to indicate the loaned executive should be paid as a GA-DAS employee, instead of a GA-DoL employee. The Director informed us that when she became aware of the error, she instructed staff to correct the codes and ensure SSA would not be charged for the loaned executive's salary. The Director also stated that she instructed management and staff to make changes in the payroll system only when properly directed.

Before correcting the fund codes, GA-DAS claimed \$2,742 for the loaned executive's salary on its Form SSA-4513 for the 6-month period ended March 31, 2012. GA-DoL posted the remaining \$4,355 in salary costs to GA-DAS' cost center in April 2012. However, during our audit, GA-DoL corrected the entire \$7,097 funding and cost error in its accounting system. GA-DAS credited \$2,239 in personnel costs on its Form SSA-4513 for the third quarter of Fiscal Year (FY) 2012 and will credit the remaining balance in the fourth quarter. SSA should verify that GA-DAS credits \$4,858 to personnel costs in the fourth quarter of FY 2012.

### **Unauthorized Salary Increases**

In February 2012, without SSA's approval, GA-DAS began paying 332 GA-DAS employees a 7-percent performance-based salary increase. GA-DAS paid the salary increases, totaling \$115,701, over 3 pay periods—2 in February 2012 and 1 in March 2012. GA-DAS claimed the cost of the salary on its Form SSA-4513 for the 6-month period ended March 31, 2012.

On September 30, 2011, SSA's Atlanta Regional Commissioner attended a staff meeting at GA-DAS. During the meeting, the Director, GA-DAS, told the audience she was considering granting temporary salary supplements as an incentive for continued superior performance and as an alternative to permanent pay increases. Upon learning

of the planned salary increases, the Atlanta Regional Commissioner began reviewing the matter. On October 13, 2011, the Atlanta Regional Commissioner notified the Director, GA-DAS, that SSA likely would not fund payroll bonuses. However, if GA-DAS decided to pursue such an initiative, it needed to submit a formal, written request to the SSA's Atlanta Regional Office (ARO). He also explained to the Director that the request would require both the ARO's and SSA Headquarters' approval.

During further discussion about possible salary supplements in a February 7, 2012 meeting, ARO officials reiterated to the Director that she needed to submit a formal request and obtain SSA approval before granting these pay increases. Nevertheless, on February 14, 2012, the Director notified ARO that the DDS would pay the supplements in February and March 2012 without such approval.

In response, the Atlanta Regional Commissioner informed GA-DAS on March 1, 2012, that the salary increases were unauthorized and should be refunded to SSA. GA-DAS ended the salary increases in the following pay period and recovered the increases from the affected employee's salaries over 3 pay periods in April and May 2012.

The Director, GA-DAS, explained that, in her experience with Georgia State government, it was appropriate to use salary supplements when permanent raises or bonuses were not permitted. The Director also informed us that she discussed the salary supplements with GA-DoL officials and received their approval to grant them.

## **ACCESS TO SSA SYSTEMS**

In October 2011, GA-DAS formally requested that SSA authorize the GA-DoL loaned executive (previously discussed) access to SSA systems. Specifically, GA-DAS requested systems access by submitting an *Application for Access to SSA Systems* (Form SSA-120) to the ARO's Center for Security and Integrity. The request asked for the same level of access that SSA typically provides to DDS claims examiners. This level provides access to claimants' records containing sensitive personally identifiable information, such as medical information, income and work histories, addresses, and Social Security numbers. The Director, GA-DAS, explained that the DDS requested this level of access because the loaned executive might need to review such information while functioning as a GA-DAS senior manager. Data on the Form SSA-120 indicated the DDS was requesting access for a "GA-DAS/GA-DoL employee" but did not explain that the employee was on loan from GA-DoL and not an actual GA-DAS employee. Based on the information provided on the Form SSA-120, ARO granted the requested systems access.

In February 2012, GA-DAS submitted another Form SSA-120 to the ARO requesting SSA grant the loaned executive access to SSA's system that provides DDS workload processing information. Like the above request, the Form SSA-120 indicated the access was for a "GA-DAS/GA-DoL employee" and was silent on the fact that the individual was on loan from GA-DoL. Upon receipt and review of the Form SSA-120, ARO granted the requested access.

