



## SOCIAL SECURITY

### **MEMORANDUM**

Date: May 5, 2011

Refer To:

To: The Commissioner

From: Inspector General

Subject: Office of Disability Adjudication and Review Cost Allocation Process (A-15-10-20150)

We contracted with Grant Thornton LLP (Grant Thornton) to perform four reviews related to the Social Security Administration's (SSA) Cost Analysis System (CAS) and Cost Assignment Methodology. The attached final report presents the results of Grant Thornton's review of the data reliability of the Office of Disability Adjudication and Review (ODAR) cost allocation process. Grant Thornton's objectives were to:

1. Determine whether the data collected and used by SSA management in the ODAR cost allocation process were valid and accurate.
2. Review and test internal controls over the systems and applications used by ODAR, which performs its own cost allocation calculation, that ODAR ultimately incorporated into the Cost Analysis System.
3. Review the General Computer Control environments applicable to ODAR.
4. Review and test ODAR's main processes to determine whether they were accurate, complete, and reliable, including, but not limited to maintaining structure/support data, processing pure data, processing report requests, and initializing a new fiscal year.
5. Review and test ODAR's data inputs to CAS to determine whether they were accurate, complete, and reliable.
6. Review and test various ODAR cost allocation data output reports, including reports that reflect data after input, after allocation, and after distribution, at various levels of detail, which ODAR regularly disseminated, to determine whether they were accurate, complete and reliable.

We are aware that SSA does not intend to provide comments until we issue the last of the four CAS reports. As such, please provide within 60 days of release of the final CAS report, *The Social Security Administration's Cost Allocation Methodology Review* (A-15-10-20152), a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.



Patrick P. O'Carroll, Jr.

Attachment

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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**OFFICE OF DISABILITY ADJUDICATION  
AND REVIEW  
COST ALLOCATION PROCESS**

May 2011                    A-15-10-20150

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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.**



## MEMORANDUM

Date: April 12, 2011

To: Inspector General

From: Grant Thornton, LLP

Subject: Office of Disability Adjudication and Review Cost Allocation Process (A-15-10-20150)

## OBJECTIVES

The objectives of the Office of Disability Adjudication and Review (ODAR) Cost Analysis System (CAS) review were to:

1. Determine whether the data collected and used by SSA management in the ODAR cost allocation process were valid and accurate.
2. Review and test internal controls over the systems and applications used by ODAR, which performs its own cost allocation calculation, that ODAR ultimately incorporated into the Cost Analysis System (CAS).
3. Review the General Computer Control environments applicable to ODAR.
4. Review and test ODAR's main processes to determine whether they were accurate, complete, and reliable, including, but not limited to maintaining structure/support data, processing pure data, processing report requests, and initializing a new fiscal year.
5. Review and test ODAR's data inputs to CAS to determine whether they were accurate, complete, and reliable.
6. Review and test various ODAR cost allocation data output reports, including reports that reflect data after input, after allocation, and after distribution, at various levels of detail, which ODAR regularly disseminated, to determine whether they were accurate, complete and reliable.

## BACKGROUND

The Social Security Administration (SSA) must take care to be a good steward of the four Trust Funds for which it provides administrative support. They are the Retirement and Survivors Insurance (RSI) Trust, Disability Insurance (DI) Trust, Hospital Insurance (HI) Trust, and Supplementary Medical Insurance (SMI) Trust. To help meet this stewardship objective, the Commissioner of Social Security established a cost allocation process in July 1973.

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The Commissioner established the cost allocation process based on the policy that administrative costs for all Trust and general fund programs administered by SSA and for reimbursable work performed by SSA for outside organizations are to be allocated based on cost-sharing principles.

A central part of SSA's cost analysis program is CAS, SSA's administrative cost allocation system. SSA uses CAS to allocate administrative costs from SSA's component organizations to Trust and general fund programs administered by SSA and for reimbursable work performed by SSA for outside organizations. CAS is a computer-based system that tracks workload, workyear, administrative cost, and related data for SSA and its major component organizations.

ODAR is one of those major component organizations whose costs are input into CAS for allocation to program activities. ODAR is responsible for holding hearings and issuing decisions as part of SSA's process for determining whether a person may receive benefits. Headquartered in Falls Church, Virginia, as of November 1, 2010, ODAR comprised 10 regional offices, 154 hearing offices (including 5 satellite offices), and 4 national hearing centers.

ODAR directs a nationwide field organization of administrative law judges (ALJ) who conduct impartial hearings and make decisions on appealed determinations involving retirement, survivors, disability, and Supplemental Security Income (SSI) payments. Through the Appeals Council, ODAR also reviews ALJ decisions on appeal by claimants, or on its own motion, and issues the final Agency decision<sup>1</sup> on such cases.

ODAR's process for inputting CAS information is similar to that used by the other SSA components. However, there are two major differences in ODAR's pre-allocation processing. First, ODAR does not have a work measurement system that directly links to CAS. Instead, ODAR collects work measurement information from individual systems and reports, such as the

- ODAR Training Information System;
- Appeals Review Processing System (ARPS);
- Case Processing Management System (CPMS);
- Data Mart Operational Data Store (Data MartODS);
- Payroll Operational Data Store (PayODS); and
- District Office Workload Report.

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<sup>1</sup> Agency decisions may be appealed by filing an action in a Federal district court. See 20 C.F.R. §§ 404.981 and 416.1481.

ODAR then compiles the data into a Microsoft Excel spreadsheet, which it sends to the Office of Cost Analysis and Support Systems (OCASS) to reformat and upload into CAS. ODAR's pre-allocation process occurs monthly and is manually intensive, involving the linking and uploading of several datasheets, as well as several informal quality checks before final submission into CAS.

Second, unlike other SSA components, ODAR does not conduct workload sampling to determine work hours. Rather, ODAR applies standard time values to the workload count information from the CPMS and the ARPS to determine the work hours by workload. A "standard time" is the predetermined time that a certain activity is expected to take. These total work hours are then converted to workyears and compared with control workyear figures that are provided by OCASS. Control workyears are actual employee workyears consumed during the operating period. They are reported, by component, as recorded in the Agency's payroll data system, PayODS, for the period being calculated. Any difference between the calculated workyear and control workyear figures is then prorated and reassigned to the workloads. Typically, this difference is less than 1 percent and considered insignificant.

