

Audit Report

The Social Security Administration's
Use of Hurricane Sandy Relief Funds

OIG

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: January 8, 2015 **Refer To:**

To: The Commissioner

From: Inspector General

Subject: The Social Security Administration's Use of Hurricane Sandy Relief Funds (A-15-14-14040)

The attached final report presents the results of our audit. Our objective was to determine whether the Social Security Administration appropriately used Hurricane Sandy Relief Funds.

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

The Social Security Administration's Use of Hurricane Sandy Relief Funds

A-15-14-14040



January 2015

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) appropriately used Hurricane Sandy Relief Funds.

Background

In October 2012, Hurricane Sandy caused extensive damage across Maryland, Delaware, New Jersey, New York, Connecticut, Massachusetts, and Rhode Island. The storm caused approximately \$65 billion in damages.

On January 29, 2013, Congress enacted *The Disaster Relief Appropriations Act, 2013* to improve and streamline disaster assistance for individuals affected by Hurricane Sandy and for other purposes. Funding for the Act totaled \$50.5 billion, of which SSA received \$2 million.

SSA used its Hurricane Sandy funding to replace and restore items damaged or destroyed by the storm at field and regional offices. In addition, SSA provided special allowances for travel and subsistence for SSA employees affected by Hurricane Sandy.

Findings

Based on our review, we believe SSA appropriately used the Hurricane Sandy Relief Funds. Specifically, we determined that the expenditures had appropriate approvals, had proper support, and agreed with the respective per diem rates. However, we identified a nominal inaccuracy in travel and subsistence payment.

In addition, we determined that, as of September 30, 2014, SSA had \$35,776 in unpaid obligations (\$32,061 in undelivered orders and \$3,715 in delivered orders). Once SSA finalizes these outstanding obligations, SSA can deobligate the unused funds and transfer the resources to the Information Technology System no-year account.

Recommendation

We recommend that SSA determine whether repayment is required from the employee overpaid for travel and subsistence.

SSA agreed with our recommendation.

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ABBREVIATIONS

DHS	Department of Homeland Security
Disaster Relief Act	<i>Disaster Relief Appropriation Act, 2013</i>
Fed. Reg.	Federal Register
FEMA	Federal Emergency Management Agency
GSA	General Services Administration
LAE	Limitation on Administrative Expenses
LTD	Long-Term Temporary Duty
OIG	Office of the Inspector General
OPM	Office of Personnel Management
Pub. L. No.	Public Law Number
SSA	Social Security Administration

OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) appropriately used Hurricane Sandy Relief Funds.

BACKGROUND

In October 2012, Hurricane Sandy caused extensive damage across Maryland, Delaware, New Jersey, New York, Connecticut, Massachusetts, and Rhode Island. The storm caused approximately \$65 billion in damages.

On January 29, 2013, Congress enacted the *Disaster Relief Appropriations Act, 2013*¹ (Disaster Relief Act) to improve and streamline disaster assistance for individuals affected by Hurricane Sandy and for other purposes.² Funding for the Disaster Relief Act totaled approximately \$50.5 billion, of which SSA received \$2 million for expenses directly related to Hurricane Sandy. This funding was from SSA's Limitation on Administrative Expenses (LAE).³ The LAE funds were derived from the unobligated funds that remain available under the SSA information technology and telecommunications hardware and software infrastructure.⁴

The Disaster Relief Act requires that the Recovery Accountability and Transparency Board⁵ develop and use information technology resources and oversight mechanisms to detect and remediate waste, fraud, and abuse in obligating and expending funds related to the impact of Hurricane Sandy. The Board shall coordinate its oversight efforts with the Office of Management and Budget, the head of each Federal agency that receives appropriations related to the impact of Hurricane Sandy (for example, SSA), and each agency's respective Inspector General.

SSA used its Hurricane Sandy funding to replace and restore items damaged by the storm at field and regional offices. In addition, SSA provided special allowances for travel and subsistence for SSA employees affected by Hurricane Sandy.

¹ Pub. L. No. 113-2.

² Pub. L. No. 113-2 p. 2.

³ The LAE account is funded by the Old-Age and Survivors Insurance, Disability Insurance, and Medicare Trust Funds for their share of administrative expenses; by the General Fund of the Treasury for the Supplemental Security Income program's share of administrative expenses; and through applicable user fees. The appropriation language limits the amounts that may be expended, in total from these separate sources, for the agency's administrative expenses.