In July 2012, we discussed with ARO officials whether the loaned executive, who is designated to work on transition efforts and other management initiatives, should have access to claimants' personally identifiable information. The ARO officials determined that had its Center for Security and Integrity known the request was for a loaned executive (not a GA-DAS employee) it would not have authorized the requested systems access without further information. Following our conversation, ARO notified GA-DAS that the loaned executive's system access was limited to a clerical profile. On July 25, 2012, per the ARO's request, GA-DAS submitted a new Form SSA-120 that requested access to only the local network. The Director, GA-DAS, informed us that the new limited level of access was requested in compliance with GA-DAS policies and procedures, which limited an individual's access to what is needed to perform work-related duties.

## **CONCLUSION AND RECOMMENDATIONS**

GA-DAS incorrectly used \$7,097 of SSA funds to pay the salary of an executive on loan to the DDS who was not a GA-DAS employee. Also, without SSA's approval, GA-DAS paid almost \$116,000 in performance-based salary increases. Finally, GA-DAS requested and obtained from SSA a systems access profile for the loaned executive without a need for the information exposed by this level of access. GA-DAS took corrective actions on the findings identified in this report. As such, we recommend the ARO:

1. Work with GA-DAS to ensure its leadership and parent agency are properly trained and counseled on SSA personnel policies.
2. Closely monitor the GA-DAS' personnel costs until the ARO is satisfied GA-DAS is complying with SSA policies and procedures.
3. Verify that GA-DAS credits \$4,858 to the personnel costs claimed on the SSA-4513 for fourth quarter of FY 2012.

## **AGENCY COMMENTS**

SSA and GA-DAS' responses indicated they agreed with our recommendations. See Appendices D and E, respectively, for the full text of the comments.



Patrick P. O'Carroll, Jr.

# Appendices

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[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – Background, Scope, and Methodology

[APPENDIX C](#) – Schedule of Total Costs Reported on the Forms SSA-4513—*State Agency Report of Obligations for SSA Disability Programs*

[APPENDIX D](#) – Agency Comments

[APPENDIX E](#) – Georgia Disability Adjudication Services’ Comments

[APPENDIX F](#) – OIG Contacts and Staff Acknowledgments

## ***Appendix A***

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### **Acronyms**

Act	<i>Social Security Act</i>
ARO	Atlanta Regional Office
C.F.R.	Code of Federal Regulations
DDS	Disability Determination Services
DI	Disability Insurance
FY	Fiscal Year
GA-DAS	Georgia Disability Adjudication Services
GA-DHS	Georgia Department of Human Services
GA-DoL	Georgia Department of Labor
OIG	Office of the Inspector General
OMB	Office of Management and Budget
POMS	Program Operations Manual System
Pub. L. No.	Public Law Number
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code

#### Forms

SSA-4513	<i>State Agency Report of Obligations for SSA Disability Programs</i>
SSA-120	<i>Application for Access to SSA Systems</i>

# **Background, Scope, and Methodology**

The Disability Insurance (DI) program, established under Title II of the *Social Security Act* (Act), provides benefits to wage earners and their families in the event the wage earner becomes disabled.<sup>1</sup> The Supplemental Security Income (SSI) program, established under Title XVI of the Act, provides benefits to financially needy individuals who are aged, blind, or disabled.<sup>2</sup>

The Social Security Administration (SSA) is responsible for implementing policies for the development of disability claims under the DI and SSI programs. Disability determination services (DDS) in each State, Puerto Rico, Guam, the U.S. Virgin Islands, and the District of Columbia perform disability determinations under both the DI and SSI programs. Such determinations are required to be performed in accordance with Federal law and underlying regulation.<sup>3</sup> In carrying out its obligation, each DDS is responsible for determining claimants' disabilities and ensuring adequate evidence is available to support its determinations. To assist in making proper disability determinations, SSA authorizes each DDS 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 reported expenditures up to its approved funding authorization. The DDS withdraws Federal funds through the Department of the Treasury's Automated Standard Application for Payments System to pay for program expenditures. Funds drawn down must comply with Federal regulations<sup>4</sup> and intergovernmental agreements entered into by the Department of the Treasury and States under the *Cash Management Improvement Act of 1990*.<sup>5</sup> An advance or reimbursement for costs under the program must comply with Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*.<sup>6</sup> At the end of each quarter of the Fiscal Year (FY), each DDS submits a Form SSA-4513, *State Agency Report of Obligations for SSA Disability Programs* (Form SSA-4513), to account for program disbursements and unliquidated obligations.