This audit included assessments of the ODAR cost allocation process related to the data collected and used by SSA management, the internal controls over the systems and applications, the general computer control environments, the main processes conducted, the data inputs, and the data output reports.

## RESULTS OF REVIEW

### **OBJECTIVE 1: Determine Whether the Data SSA Management Collected and Used in the Cost Allocation Process Were Valid and Accurate**

We met with personnel from the ODAR Budget Office and OCASS to gain an understanding of the monthly preparation and submission process. Each month, analysts from the ODAR Budget Office prepare a CAS Input Summary Report. Data from the input report are derived from current ODAR workload reports and payroll data. ODAR enters payroll and workload data into spreadsheets to calculate total direct workyears by category. Categories are a combination of workload outputs and various personnel and non-personnel costs, such as "other objects" and "indirect costs." ODAR records workyear information in the CAS Input Summary Report and sends it to OCASS via SSA email. OCASS personnel then convert the ODAR data into an uploadable file via an automated Microsoft Excel macro and upload the new file into CAS.

We selected three CAS Input Summary Reports from March, June, and August 2010 and tested them to determine that data used in the cost allocation process were valid and accurate. Testing consisted of ensuring the spreadsheets used were calculating

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total direct workyears accurately; and that the data necessary for these calculations – payroll and other costs, control workyears, and workload counts – agreed with valid payroll and workload information.

Our review of the data inputs found that, during the first quarter of Fiscal Year (FY) 2010, ODAR conducted an internal Cost Reporting ODAR Workgroup (CROW) study of the standard time values used in its workload measurement process. ODAR managers requested the study because they believed that some of the standard time values they were using in their cost allocation process were outdated and inaccurate. The original standard time values were developed in the early 1980s, and the specific details regarding the rationale and calculation of the standard time values were unclear, as there is no documentation on their development, and individuals who created them have retired.

The CROW study found that ODAR was overestimating ALJ travel time as well as the time it took to conduct a hearing. The original standard time values were high because they had not been adjusted for 20 to 30 years to account for procedural, business, and technological changes (for example, process improvements, software/computer systems upgrades, and the introduction of video hearings) that significantly reduced the hearings procedures and processing times. Based on the CROW study results, ODAR reduced the standard time values for hearings by an average of 16.22 hours (see the table below for details).

<b>Program Activity</b>	<b>Original Values – Hearings (Hours)</b>	<b>CROW Values – Hearings (Hours)</b>	<b>Difference (Hours)</b>
<b>RSI</b>	36.23	18.61	17.62
<b>DI</b>	35.00	19.51	15.49
<b>DI/SSI</b>	36.55	20.07	16.48
<b>SSI</b>	34.81	19.51	15.30
<b>Average</b>	<b>35.65</b>	<b>19.43</b>	<b>16.22</b>

**Note:** The number of CROW hours only reflects the direct workload of individuals working on the Hearings. ODAR management could not determine how Original Hearing hours were calculated and thus, could not determine if amounts reflected only direct labor.

In addition to hearing times, ODAR reduced travel times for the ALJs from 1.1 hours per workday to 3.55 hours per month. ODAR used the original standard time values for the remainder of FY 2010 and began implementing the revised standard time values in FY 2011. Given that CAS results are used for budgetary and management decision-making, we find the use of known, faulty data to be inappropriate. Additionally, ODAR did not formalize a scheduled, periodic review of these values to help ensure that future CAS results reflect the status of operations. ODAR needs to establish a consistent basis for review of its standard time values. When an organization uses standard values in calculations, good practice dictates a periodic review of those values to ensure

currency. ODAR should establish a structured mechanism to trigger the periodic review of standard time values. The triggers that should initiate a new CROW study are as follows.

- Major changes in the adjudications and support processes.
- Technology improvements that significantly impact the adjudications and support processes.
- Statutory changes that significantly impact the adjudications and support processes.
- Specific time intervals – we recommend at least every 3 years or at a shorter interval ODAR feels is more appropriate.

ODAR's use of overestimated standard times for hearings and ALJ travel time could cause ODAR's allocation rates between the programs and workloads to be incorrect.

## **OBJECTIVE 2: Review and Test Internal Controls over the Systems and Applications ODAR Used That Were Ultimately Incorporated into CAS**

Unlike field offices and disability determination services, ODAR's CAS submission process does not incorporate work sampling. Instead, the ODAR Budget Office prepares monthly spreadsheets that summarize ODAR workloads, payroll information, and workyears. The Budget Office updates and submits the spreadsheets to OCASS personnel who enter the information into CAS.

We traced three ODAR CAS submissions and provided both the ODAR Budget Office and OCASS an internal control questionnaire. This questionnaire focused on the data integrity of the spreadsheets.

The ODAR Budget Office has incorporated the following internal controls and checks to ensure the validity and accuracy of the spreadsheets.

- Files are automatically backed up each night.
- Files are maintained on shared drives. Access to the shared drives requires access to the SSA network, which requires a password. Only ODAR budget personnel can access the shared drive.
- Cells in the spreadsheets are not protected; however, three budget analysts update separate files and perform visual checks for results that differ significantly from historical trends (outliers). They investigate any outliers and verify associated formulas to determine whether calculation changes were made.
- Formal reviews of the monthly CAS submissions were not documented; however, ODAR budget analysts perform informal quality reviews on each others' work before submission to OCASS.

- ODAR personnel send the finalized file to OCASS via SSA's secured, internal email system.

OCASS personnel had incorporated the following internal controls in their processes

- They verify input checks against payroll and workload data to ensure the data are consistent and accurate.
- They maintain files on a protected shared drive that can only be accessed by OCASS personnel.
- They perform a CAS comparison each month to ensure outputs are consistent.

Based on the results of the ODAR input testing as well as the responses to the internal control questionnaire, we believe controls over the systems and applications used by ODAR are operating effectively. However, the ODAR Budget Office relies on spreadsheets to prepare and submit its monthly CAS inputs. Spreadsheets are manually intensive and therefore inherently prone to error.