⁴ Pub. L. No. 113-2 p. 12.

⁵ The Recovery Accountability and Transparency Board is a non-partisan, non-political agency created by the *American Recovery and Reinvestment Act of 2009* with two goals: (1) provide transparency of recovery-related funds and (2) detect and prevent fraud, waste, and mismanagement.

Hurricane Sandy Obligations

As of December 31, 2013, SSA's Hurricane Sandy obligations were over \$1 million, as shown in Table 1.

Table 1 - SSA's Hurricane Sandy Obligations⁶

Description	Delivered Orders – Obligations Paid ⁷	Delivered Orders – Obligations Unpaid ⁸	Undelivered Orders – Obligations Unpaid ⁹	Total
Total	\$915,501	\$11,262	\$94,616	\$1,021,379

In FY 2014, SSA returned \$978,621 (\$2,000,000 less \$1,021,379) of the unused FY 2013 Hurricane Sandy Relief Fund to the Information Technology System (ITS) no-year account.

Analyses Performed

We sampled 50 expenditure transactions and reviewed the unliquidated obligations (undelivered orders – obligations unpaid). The transactions were purchases, repairs, or replacements related to damages caused by the Hurricane or reimbursements to SSA employees for per diem or lodging-related to displacement. We reviewed these transactions to ensure they were for Hurricane Sandy relief efforts. Specifically, we (1) reviewed approvals of purchasing documents, (2) determined whether supporting documentation substantiated items or services received, (3) traced travel costs and per diem rates to actual costs submitted, and (4) ensured General Services Administration (GSA) services (that is, disposal of furniture and office items damaged due to flooding from Hurricane Sandy) complied with the GSA price listing.

⁶ Obligation for Government accounting represents a legal reservation of funds and requires that the Government be responsible and pay in the current or future period for orders placed, contracts awarded, services rendered, and similar transactions.

⁷ Delivered Orders – Obligations Paid represents goods/services for which SSA made payment.

⁸ Delivered Orders – Obligations Unpaid represents goods/services for which SSA has received or accrued (constructively received).

⁹ Undelivered Orders – Obligations Unpaid represents goods/services for which SSA has not received. Payment for goods/services has not occurred.

RESULTS OF REVIEW AND CONCLUSIONS

Based on our review, we concluded SSA appropriately used the Hurricane Sandy Relief Funds. Specifically, we determined the expenditures had appropriate approvals, had proper support, and agreed to the respective per diem rates. However, we identified a nominal inaccuracy in travel and subsistence payment.

As of December 31, 2013, SSA had \$105,878 in unpaid obligations (\$94,616 in undelivered orders and \$11,262 in delivered orders) as shown in Table 1. However, we determined that, as of September 30, 2014, SSA had \$35,776 in unpaid obligations (\$32,061 in undelivered orders and \$3,715 in delivered orders). Once SSA finalizes these outstanding obligations, it can deobligate the unused funds and transfer these resources to the Information Technology System no-year account.

We identified a nominal exception in reimbursement to an SSA employee for travel and subsistence affected by Hurricane Sandy. Specifically, SSA paid an employee an extra day of per diem and lodging at a cost of \$397. SSA should have detected this overpayment during the review process of the travel vouchers.

RECOMMENDATION AND AGENCY COMMENTS

We recommend that SSA determine whether repayment is required from the employee overpaid for travel and subsistence. SSA agreed with our recommendation. The Agency's comments are included in Appendix B.

OTHER MATTERS

SSA stated that it paid travel and subsistence benefits to employees affected by Hurricane Sandy pursuant to the Special Allowances allowed by Office of Personnel Management (OPM) regulations.¹⁰ The OPM regulations do not require that SSA coordinate with other Federal agencies that may pay benefits for the same disaster. Therefore, SSA did not request verification or documentation from employees regarding any assistance they may have received from another agency. For that reason, SSA cannot confirm whether FEMA assisted SSA employees.¹¹ In one sample case, an employee received Hurricane Sandy relief from SSA and filed a claim with

¹⁰ *Handbook on Pay and Leave Benefits for Federal Employees Affected by Severe Weather Conditions or Other Emergency Situations*, issued June 2008.

¹¹ Because of the *Privacy Act of 1974*, we were not able to identify SSA employees who may have received Hurricane Sandy relief from SSA and FEMA.