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<sup>1</sup> *Social Security Act* §§ 216(i) and 223, 42 U.S.C. §§ 416(i) and 423.

<sup>2</sup> *Social Security Act* § 1601, et seq., 42 U.S.C. §1381, et seq. See also 20 C.F.R. § 416.110.

<sup>3</sup> *Social Security Act* §§ 221 and 1614, 42 U.S.C. §§ 421 and 1382c; 20 C.F.R. §§ 404.1601 et. seq. and 416.1001 et. seq.

<sup>4</sup> 31 C.F.R. Part 205.

<sup>5</sup> *Cash Management Improvement Act of 1990*, Pub. L. No. 101-453, § 5(b), 104 Stat. 1058, 1059 (Codified at 31 U.S.C. § 6503) (1990).

<sup>6</sup> 2 C.F.R. Part 225 (August 31, 2005).

## **SCOPE**

To accomplish our objectives, we reviewed the personnel costs Georgia Disability Adjudication Services (GA-DAS) reported on its Form SSA-4513 for the 6-month period October 1, 2011 through March 31, 2012. For this period, we obtained evidence to evaluate recorded financial transactions and determine whether they were allowable under OMB Circular A-87 and appropriate, as defined by SSA's Program Operations Manual System.

We also:

- Interviewed officials at the GA-DAS, General Accounting Office, and Georgia Department of Labor.
- Interviewed the Atlanta Region official responsible for the GA-DAS oversight.
- Verified the reconciliation of State accounting records for the personnel costs GA-DAS reported on the Forms SSA-4513.
- Examined the personnel expenditures GA-DAS incurred and claimed.
- Examined personnel files for selected GA-DAS employees.

The electronic data used in our audit were sufficiently reliable to achieve our audit objectives. We assessed the reliability of the electronic data by reconciling them 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 at GA-DAS in Stone Mountain, Georgia; the Georgia Department of Human Services in Atlanta, Georgia; and the Office of Audit in Atlanta, Georgia, from May to August 2012. We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **METHODOLOGY**

Our sampling methodology included only the personnel costs as reported on Forms SSA-4513. We obtained computerized cost data from GA-DAS for the 6-month period October 1, 2011 through March 31, 2012. We used the computerized data to select a statistical sample for our control tests.

For our control tests, we sampled 50 employees and 50 medical consultants from 1 randomly selected month from the 6-month period October 1, 2011 through March 31, 2012. For employee salaries, 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. For the 50 medical consultants, we tested contract reimbursement rates and the number of claims paid. Our control tests determined whether GA-DAS charged SSA the correct medical consultant costs.

## **Appendix C**

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### **Schedule of Total Costs Reported on the Forms SSA-4513—*State Agency Report of Obligations for SSA Disability Programs***

<b>Georgia Disability Adjudication Services</b>			
<b>6-Month Period—October 1 Through March 31, 2012</b>			
<b>REPORTING ITEMS</b>	<b>DISBURSEMENTS</b>	<b>UNLIQUIDATED OBLIGATIONS</b>	<b>TOTAL OBLIGATIONS</b>
Personnel	\$18,064,567	\$0	\$18,064,567
Medical	\$7,902,937	\$2,542,050	\$10,444,987
Indirect	\$1,870,333	\$0	\$1,870,333
All Other	\$3,052,338	\$629,790	\$3,682,128
<b>TOTALS</b>	<b>\$30,890,175</b>	<b>\$3,171,840</b>	<b>\$34,062,015</b>

## ***Appendix D***

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### **Agency Comments**



## SOCIAL SECURITY

### **MEMORANDUM**

Date: November 9, 2012  
To: Inspector General  
From: Regional Commissioner Atlanta  
Subject: Personnel Costs and Hiring Practices of the Georgia Disability Adjudication Services - A-04-12-22135 (Your Memorandum, 10/11/12)--REPLY

Refer To: S2D4  
(D BH 21419)