### **OBJECTIVE 3: Review the General Computer Control Environments Applicable to ODAR**

We performed a full scope application controls review of the CAS system. This type of review involves tailored application controls testing as prescribed in the Government Accountability Office's (GAO) Federal Information System Controls Audit Manual (FISCAM)<sup>2</sup>. A full-scope application controls review focuses on the access controls, data input, processing, and interface controls. As part of the FY 2010 *Chief Financial Officers Act of 1990* financial statement audit performed by Grant Thornton LLP we analyzed, through inquiry, inspection and, observation, the documentation provided by the Agency to assess the reliability of the data maintained within the CAS application. Our analysis of the Agency's entity-level control environment during the FY 2010 financial statement audit disclosed three deficiencies that, when aggregated, rose to the level of a significant deficiency. Those deficiencies were as follows:

1. Policies and procedures to periodically reassess the content of security access profiles had not been complied with consistently throughout the Agency.
2. Security permissions provided to some employees and contractors exceeded the access required to complete their job responsibilities.
3. Certain mainframe configurations increased the risk of unauthorized access to key financial data and programs.

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<sup>2</sup> GAO FISCAM, February 2009, Chapter 4. Evaluating and Testing Business Process Application Controls.

The risks associated with these control deficiencies have a direct impact on the integrity of the CAS application and database environments. For the other controls tested related to CAS applications, we identified no exceptions.

#### **OBJECTIVE 4: Review and Test ODAR's Main Processes to Determine Whether they Were Accurate, Complete, and Reliable**

ODAR did not have a formalized review process for the monthly spreadsheets it developed for input to CAS. However, ODAR budget analysts use workyear numbers supplied by OCASS to ensure that spreadsheet total workyears tie back to the number of workyears provided to them by OCASS and that all payroll and workload information was incorporated. Per ODAR budget personnel, the goal is to match their monthly workyear number to the number provided by OCASS, which is based on Agency payroll data. We vouched without exception amounts in the CAS Input Summary Report to underlying source documents such as the PayODS and workload reports for March, June, and August 2010. In addition, we successfully traced data inputs from the CAS Input Summary Report to the CAS submissions for March, June, and August of 2010.

ODAR did not conduct workload sampling to determine initial workload allocation. Instead, ODAR applied standard time values to the workload count information from CPMS/ARPS to determine the work hours by workload. ODAR then compared the calculated total workhours to the control workyear figures OCASS provided. Any difference between the calculated work hour and control workyear figure totals are then prorated and applied back (that is, spread across) in proportion to the relative size of the workloads. For example, if the calculated total work hour figures are off by 10 hours from the control workyear figures, those 10 hours are weighted and applied back to the direct workloads so the calculated work hour figure total equals the control workyear total. The following table provides a numeric illustration of this calculation.

OCASS Workyears 1,000.00
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Category	Workload 1	Workload 2	Workload 3	Workload 4	Workload 5	Total
Workyears from standard times	243.00	97.00	438.00	176.00	36.00	990.00
Distribute the 10 undistributed workyears	2.45	0.98	4.42	1.78	0.36	10.00
Total workyears/workload	245.45	97.98	442.42	177.78	36.36	1,000.00

The portion of the 10 undistributed workyears assigned to each workload equals the proportion of the 990 workyears that each workload represents. In the case of Workload 1, that is:

$$10 \times \frac{243}{990} \equiv 2.45 \text{ rounded to 2 decimal places.}$$

Because of the manner in which CAS calculates its results, we could only vouch amounts at the aggregate level. As data run through the allocation and distribution calculations in CAS, the individual data elements are organized and grouped in different, non-comparable ways. However, at each phase in the calculation process, data are also reported at the aggregate level, allowing users and managers to verify that no data are lost in the process. Appendix C provides detailed tables and explanations of our data vouching. Based on our review, we believe ODAR's main processes were accurate, complete, and reliable.

#### **OBJECTIVE 5: Review and Test ODAR's Data Inputs to the CAS to Determine Whether they Were Accurate, Complete, and Reliable**

Each month, OCASS personnel receive the Cost Analysis System Input Summary Report from the ODAR Budget Office. ODAR manually inputs data from the Input Summary Report into a monthly ODAR input sheet. Once the input summary report is completed, an ODAR analyst compares the input sheet with the Input Summary Report. Once the analyst validates that the information is accurate, the input sheet is uploaded into CAS.

We traced data inputs from the CAS Input Summary Report to the CAS-generated input sheets for March, July, and August 2010. Based on our review, and with the exception of the outdated standard times described in Objective 1, ODAR's data inputs into CAS for the 3 months selected were accurate, complete, and reliable.

#### **OBJECTIVE 6: Review and Test Various ODAR Cost Allocation Data Output Reports**

System output reports help end-users ensure data are processed correctly. The seven reports we reviewed for March, July, and August 2010 were as follows:

1. ODAR's Electronic Cost Report – Contains input level workloads, workyears, and average salaries by workload/function.
2. Pre-Input Cost Analysis (PICA) – Provides information by organization. CAS input report used to read raw data from several SSA systems.
3. Level 0 Report – CAS output report that provides input-level workload processed counts, workyears, and average weights by workload/function and costs by CAS object class.

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4. C1 – 1235 – CAS output report that provides category workyears, payroll obligation and payroll costs per workyear for workload and staff functions by program activity for SSA components.
5. C2 – 15A Detail – CAS output report that provides cumulative monthly processed counts, workyears, payroll obligations and other object costs, unit costs, cost per workyear, and production rates by direct workload, program activity and SSA component.
6. C1 – 67 – CAS output report that provides obligations by program, activity component and major object class.
7. S3 – 1 - CAS output report that provides a comprehensive source of total cost and unit cost data by direct workload.<sup>3</sup>

To test for data consistency, we reviewed and analyzed the information in the output reports for sudden fluctuations in data. In addition, the major data elements contained in each of the reports were cross-referenced with one another and total cost information from the Social Security Online Accounting and Reporting System, SSA's accounting system of record, to ensure the figures agreed. For the specific data reviewed and the analysis performed relating to data consistency, please refer to Appendix C.

To test for data completeness, we compared the data elements tracked by ODAR/CAS to data elements typically found in a well-established and comprehensive cost allocation system. The purpose of the examination was to confirm that the output reports were capturing and providing a complete picture of total workload and cost. See Appendix D for the specific data reviewed and analysis performed relating to data completeness.

