



SOCIAL SECURITY

Office of the Inspector General

MEMORANDUM

Date: FEB 26 2001

Refer To:

To: Carmen Keller
Regional Commissioner

From: Assistant Inspector General
for Audit

Subject: Audit of the Administrative Costs Claimed by the Oregon Disability Determination Services (A-15-99-52021)

The attached final report presents the results of our audit. Our objectives were to evaluate the Oregon Disability Determination Services internal controls over the accounting and reporting of administrative costs and to determine if the costs claimed were allowable and allocable.

Please comment within 60 days from the date of the memorandum on corrective action taken or planned on each recommendation. If you wish to discuss the final report, please call me or have your staff contact Frederick Nordhoff, Director, Financial Management and Performance Monitoring Audit Division, at (410) 966-6676.

A handwritten signature of Steven L. Schaeffer in black ink.

Steven L. Schaeffer

Attachment

cc:

Lloyd Horsley, Assistant Administrator
Disability Determination Services
Kenneth D. Nibali, Associate Commissioner,
Office of Disability
Thomas G. Staples, Associate Commissioner,
Office of Financial Policy and Operations

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**AUDIT OF THE ADMINISTRATIVE
COSTS CLAIMED BY THE
OREGON DISABILITY
DETERMINATION SERVICES**

February 2001 A-15-99-52021

AUDIT REPORT



Mission

We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.
- Promote economy, effectiveness, and efficiency within the agency.
- Prevent and detect fraud, waste, and abuse in agency programs and operations.
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.
- Access to all information necessary for the reviews.
- Authority to publish findings and recommendations based on the reviews.

Vision

By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.

EXECUTIVE SUMMARY

OBJECTIVE

The objectives of our audit of the Oregon (OR) Disability Determination Services (DDS) were to:

- evaluate internal controls over the accounting and reporting of the administrative costs claimed, as well as of the draw down of the Social Security Administration (SSA) funds;
- determine whether costs claimed on the State Agency Report of Obligations for SSA Disability Programs (Form SSA-4513) for the three-fiscal year (FY) periods starting October 1, 1995 through September 30, 1998, were allowable and properly allocated; and
- determine if the aggregate of the SSA funds drawn down agreed with total expenditures for the FYs 1996 through 1998 disability determinations.

BACKGROUND

The Disability Insurance (DI) program was established in 1954 under title II of the Social Security Act (Act). The program is designed to provide benefits to wage earners and their families in the event the wage earner becomes disabled. Supplemental Security Income (SSI) was created as a result of the Social Security Amendments of 1972 with an effective date of January 1, 1974. SSI, (title XVI of the Act) provides a nationally uniform program of income to financially needy individuals who are aged, blind or disabled.

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

SSA pays the SA for 100 percent of allowable expenditures. Each year, SSA approves a DDS budget. Once approved, the SA is allowed to withdraw Federal funds through the Department of Health and Human Services' Payment Management System (PMS)

or the Department of the Treasury's Automated Standard Application for Payments (ASAP) System to meet immediate program expenses. At the end of each quarter of the Federal FY, each SA submits to SSA a "State Agency Report of Obligations for SSA Disability Programs" (Form SSA-4513) to account for program disbursements and unliquidated obligations. SSA authorized an administrative budget of \$45,203,489 for the three-FY periods starting October 1, 1995 through September 30, 1998. Our audit coverage included any subsequent financial activities affecting these FYs as of December 31, 1999.

Our methodology included reviewing applicable Federal laws, regulations, and SSA policies and procedures, as well as the OR-DDS general policies and procedures pertaining to administrative costs incurred and the drawing down of SSA funds. We held discussions with representatives of OR Vocational Rehabilitation Division, OR-DDS, SSA's Office of Disability, SSA's Seattle Regional Office, and State auditors.

We reviewed internal controls regarding accounting and financial reporting, and cash management activities. We conducted our audit in accordance with generally accepted government auditing standards. Our fieldwork was conducted from August 1999 through March 2000 at OR-DDS in Salem, Oregon, and in Baltimore, Maryland, at SSA Headquarters.

RESULTS OF REVIEW

We reviewed the internal controls and administrative costs for personnel, medical services, and other non-personnel costs. We also reviewed the calculation of indirect costs. Based on our review, we found the following conditions:

- INCORRECT FISCAL YEAR RENTAL PAYMENTS
- DRAWDOWNS EXCEEDED DISBURSEMENTS

CONCLUSIONS AND RECOMMENDATIONS

Except for the preceding findings, OR-DDS has complied with financial requirements of the DDS program and other applicable Federal cost principles and regulations.

Based on the information obtained from SSA, OR-DDS and the tests we performed, we recommend that SSA:

1. Instruct OR-DDS to reclassify to FY 1999, the \$55,987 for rental expenses that were incorrectly charged to FY 1998, or reimburse SSA for the amount.
2. Comply with Federal appropriation law for use of FY funds.

3. Instruct OR-DDS to reimburse SSA \$124,681 through the PMS/ASAP for the excess drawdowns and coordinate with the Office of Financial Policy and Operations (OFPO) to remedy the FY 96 excess drawdown.
4. Instruct OR-DDS to ensure that drawdowns are not in excess of DDS FY expenditures.
5. Establish a procedure to review DDS quarterly drawdowns and ensure that drawdown amounts are not in excess of DDS disbursements.

AGENCY COMMENTS

In response to our draft report, the SSA regional office (RO) agreed with our recommendations, except for the recommendation concerning excess drawdowns.