Thank you for the opportunity to comment on the recommendations presented in the draft audit report of the Georgia Disability Adjudication Service's (GA-DAS) personnel costs and hiring practices for the period October 1, 2011, through March 31, 2012. We found this first phase of the Office of Inspector General's (OIG) audit of the GA-DAS to be detailed and comprehensive, focusing on all areas affecting the personnel portion of their budget. Specifically, the auditors reviewed the GA-DAS's internal controls, accounting procedures, fiscal reporting, time and attendance practices, personnel charges, and compliance with Social Security (SSA) guidelines. Overall, the Atlanta Regional Office (ARO) concurs with the draft report's findings and recommendations regarding the GA-DAS's personnel costs and hiring practices during the first six months of Fiscal Year 2012.

A number of deficiencies were found during the audit in terms of certain payroll expenses claimed for reimbursement, compliance with SSA directives, and a questionable hiring issue involving a parent agency loaned executive. These issues have raised a number of serious concerns about GA-DAS's internal controls, communications, and employment practices. The ARO fully supports and is already working with the GA-DAS and its parent agency to resolve the three recommendations resulting from the audit findings. Our specific comments on each OIG recommendation, as well as the current actions taken, are summarized below:

**1. Work with GA-DAS to ensure its leadership and parent agency are properly trained and counseled on SSA personnel policies.**

The Georgia Department of Labor (GA-DOL) served as the parent agency of the GA-DAS during the first phase of the OIG audit. However, effective with the start of Georgia's new State fiscal year on July 1, 2012, the GA-DAS was placed under a new state organization, the Georgia Vocational Rehabilitation Agency (GVRA).

Therefore, information and training on SSA's personnel policies, Federal Regulations, Programs Operations Manual (POMS) requirements, etc. are presently being undertaken with the new parent agency, as well as GA-DAS leadership.

Prior to the transition of the GA-DAS to its new parent component GVRA, ARO staff held several meetings with key representatives from the Georgia Department of Human Services (GA-DHS), which is the component designated to provide administrative and fiscal assistance to GVRA. No GVRA staff, however, was present at these early, pre-transition training sessions, which occurred prior to July 2012, because the Governor had not yet appointed an Executive Director or any Board members to the newly created agency.

The GA-DAS Director was present at all pre-transition meetings, which focused on SSA hiring policies and fiscal issues. In addition, the director has participated in numerous personnel and budget training sessions, both formal and informal, during her 22 month tenure in her current position. Specifically, the director has received training, guidance, and specific directives on the Federal-State relationship, SSA personnel policies, hiring authority, overtime approval, contract compliance, staffing mix and its impact on production, information on salary issues, reporting staffing numbers and hours on the State Agency Operations Report (SAOR), etc. However, given on-going concerns regarding GA-DAS personnel practices, such as whether SSA authorized hiring numbers are being adhered to (i.e., erroneous use of GA-DAS funding to pay the salary of a GA-DOL loaned executive in 2012), the ARO will continue to work with the GA-DAS Director and staff to ensure that they have a solid knowledge of SSA personnel policies and the need to comply with same.

In addition, since the appointment of an Executive Director of GVRA in July 2012, the ARO has held at least five communication/training sessions with the new parent agency head to discuss GA-DAS personnel, organizational, workload, and fiscal issues relative to SSA requirements and policies. Given the seven percent salary increases that GA-DOL authorized for certain GA-DAS employees without SSA approval last year, plus the use of SSA funding to pay the salary of an unapproved hire/loaned executive, SSA's personnel requirements have been a key focus of these meetings.

Overall, both the State and SSA have agreed that it is imperative that we continue to work together, along with the GA-DAS, to ensure that SSA funding is not being used for unapproved items, such as bonus payments. The ARO will continue to work closely with key State staff to monitor performance and spending in this area.

**2. Closely monitor the GA-DAS' personnel costs until the ARO is satisfied GA-DAS is complying SSA policies and procedures.**

As noted above, the ARO has been holding monthly briefings with the GA-DAS's new parent agency head to discuss SSA fiscal requirements, claimed personnel

costs, and the State's responsibilities relative to the GA-DAS budget. In addition, a fiscal meeting targeted at training the State on SSA cost pools and items comprising the DAS budget post-transition, plus preparation of the SSA-4513/4514 and the Monthly Obligations Report, has been requested by the ARO. This training is expected to take place in November 2012 and will focus on the latest fiscal reports submitted by the State, including the payroll records of the DAS and the staffing numbers reported on the SAOR. The ARO also plans to hold regular fiscal meetings with the GA-DAS, GVRA, and GA-DHS to ensure that any identified anomalies are shared, discussed, and corrected so that an environment of continuous learning and communication exists among all components.