We determined that the cost and workload information remained consistent over the past 9 years with no unexplainable data spikes or drops. Based on analysis of ODAR/CAS reports, we determined that cost and workload information consistently flowed from the initial ODAR electronic cost report through CAS and its output reports. In all instances, our comparison of data at the aggregate level showed the same values at all phases of the calculation process. See Appendix C for specific details. In addition, the information in the ODAR/CAS reports provided information on all of the data elements found in generally accepted cost and workload data elements in a well-established cost allocation system.

Based on our review, ODAR's data output reports from CAS for the 3 months selected were consistent. However, because updated ODAR standard times did not go into effect until FY 2011, we did not assess the impact that the updated standard times had on ODAR's output reports.

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<sup>3</sup> GAO-03-273G Assessing the Reliability of Computer-Processed Data, July 2009, Section 2 (p. 4). Note: We reviewed the FY output reports for 2001 through 2009 and the 1<sup>st</sup> and 3<sup>rd</sup> quarters of FY 2010.

## CONCLUSION AND RECOMMENDATIONS

### OBJECTIVE 1: Determine Whether the Data SSA Management Collected and Used in the Cost Allocation Process Were Valid and Accurate

We noted no exceptions during our testing of the data used in ODAR's cost allocation process; however, we found that standard time values used in its cost allocation process were outdated and inaccurate. The original standard time values were developed in the early 1980s, and the specific details regarding the rationale and calculation of the standard time values were unclear as there is no documentation on their development, and individuals who created them have long since retired.

ODAR Budget Office management reexamined their standard times. This reexamination, called the CROW study, found that ODAR was overestimating ALJ travel time as well as the time it took to conduct a hearing. Revised standard times will be incorporated beginning in FY 2011.

We recommend that ODAR formalize a scheduled, periodic review of its standard time values, to help ensure future CAS results reflect the current status of operations. We suggest that reviews be scheduled every 3 years or at a shorter interval, if deemed appropriate by ODAR staff. In addition to a scheduled review, ODAR should establish a structured mechanism to trigger the periodic review of standard time values. Technological improvements and statutory changes that significantly influence adjudications and supporting processes should initiate a new CROW study.

### OBJECTIVE 2: Review and Test Internal Controls over the Systems and Applications ODAR Used That Were Ultimately Incorporated into CAS

Based on the results of our review, we believe ODAR's controls over the systems and applications were operating effectively. However, the ODAR Budget Office relied on spreadsheets to prepare and submit its monthly CAS inputs. Spreadsheets are manually intensive and are inherently prone to error.

We recommend the ODAR Budget Office develop a formalized monthly review process of its CAS submission as part of its control structure. This formalized review process should be consistent and documented. Having a formalized, consistent and well-documented review process will help mitigate the impact of staff turnover and other changes to ODAR's processes.

### OBJECTIVE 3: Review the General Computer Control Environments Applicable to ODAR

We performed a full-scope application control review on CAS that focused on the access controls, data input, processing, and interface controls. The FY 2010 financial

statement audit disclosed three deficiencies that, when aggregated, rose to the level of a significant deficiency. The risks associated with these control deficiencies have a direct impact on the integrity of the CAS application and database environments. For the other controls tested related to CAS applications, we identified no exceptions.

#### **OBJECTIVE 4: Review and Test ODAR's Main Processes to Determine if they Were Accurate, Complete, And Reliable**

ODAR budget analysts use workyear numbers supplied by OCASS to ensure that total workyears in the spreadsheet tie back to the number of workyears provided to them by OCASS, and that all payroll and workload information is incorporated. Per ODAR budget personnel, the goal is to match their monthly workyear number to the number provided by OCASS, which is based on Agency payroll data. Based on our review, we determined ODAR's main processes were accurate, complete, and reliable.

#### **OBJECTIVE 5: Review and Test ODAR's Data Inputs to the CAS to Determine Whether they Were Accurate, Complete, and Reliable**

Each month, OCASS personnel receive the Cost Analysis System Input Summary Report from the ODAR Budget Office. ODAR manually inputs data from the input summary report into a monthly ODAR input sheet. Once the input sheet is completed, an ODAR analyst compares the input sheet with the Input Report. Once the analyst validates that the information is accurate, ODAR uploads the input sheet into CAS. Based on our review and with the exception of the outdated standard times described in Objective 1, ODAR's data inputs to CAS were accurate, complete, and reliable.

#### **OBJECTIVE 6: Review and Test Various ODAR Cost Allocation Data Output Reports**

System output reports help end-users ensure that data are processed correctly. Based on our review, ODAR's data output reports from CAS, for the 3 months selected, were consistent. However, because updated ODAR standard times did not go into effect until FY 2011, we did not assess the impact the updated standard times had on ODAR's output reports.

#### **AGENCY COMMENTS**

SSA determined that because of the interrelationship of all four CAS reviews, it was premature to comment or respond to Grant Thornton's recommendations. Once SSA receives the results of all CAS reviews, it will provide consolidated comments and responses to the recommendations.

The full text of SSA's response can be found in Appendix E.

# Appendices

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[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – Scope and Methodology

[APPENDIX C](#) – Office of Disability Adjudication and Review Cost Allocation Output  
Data Consistency Analysis

[APPENDIX D](#) – Office of Disability Adjudication and Review Cost Allocation Data  
Completeness Analysis

[APPENDIX E](#) – Agency Comments

## Acronyms

ALJ	Administrative Law Judge
ARPS	Appeals Review Processing System
BL	Black Lung
CAS	Cost Analysis System
CAT	Category
C.F.R.	Code of Federal Regulations
CPMS	Case Processing Management System
CPWY	Cost Per Workyear
CROW	Cost Reporting Office of Disability Adjudication and Review Workgroup
DataMart ODS	Data Mart Operational Data Store
DI	Disability Insurance
FISCAM	Federal Information System Controls Audit Manual
FY	Fiscal Year
GAO	Government Accountability Office
HI	Hospital Insurance
OCASS	Office of Cost Analysis and System Support
ODAR	Office of Disability Adjudication and Review
PayODS	Payroll Operational Data Store
PICA	Pre-Input Cost Analysis
PPWY	PPWY
RSI	Retirement and Survivors Insurance
SMI	Supplementary Medical Insurance
SSA	Social Security Administration
SSI	Supplemental Security Income
SSOARS	Social Security Online Accounting and Reporting System
WY	Workyear

## Scope and Methodology

Our objectives were to determine whether data Social Security Administration (SSA) management collected and used in the Office of Disability Adjudication and Review (ODAR) cost allocation process were valid and accurate and to review and test ODAR's internal controls, General Computer Control environments, main processes, and data inputs and outputs to ensure they are accurate, complete, and reliable.