FEMA. In another case, an SSA employee received per diem (meals but not housing assistance) from SSA and disclosed she received housing assistance from FEMA.¹²

In accordance with the requirements of section 312 of the *Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended*,¹³ FEMA will not provide assistance when any other source has provided such assistance or when such assistance is available from any other source. In addition, an individual is required to complete FEMA Form 009-0-3, Department of Homeland Security (DHS), *FEMA Declaration and Release Form* (previously FEMA Form 90-69B) to be eligible for FEMA disaster assistance. The Form certifies that the individual will return any disaster aid money received from FEMA if the individual receives insurance or other money for the same loss. FEMA may disclose the information on this form as generally permitted under the *Privacy Act of 1974*, as amended.¹⁴

The *Privacy Act* requires that each agency publish in the Federal Register a description denoting the type and character of each *system of records*¹⁵ to make agency recordkeeping practices transparent. DHS/FEMA – 008 Disaster Recovery Assistance Files System of Records¹⁶ includes the *Declaration and Release Form*. DHS/FEMA may disclose all or a portion of the records of information contained in this system as routine use as follows.

To certain agencies where FEMA may disclose applicant information necessary to prevent a duplication of efforts or duplication of benefits in determining eligibility for disaster assistance¹⁷

To relevant agencies, organizations, and institutions when an individual's eligibility, in whole or in part, for a disaster assistance program depends upon benefits already received or available from another source for the same purpose as necessary to determine what benefits are available from another source and to prevent the duplication of disaster assistance benefits.¹⁸

¹² In these two cases, we could not determine whether there was an overpayment; since SSA did not request verification or documentation from employees regarding any assistance they may have received from another agency.

¹³ Pub. L. No. 93-288, § 312, 42 U.S.C. § 5155.

¹⁴ 5 U.S.C. § 552a(b).

¹⁵ System of records is a group of any records under the control of an agency for which information is retrieved by the individual's name or by some identifying number, symbol, or other identifying particular assigned to the individual.

¹⁶ 74 Fed. Reg. 184 (September 24, 2009), pp. 48763-48767.

¹⁷ 74 Fed. Reg. 184 (September 24, 2009), pp. 48765 H.

¹⁸ 74 Fed. Reg. 184 (September 24, 2009), pp. 48766 I.

Therefore, the FEMA *Declaration and Release Form* may be available to SSA to confirm whether FEMA assisted SSA employees and prevent the duplication of disaster assistance benefits. SSA provided \$553,029 disaster assistance for travel and subsistence to 65 employees.

If, in the future, SSA provides a special allowance for travel and subsistence to SSA employees, SSA should consider coordination with other Federal agencies paying benefits.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objectives, we performed the following.

- Reviewed applicable SSA policies, public laws, and Federal regulations related to Hurricane Sandy.
- Met with the Social Security Administration's (SSA) Office of Financial Policy and Operations to gain an understanding of the processes surrounding Hurricane Sandy expenses.
- Sampled 50 cost transactions related to Hurricane Sandy relief. We reviewed \$507,261 (55 percent) of the \$915,501 expenditures. Our review of these transactions was to ensure costs related to the Hurricane Sandy relief effort. Specifically, we (1) reviewed approvals of purchasing documents, (2) determined that supporting documentation substantiated items or services received, (3) traced travel costs and per diem rates to actual costs submitted, and (4) ensured General Services Administration services complied with its price listing.

We conducted our audit between January and September 2014 at SSA Headquarters in Woodlawn, Maryland. We determined that the data used in this report were sufficiently reliable given the audit objective and intended use of the data. We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and conduct the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: December 31, 2014 Refer To: S1J-3

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

From: Katherine Thornton
Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "The Social Security Administration's Use of Hurricane Sandy Relief Funds" (A-15-14-14040) - INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,
"THE SOCIAL SECURITY ADMINISTRATION'S USE OF HURRICANE SANDY
RELIEF FUNDS" (A-15-14-14040)**

Recommendation

We recommend that SSA determine whether repayment is required from the employee overpaid for travel and subsistence.

Response

We will review our records to determine whether the identified employee needs to repay the government for one extra night of travel and subsistence. We will complete our review and take necessary action by the end of January 2015.

Appendix C – MAJOR CONTRIBUTORS

Victoria Vetter, Director, Financial Audit Division

Mark Meehan, Audit Manager

Ronald Anderson, Senior Auditor

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