Finally, close monitoring of the GA-DAS's personnel costs has already taken place since the draft audit report was issued. For example, the ARO recently shared with the GVRA parent agency head a copy of the GA-DAS's payroll register for September 2012, as it reflects another erroneous payment made to the loaned executive out of GA-DAS funding for that month. As a result, action is being taken to quantify the amount incorrectly paid to this individual so that repayment to SSA can be made.

**3. Verify that GA-DAS credits \$4,858 to the personnel costs claimed on the SSA-4513 for the fourth quarter of Fiscal Year 2012.**

The new Executive Director of GVRA is aware that there is an outstanding balance of \$4,858 that needs to be repaid to SSA due to a salary error made by GA-DOL. Because all SSA funding for the GA-DAS was transferred from the prior parent agency to the new agency early in July 2012, the two agencies are still working to coordinate records to resolve the repayment of the outstanding \$4,858. GVRA has not yet been able to verify whether GA-DOL repaid these monies back to SSA. In addition, recent payroll registers obtained after the parent agency transition indicate that the loaned executive was placed back on the GA-DAS's payroll as of July 2012. Therefore, the exact repayment amount is still being determined.

Compounding this problem is the fact that the prior parent agency, GA-DOL, is still processing/cutting the GA-DAS's salary checks, as the new agency does not yet have the software to accurately record the employees' time and attendance. Therefore, the new agency is relying on GA-DOL payment tapes/payroll records to ascertain who actually received a check and for how much, which has made reconciliation of this issue more problematic.

The ARO, however, has had numerous conversations with GVRA on this specific issue, and the parent agency head is aware that the issue needs to be resolved expeditiously. Once it can be verified that unauthorized salary payments are no longer being made to the loaned executive out of GA-DAS funding, the total dollar amount to be reimbursed to SSA will be quantified so that full repayment can be made. ARO staff will be verifying that these actions are completed as soon as possible so that this issue is finally resolved and will not occur again.

Please let me know if you have any questions. Staff questions may be directed to Barbara Hites, Disability Program Administrator, in the Atlanta Region's Center for Disability at 404-562-1419.

Michael W. Gochowski

cc:  
DCO

## ***Appendix E***

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### **Georgia Disability Adjudication Services' Comments**

Nathan Deal  
Governor



Greg Schmieg  
Executive Director

Vocational Rehabilitation Program • 2 Peachtree Street, NW • Sixth Floor • Atlanta, GA 30303-3142  
Phone: (404) 232-7800 • Fax: (404) 232-1800 • [www.gvra.ga.gov](http://www.gvra.ga.gov)

November 9, 2012

Mr. Patrick P. O'Carroll, Jr.  
Inspector General  
Social Security Administration  
Baltimore, MD 21235-0001

RE: Draft Report of Personnel Costs and Hiring Practices of the Georgia Disability  
Adjudication Services – A-04-12-22135

Dear Mr. O'Carroll, Jr.:

The purpose of this letter is to respond to the draft report dated October 11, 2012. There were three findings identified in the report:

1. Improper Use of SSA Fund,
2. Unauthorized Salary Increases, and
3. Access to SSA Systems.

The first finding refers to the use of a loaned executive from the then parent organization, Georgia Department of Labor. The individual was never a Georgia Disability Adjudication Services (DAS) employee. The parent organization initiated a personnel action that showed the department where the executive was assigned for tracking purposes only. The executive completed her time sheets and the funding codes for her salary were charged to the parent, Georgia Department of Labor. The financial staff at the parent organization confirmed that the time records initiated and approved were completed properly. A DAS employee, without authorization from her supervisor or confirmation from the executive in question, improperly changed the funding codes after they were entered on the system. This created the improper charges to the disability program. When the error was discovered, the personnel manager and the employee were informed to follow the correct protocol of making personnel changes in the system, which requires signed approval from the personnel manager before funding and/or project codes can be changed. The personnel manager will review the procedures with his staff and document that all staff have been trained on the proper procedures to follow in the future.