To accomplish our objectives, we:

- Met with analysts from the ODAR Budget Office as well as financial analysts in the Office of Cost Analysis and System Support (OCASS).
- Examined and traced Cost Analysis System (CAS) Input Reports for March, June, and August 2010.
- Obtained and analyzed ODAR output reports from CAS for Fiscal Years 2001 through 2009 and the 1<sup>st</sup> and 3<sup>rd</sup> quarters of 2010, which included the (1) Electronic Cost Report, (2) Pre-Input Cost Analysis (PICA), (3) Level 0, (4) C1 – 1235, (5) C2 – 15A Detail, (6) C1 – 67, and (7) S3 – 1.
- Submitted an internal control questionnaire to ODAR and OCASS personnel to assess the controls surrounding the access and data integrity of their spreadsheets. As part of the FY 2010 financial statement audit, we performed a full-scope application control review of CAS. A full-scope application controls review involves modifying application controls testing as prescribed in the Government Accountability Office (GAO) Federal Information System Controls Audit Manual (FISCAM). A full-scope application controls review focuses on the access controls, data input, processing, and interface controls. FISCAM defines the following types of system-related controls:
  1. **Application Level General Controls:** These controls consist of general controls operating at the business process application level, including those related to security management, access controls, configuration management, segregation of duties, and contingency planning.
  2. **Business Process Controls:** These controls are directly related to individual computerized applications. They help ensure transactions are complete, accurate, valid, confidential, and available. Business process application controls include (1) programmed control techniques, such as automated edits, and (2) manual follow-up of computer-generated reports, such as reviews of reports identifying rejected or unusual items.



3. **Interface Controls:** These are controls over the timely, accurate, and complete processing of information between applications and other feeder and receiving systems and complete and accurate migration of clean data during conversion.
4. **Data Management System Controls:** These controls are relevant to most business process applications because applications frequently use the features of a data management system to enter, store, retrieve, or process information, including detailed, sensitive information such as financial transactions, customer names, and Social Security numbers. Data management systems include database management systems, specialized data transport/communications software (often called middleware), data warehouse software, and data extraction/ reporting software. Data management system controls enforce user authentication and authorization, availability of system privileges, data access privileges, application processing hosted within the data management systems, and segregation of duties.

Through inquiry, inspection, and observation testing, including testing of source documentation, we performed the following:

- Reviewed reports and system documentation related to the CAS application.
- Met with the appropriate SSA personnel to confirm our understanding of the CAS application.
- Assessed technical user access to the CAS application Customer Information Control System front-end screens, user access to the production environment, and the CAS Monthly Run to determine whether workload productivity information was processed completely.
- Observed the input procedures implemented for several significant workload processes: Monthly CAS Initialization, CAS/Social Security Online Accounting and Reporting System Interface, Field Component Input, program service center Component Input, and the Office of Disability and International Operations Component Input.
- Observed key front-end screen fields to determine whether the Agency had adequate edit validation controls over manual data input.
- Compared data elements from well-established and comprehensive cost allocation systems to data elements tracked by ODAR/CAS, such as output cost (by total and unit), and volume, as well as resource cost, volume, contribution and cost by workload category.

We determined that the computerized data used during our audit were sufficiently reliable given our objectives, and the intended use of the data should not lead to incorrect or unintentional conclusions.



The entity reviewed for this audit was ODAR. We conducted our work at SSA Headquarters in Baltimore, Maryland, from May through October 2010. We determined the input and output reports related to ODAR were accurate, complete, and reliable. We conducted this 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Office of Disability Adjudication and Review Cost Allocation Output Data Consistency Analysis

We analyzed the information in the Office of Disability Adjudication and Review (ODAR) cost allocation output reports for irregularities (for example, unexplained fluctuations in data) over the last 9 years. In addition, we compared the data elements (for example, volumes, workyears, production rates, costs, and unit costs) in each report with one another and Social Security Online Accounting and Reporting System reports to ensure consistency throughout the ODAR/CAS reporting process. Tables C-1 through C-6, below, show the trend information that was analyzed. Percentages and other metrics in these tables come from the end-of-year CAS S3-1 report for the years indicated and include ODAR component costs only. The figures shown are not burdened by other SSA headquarters components costs or workyears.

Table C-1 displays ODAR's total costs (in terms of percentages) from 2001 through 2009 by program activity.

**Table C-1: Program Activity (Percent of Total ODAR Cost)**

Program Activity	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
RSI	0.6%	0.6%	0.6%	0.5%	0.7%	0.4%	0.5%	0.4%	0.3%
DI	52.8%	54.1%	55.1%	54.2%	54.1%	64.7%	65.5%	66.1%	66.3%
SSI (Title 16)	35.7%	34.3%	34.0%	32.1%	35.1%	34.1%	34.0%	33.3%	33.2%
HI	*2.1%	*2.6%	*2.0%	NA	NA	NA	NA	NA	NA
SMI	*8.8%	*8.4%	*8.3%	NA	NA	NA	NA	NA	NA
Activity Part D	NA	0.2%	0.2%						
Black Lung	0.0%	0.0%	NA						
Other Public Reimbursable	0.0%	0.0%	0.0%	4.4%	0.0%	0.0%	NA	NA	0.0%
Health Care Reimbursable	NA	NA	NA	*8.8%	*10.1%	*0.8%	NA	NA	NA
<b>Total</b>	<b>100.0%</b>								

*\*Before 2007, SSA (ODAR) performed Hearing Requests for HI/SMI. From 2004 through 2006 SSA (ODAR) allocated HI/SMI workloads (Hearing Requests) into program activity 13 (Health Care Reimbursable) as reimbursable work for CMS.*

After reviewing the total program activity cost percentages, we found no unexplainable spikes or drops in data from 2001 through 2009.



Table C-2 displays ODAR's total workyears (in terms of percentages) from 2001 through 2009 by program activity.

Table C-2: Program Activity (Percent of Total ODAR Workyears)									
Program Activities	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
RSI	0.6%	0.6%	0.6%	0.5%	0.6%	0.4%	0.5%	0.4%	0.3%
DI	52.9%	54.2%	55.2%	56.9%	53.9%	64.8%	65.5%	65.7%	65.9%
SSI (Title 16)	35.3%	34.1%	33.8%	33.8%	35.1%	34.0%	34.0%	33.6%	33.5%
HI	*2.2%	*2.6%	*2.0%	NA	NA	NA	NA	NA	NA
SMI	*9.0%	*8.5%	*8.4%	NA	NA	NA	NA	NA	NA
Part D	NA	0.3%	0.3%						
Black Lung	0.0%	0.0%	NA						
Health Care Reimbursable	NA	NA	NA	*8.8%	*10.4%	*0.8%	NA	NA	NA
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*\*Before 2007, SSA (ODAR) performed Hearing Requests for HI/SMI. From 2004 through 2006 SSA (ODAR) allocated HI/SMI workloads (Hearing Requests) into program activity 13 (Health Care Reimbursable) as reimbursable work for CMS.*

After we reviewed the total program activity workyear percentages, we found no unexplainable spikes or drops in data from 2001 through 2009.



Table C-3 displays ODAR's total costs by workload category for the 1<sup>st</sup> and 3<sup>rd</sup> quarters of 2010.

**Table C-3: ODAR's Total Cost by Workload  
(in millions)**

Workload Category	1 <sup>st</sup> QTR Total Cost (\$M)	Percent of Total Cost	3 <sup>rd</sup> QTR Total Cost (\$M)	Percent of Total Cost
Category 1 (Direct Workload)	\$ 189	64.4 %	\$ 206	62.0 %
Category 2 (Workload Related)	\$ 1	0.2 %	\$ 1	0.3 %
Category 3 (Indirect Workload)	\$ 9	3.2 %	\$ 16	4.9 %
Category 4 (Leave)	\$ 45	15.3 %	\$ 33	10.0 %
Category 5 (Staff and Measureable Support)	\$ 3	1.0 %	\$ 6	1.6 %
Category 6 (Personnel)	\$ 247	84.1 %	\$ 262	78.8 %
Category 7 (Other Objects)	\$ 46	15.9 %	\$ 70	21.2 %
<b>Total</b>	<b>\$ 293</b>	<b>100 %</b>	<b>\$ 332</b>	<b>100 %</b>

After reviewing ODAR's total costs by workload category, we found no unexplainable spikes or drops in data for the 1<sup>st</sup> and 3<sup>rd</sup> quarters of 2010.



Table C-4 displays ODAR's total cost individual workload from FY 2001 through 2009.

Table C-4: Workload Activity (Percent of Total ODAR Cost)									
Workloads	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
Part D Subsidy Applications	NA	0%	0%						
RSI Hearing Requests	1%	0%	0%	0%	1%	0%	0%	0%	0%
DI Hearing Requests	28%	28%	29%	30%	29%	32%	32%	33%	32%
DI-SSI Hearing Requests	23%	24%	26%	28%	26%	36%	37%	37%	38%
SSI Hearing Requests	26%	25%	25%	25%	26%	24%	24%	24%	24%
Black Lung Hearing Requests	0%	0%	0%	NA	NA	NA	NA	NA	NA
HI Hearing Requests	2%	3%	2%	1%	1%	0%	NA	NA	NA
SMI Hearing Requests	9%	8%	8%	7%	9%	1%	NA	NA	NA
Part D Subsidy Appeals	NA	0%	0%						
RSI Reviews Before Council	0%	0%	0%	0%	0%	0%	0%	0%	0%
DI Reviews Before Council	3%	4%	3%	3%	2%	2%	2%	2%	2%
DI-SSI Reviews Before Council	4%	4%	3%	3%	3%	3%	3%	2%	2%
SSI Reviews Before Council	4%	4%	4%	3%	3%	2%	2%	2%	2%
BL Reviews Before Council	NA	0%	NA						
RSI Court Remands	0%	0%	0%	0%	0%	0%	0%	0%	0%
DI Court Remands	0%	0%	0%	0%	0%	0%	0%	0%	0%
DI-SSI Court Remands	0%	0%	0%	0%	0%	0%	0%	0%	0%
SSI Court Remands	0%	0%	0%	0%	0%	0%	0%	0%	0%
RSI New Court Cases	0%	0%	0%	0%	0%	0%	0%	0%	0%
DI New Court Cases	0%	0%	0%	0%	0%	0%	0%	0%	0%
DI-SSI New Court Cases	0%	0%	0%	0%	0%	0%	0%	0%	0%
SSI New Court Cases	0%	0%	0%	0%	0%	0%	0%	0%	0%
Part D Subsidy Redeterminations	NA	0%	0%						
<b>Total</b>	<b>100%</b>								

After reviewing the total cost per workload activity percentages, we found no unexplainable spikes or drops in data from 2001 through 2009.



Table C-5 displays ODAR's total number of cases processed (in terms of percentages) by individual workload from 2001 through 2009.