The second finding refers to the use of temporary salary supplements, which Social Security is classifying as a “bonus.” DAS agrees that 332 employees began receiving the seven percent temporary salary supplement to address attrition and high workloads.

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Nathan Deal  
Governor



Greg Schmieg  
Executive Director

Vocational Rehabilitation Program • 2 Peachtree Street, NW • Sixth Floor • Atlanta, GA 30303-3142  
Phone: (404) 232-7800 • Fax: (404) 232-1800 • [www.gvra.ga.gov](http://www.gvra.ga.gov)

However, the background on the temporary salary supplements is as follows:

1. In April 2011, the parent organization realized that there was a growing concern with the high attrition rate and workloads at the DAS.
2. In September 2011, the DAS submitted its FY2012 annual spending plan (spreadsheet and narrative) that showed an increase in personnel costs projected for FY2012 to address attrition.
3. There was an all staff meeting held on September 20, 2011 in which the Atlanta Regional Commissioner attended. In fielding some questions from the audience, I stated that the then parent, the Georgia Department of Labor, was looking at ways to address compensation and the high attrition rates at the agency. I used the word "bonus" when stating some of the options under consideration. Immediately after the meeting, the Atlanta Regional Commissioner informed me that SSA does not fund "bonuses." I stated it was a general comment and that I would let the parent organization know that funding a "bonus" was not permissible. After the meeting, I did inform the parent that a "bonus" was not permissible.
4. The October 13, 2011 email from the Atlanta Regional Commissioner was also shared with the parent organization regarding bonuses.
5. In December 2011, the parent organization decided to use temporary salary supplements to address the attrition and workload issues at the agency.
6. In March 2012, there were a series of letters between the agency and the Atlanta Regional Office on the temporary salary supplement. Copies are available as attachments to this audit report.
7. On or around March 22, 2012, there was an in-person meeting held with the parent organization, DAS and the Atlanta Regional office to discuss the issue. The parent organization reiterated that the parent organization made the decision to use temporary salary supplement to address the problem and not the DAS. No decisions were made at the meeting on any potential "corrective actions."
8. In April, with the last written communication from the Atlanta Regional Commissioner, the parent organization stopped the temporary salary supplements and recoupment from the employees began with the last pay period in April and the two pay periods in May.

The final finding refers to the access of the loaned executive to SSA systems. The executive was a senior staff with the parent organization. She was working on several initiatives, including professional relations and constituent services unit initially. The SSA120 form indicated that the individual was with GDOL-GADDS. There was no attempt by the DAS to neither "mislead" nor "misrepresent" the nature of the executive's involvement with the agency. We did agree to change her level of access to the SSA systems access so that access to claimant information would be protected.

Nathan Deal  
Governor



Greg Schmieg  
Executive Director

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Vocational Rehabilitation Program • 2 Peachtree Street, NW • Sixth Floor • Atlanta, GA 30303-3142  
Phone: (404) 232-7800 • Fax: (404) 232-1800 • [www.gvra.ga.gov](http://www.gvra.ga.gov)

Thank you for allowing me to respond to the audit findings.

Sincerely,

*Sharon Baker*

Sharon Baker  
Director  
Georgia Disability Adjudication Services

cc:

Mr. Greg Schmieg, Executive Director, Georgia Vocational Rehabilitation Agency  
Mr. Mark Butler, Commissioner, Georgia Department of Labor  
Mr. Michael W. Gochowski, Regional Commissioner Atlanta, SSA

## **Appendix F**

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# OIG Contacts and Staff Acknowledgments

### ***OIG Contacts***

Kimberly Byrd, Director, Atlanta Audit Division

Frank Nagy, Audit Manager

### ***Acknowledgments***

In addition to those named above:

Luis A. Ramírez, Senior Auditor

Jordan A. Sherman, Auditor

For additional copies of this report, please visit our Website at <http://oig.ssa.gov/> or contact the Office of the Inspector General's Public Affairs Staff at (410) 965-4518. Refer to Common Identification Number A-04-12-22135.

## **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.