Table C-5: Number of Cases (Processed Percent)									
Workloads	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
Part D Subsidy Applications	NA	0%	0%						
RSI Hearing Requests	0%	0%	0%	0%	0%	0%	0%	0%	0%
DI Hearing Requests	20%	21%	21%	22%	23%	25%	25%	23%	24%
DI-SSI Hearing Requests	16%	17%	19%	20%	18%	26%	28%	26%	28%
SSI Hearing Requests	18%	18%	19%	18%	20%	18%	18%	17%	17%
Black Lung Hearing Requests	0%	0%	0%	NA	NA	NA	NA	NA	NA
HI Hearing Requests	2%	2%	2%	1%	1%	0%	NA	NA	NA
SMI Hearing Requests	8%	7%	8%	7%	9%	0%	NA	NA	NA
Part D Subsidy Appeals	NA	3%	2%						
RSI Reviews Before Council	0%	0%	0%	0%	0%	0%	0%	0%	0%
DI Reviews Before Council	4%	5%	4%	4%	3%	3%	3%	3%	2%
DI-SSI Reviews Before Council	5%	4%	4%	4%	4%	4%	4%	4%	4%
SSI Reviews Before Council	6%	6%	5%	4%	4%	4%	3%	3%	3%
BL Reviews Before Council	0%	0%	0%	NA	NA	NA	NA	NA	NA
RSI Court Remands	0%	0%	0%	0%	0%	0%	0%	0%	0%
DI Court Remands	0%	1%	1%	1%	0%	0%	0%	0%	0%
DI-SSI Court Remands	0%	1%	0%	1%	0%	0%	0%	0%	0%
SSI Court Remands	0%	0%	0%	0%	0%	0%	0%	0%	0%
RSI NEW COURT CASES	0%	0%	0%	0%	0%	0%	0%	0%	0%
DI New Court Cases	1%	1%	1%	1%	1%	1%	1%	0%	0%
DI-SSI New Court Cases	1%	1%	1%	1%	1%	1%	1%	1%	1%
SSI New Court Cases	1%	1%	1%	0%	0%	0%	0%	0%	0%
Part D Subsidy Redeterminations	NA	0%	0%						
Other Public Reimbursable	NA								
Adjudicative Process Quality	1%	1%	1%	1%	1%	1%	0%	0%	0%
Public Inquiries	17%	14%	13%	15%	15%	17%	17%	20%	19%
<b>Total</b>	<b>100%</b>								

After reviewing the total number of cases processed (percentage of total count), we found no unexplainable spikes or drops in data from 2001 through 2009.



Table C-6 displays ODAR's unit costs by individual workload from 2001 through 2009.

Table C-6: Unit Cost Per Workload Activity									
Workloads	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
Part D Subsidy Applications	NA	\$447	\$152						
RSI Hearing Requests	\$1,409	\$1,250	\$1,313	\$1,433	\$1,450	\$1,552	\$1,663	\$1,733	\$1,730
DI Hearing Requests	\$1,316	\$1,212	\$1,271	\$1,378	\$1,421	\$1,475	\$1,610	\$1,674	\$1,634
DI-SSI Hearing Requests	\$1,384	\$1,262	\$1,323	\$1,432	\$1,487	\$1,525	\$1,664	\$1,745	\$1,707
SSI Hearing Requests	\$1,327	\$1,207	\$1,265	\$1,371	\$1,406	\$1,480	\$1,602	\$1,675	\$1,631
Black Lung Hearing Requests	\$1,252	\$1,009	\$1,014	NA	NA	NA	NA	NA	NA
HI Hearing Requests	\$1,104	\$1,005	\$1,054	\$1,198	\$1,129	\$2,310	NA	NA	NA
SMI Hearing Requests	\$1,087	\$1,049	\$1,080	\$1,180	\$1,088	\$1,653	NA	NA	NA
Part D Subsidy Appeals	NA	\$82	\$121						
RSI Reviews Before Council	\$1,017	\$810	\$897	\$976	\$990	\$888	\$949	\$1,035	\$924
DI Reviews Before Council	\$680	\$724	\$810	\$820	\$817	\$758	\$857	\$750	\$743
DI-SSI Reviews Before Council	\$751	\$767	\$836	\$844	\$813	\$772	\$870	\$757	\$761
SSI Reviews Before Council	\$627	\$720	\$789	\$799	\$793	\$743	\$835	\$725	\$707
BL Reviews Before Council	NA	\$231	NA						
RSI Court Remands	\$684	\$617	\$768	\$861	\$1,089	\$1,084	\$1,167	\$941	\$784
DI Court Remands	\$551	\$493	\$571	\$631	\$746	\$649	\$737	\$619	\$591
DI-SSI Court Remands	\$590	\$524	\$609	\$663	\$788	\$683	\$769	\$642	\$626
SSI Court Remands	\$561	\$506	\$589	\$651	\$781	\$682	\$769	\$635	\$624
RSI NEW COURT CASES	\$507	\$546	\$650	\$676	\$1,072	\$933	\$1,005	\$692	\$693
DI New Court Cases	\$349	\$347	\$407	\$494	\$595	\$599	\$673	\$557	\$525
DI-SSI New Court Cases	\$417	\$398	\$430	\$517	\$620	\$622	\$692	\$556	\$559
SSI New Court Cases	\$383	\$383	\$425	\$517	\$621	\$629	\$698	\$611	\$548
Part D Subsidy Redeterminations	NA	\$166	\$72						
Other Public Reimbursable	NA								
Adjudicative Process Quality	NA								
Public Inquiries	NA								

After reviewing the unit costs by workload activity, we found no unexplainable spikes or drops in data from 2001 through 2009.



## ODAR and CAS Output Report Comparison

### Report Comparison Objective

To compare the data elements (for example, volumes, workyears, production rates, costs, and unit costs) that are presented in the ODAR and CAS reports with one another and cost information in SSOARS to ensure consistency throughout the cost allocation process.

### Table Explanation

The report comparison table lists the data elements in the different reports across the top of the table and lists the type of reports (by organization) down the left side of the table.

- An (M) in a green box means that the individual and/or total figures for the corresponding data element match between reports.
- An asterisk (\*) in a pink box means that the corresponding data element is shown at a different stage of the cost allocation process (that is, Level 0, 1, 2, or 3) in that report and therefore will not match some of the other reports.

### Example

In Table C-7 below, there is an “M” in the “Open Pending” column for both the electronic cost report and the PICA report. The “M” means that both reports contain the open pending data element and the individual and/or total figures listed in each report match each other.

As mentioned above, some reports display different levels of detail of cost and workload information. Because of that variation, some individual figures will not align, but at the aggregate level the total figures (for example, program activity, workload category, overall ODAR) still trace. In those instances, an (M) was still given for that comparison.

**Table C-7: ODAR and CAS Output Report Comparison**

Reporting Organization	Data Elements									
	Open Pending	Receipts	Processed/ Count	Close Pending	WY	Avg Sal.	PPWY	Cost	CPWY	Unit Cost
<b>ODAR</b>										
Elec. Cost Report	M	M	M	M	M	M	NA	NA	NA	NA
<b>CAS</b>										
PICA	M	M	M	M	M	NA	M	NA	NA	NA
Level 0	NA	NA	M	NA	M	M	NA	NA	NA	NA
C1-1235	NA	NA	M	NA	M	NA	*	*	*	*
C2-15A	NA	NA	M	NA	M	NA	M	M	*	*
C1-67	NA	NA	NA	NA	M	NA	NA	M	NA	NA
S3-1	NA	NA	M	NA	M	NA	*	M	*	*
<b>SSOARS</b>	NA	NA	NA	NA	NA	NA	NA	M	NA	NA

# Office of Disability Adjudication and Review Cost Allocation Data Completeness Analysis

## Generally Accepted Cost and Workload Data Elements Comparison

We compared the information collected by the Office of Disability Adjudication and Review (ODAR) and Cost Analysis System (CAS), in the reports, to generally accepted cost and workload data elements to determine whether sufficient and appropriate cost allocation output information was being captured and displayed. The specific reports reviewed are below.

- Electronic Cost Report – Provides input level workload (open pending, receipts, processed, and close pending counts), workyears, and average salaries by workload/function for ODAR.
- Pre-Input Cost Analysis - Contains raw data from several different SSA computer systems and is displayed by CAS organization, component workload, and month. This report is used to read data into the CAS.
- Level 0 - Presents input level workload processed counts, workyears, and average weights by workload/function and costs by CAS sub-object class.
- C1 – 1235 - Provides by category, workyears, payroll obligations, and payroll costs per workyear for workload and staff functions by program activity for SSA and its components.
- C2 – 15A Detail - Provides cumulative monthly processed counts, workyears, payroll obligations and other object costs, unit costs, cost per workyear and production rates by direct workload, program activity and organization for SSA components. Provides separately, staff workyear and cost expenditures and associated other objects costs by staff function.
- C1 – 67 - Details obligations by program activity, component, and major sub-object class. This report is used to monitor adherence to appropriation and allotment limits and SSA's internal limitations and component operating or spending plans.
- S3 – 1 - Presents total workyears and costs, including staff, by direct workload and program activity for components and SSA. This report provides comprehensive source of total cost and unit cost data by direct workload.



Table D-1 displays the seven generally accepted data elements, a description of each element, and the corresponding ODAR/CAS element or term. Table D-2 displays the results of the comparison.

<b>Table D-1: Generally Accepted Data Elements v. ODAR/CAS Terminology Crosswalk</b>		
<b>Generally Accepted Data Element</b>	<b>Description</b>	<b>ODAR/CAS Terminology</b>
1. Output Cost (Total)	The total cost of individual outputs.	Total cost
2. Output Cost (Unit)	The cost of producing one output.	Unit cost
3. Output Volume	The number of outputs produced.	Count
4. Resource Cost	The cost of the resource(s) involved with producing an output.	Cost Per Workyear (CPWY)
5. Resource Volume	The number of resources it takes to produce an output.	Workyear (WY)
6. Resource Contribution	The total resource contribution by workload category (e.g., direct workload, indirect workload).	Workload category (CAT) by program activity
7. Resource Cost by Workload Category	The cost of resources per workload category.	CPWY by workload CAT

**Table D-2: Generally Accepted Data Elements v. ODAR/CAS Comparison**

Expected Data Element	ODAR/CAS Term	ODAR Elec. Cost Report	CAS Reports					
			PICA	Level 0	C1-1235	C2-15A	C1-67	S3-1
Output Cost (Total)	Total cost	NA	NA	✓	✓	✓	✓	✓
Output Cost (Unit)	Unit cost	NA	NA	NA	✓	✓	NA	✓
Output Volume	Count	✓	✓	✓	✓	✓	NA	✓
Resource Cost	CPWY	NA	NA	NA	✓	✓	NA	✓
Resource Volume	WY	✓	✓	✓	✓	✓	✓	✓
Resource Contribution	Workload CAT by program activity	✓	✓	NA	✓	✓	✓	✓
Resource Cost by Workload Category	CPWY by workload CAT	NA	NA	NA	✓	✓	NA	✓

After reviewing the data elements in the ODAR-CAS report, we found the reports provided information on all of the data elements typically found in a well-established and comprehensive cost allocation system.

# **Agency Comments**



## **SOCIAL SECURITY**

### **MEMORANDUM**

**Date:** March 31, 2011

**Refer To:** S1J-3

**To:** Patrick P. O'Carroll, Jr.  
Inspector General

**From:** Dean S. Landis /s/  
Deputy Chief of Staff

**Subject:** Office of the Inspector General Draft Report, “Office of Disability Adjudication and Review Cost Allocation Process” (A-15-10-20150)--INFORMATION

Thank you for the opportunity to review the subject draft report. In your May 4, 2010 start notice, you indicated you would be conducting four separate reviews of our Cost Analysis System (CAS). This is the second in your series of four reports.

Because of the interrelationship of all four reviews, we determined at this time it is premature to comment or respond to your recommendations. Once we receive the results of all your CAS reviews, we will provide consolidated comments and responses to your recommendations.

Thank you for the opportunity to review the draft report. Please let me know if we can be of further assistance. You may direct staff inquiries to Frances Cord at (410) 966-5787.

## **DISTRIBUTION SCHEDULE**

Commissioner of Social Security  
Chairman and Ranking Member, Committee on Ways and Means  
Chief of Staff, Committee on Ways and Means  
Chairman and Ranking Minority Member, Subcommittee on Social Security  
Majority and Minority Staff Director, Subcommittee on Social Security  
Chairman and Ranking Minority Member, Committee on the Budget, House of Representatives  
Chairman and Ranking Minority Member, Committee on Oversight and Government Reform  
Chairman and Ranking Minority Member, Committee on Appropriations, House of Representatives  
Chairman and Ranking Minority, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives  
Chairman and Ranking Minority Member, Committee on Appropriations, U.S. Senate  
Chairman and Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate  
Chairman and Ranking Minority Member, Committee on Finance  
Chairman and Ranking Minority Member, Subcommittee on Social Security Pensions and Family Policy  
Chairman and Ranking Minority Member, Senate Special Committee on Aging  
Social Security Advisory Board

## **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.