OR-DDS agreed with our recommendations, agreed to reclassification of the rental expenses, and provided additional documentation/information on certain recommendations. (See Appendix C for SSA RO and OR-DDS comments to our draft report).

OFFICE OF THE INSPECTOR GENERAL RESPONSE

We do not concur with the RO's comments concerning the questioned rental expenses and compliance with appropriation law. We believe applicable Federal laws and regulations are clear regarding the period of availability of fiscal year funds. Currently, OIG is in the process of issuing a report that seeks clarification of this issue.

Also, we do not concur with the comments concerning the reimbursements of drawdowns and RO review of DDS quarterly drawdowns. The RO states that the excess drawdowns are unliquidated. Section 31 of Code Federal Regulations § 205.7(c)(5) and (d) requires that a State shall limit the amount of funds transferred to meet actual, immediate cash needs. We do not believe that unliquidated obligations noted during the audit meet the definition of actual, immediate cash needs. With respect to the RO review of DDS quarterly drawdowns, all fiscal years reviewed during this audit were overdrawn for a period ending at least three fiscal quarters, and as many as thirteen fiscal quarters. There was no evidence of any reductions of funds drawn in the ASAP system or correspondence from the RO.

We concur with OR-DDS, since their office provided documents for unsupported costs. As a result, we have removed that finding and the related recommendation. We also consider the excess drawdown issue resolved, with the exception of the FY 1996 excess drawdown. For all the recommendations, we await response on proposed corrective actions within 60 days of the date of this memorandum.

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INTRODUCTION

OBJECTIVE

The objectives of our audit of the Oregon (OR) Disability Determination Services (DDS) were to:

- evaluate internal controls over the accounting and reporting of the administrative costs claimed, as well as of the draw down of the Social Security Administration (SSA) funds;
- determine whether costs claimed on the State Agency Report of Obligations for SSA Disability Programs (Form SSA-4513) for the three-fiscal year (FY) periods starting October 1, 1995 through September 30, 1998, were allowable and properly allocated; and
- determine if the aggregate of the SSA funds drawn down agreed with total expenditures for the FYs 1996 through 1998 disability determinations.

BACKGROUND

The Disability Insurance (DI) program was established in 1954 under title II of the Social Security Act (Act). The program is designed to provide benefits to wage earners and their families in the event the wage earner becomes disabled. Supplemental Security Income (SSI) was created as a result of the Social Security Amendments of 1972 with an effective date of January 1, 1974. SSI (title XVI of the Act) provides a nationally uniform program of income to financially needy individuals who are aged, blind or disabled.

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SSA pays the SA for 100 percent of allowable expenditures. Each year, SSA approves a DDS budget. Once approved, the SA is allowed to withdraw Federal funds through the U.S. Department of Health and Human Services' (HHS) Payment Management

System (PMS) or the U.S. Department of the Treasury's (Treasury) Automated Standard Application for Payments System to meet immediate program expenses. At the end of each quarter of the Federal FY, each SA submits to SSA a "State Agency Report of Obligations for SSA Disability Programs" (Form SSA-4513) to account for program disbursements and unliquidated obligations.

HHS' Division of Payment Management is responsible for operating this centralized payment system. Cash drawn from the Treasury to pay for program expenditures is to be drawn according to Federal regulations¹ and in accordance with intergovernmental agreements entered into by Treasury and the States under the authority of the Cash Management Improvement Act (CMIA) of 1990². An advance or reimbursement for costs under the program must be made according to the Office of Management and Budget (OMB) guidance³.

OR-DDS's financial reporting functions are primarily the responsibility of the Oregon Vocational Rehabilitation Division (VRD). Allocation of indirect costs is done according to an OR-VRD indirect cost agreement that is approved by the HHS.

OR-DDS is a component within the OR-VRD. OR-DDS's primary responsibility is processing SSA disability determinations. OR-DDS maintains one location and has approximately 178 budgeted positions. SSA authorized an administrative budget of \$45,203,489 for disability determinations for the period under audit (FYs 1996 through 1998).

SCOPE AND METHODOLOGY

To accomplish the audit objectives, we obtained sufficient evidence to evaluate the financial transactions to determine whether they are allowable under OMB Circular A-87 and appropriate as defined by SSA's Program Operations Manual System (POMS). Furthermore, we:

- reviewed applicable Federal regulations, pertinent parts of the POMS DI 39500 "*DDS Fiscal and Administrative Management*" and other instructions pertaining to administrative costs incurred by OR-DDS and the drawdown of SSA funds covered by the CMIA agreement;
- interviewed OR-DDS personnel, OR-VRD personnel, State auditors, and SSA's staff at the Seattle regional office (RO) of Disability and Headquarters Office of Disability;
- reviewed OR-DDS's general policies and procedures;

¹ 31 Code of Federal Regulations §205

² Public Law No. 101-453

³ OMB Circular A-87, "*Cost Principles for State, Local, and Indian Tribal Governments.*"

- reviewed and tested internal controls regarding accounting and financial reporting, and cash management activities;
- performed an examination of the administrative expenditures (personnel, medical service, indirect and all other non-personnel costs) and Automation Investment Funds (AIF) incurred and claimed by OR-DDS for the three-FY periods starting October 1, 1995 through September 30, 1998;
- reconciled the official State accounting records to the administrative costs reported by OR-DDS to SSA on the Form SSA-4513 report for the period October 1, 1995 through September 30, 1998; and
- compared the amount of SSA funds drawn down to the allowable expenditures reported on the Form SSA-4513.

We tested documents supporting the \$45,203,489 of costs claimed by OR-DDS for the three-FY periods starting October 1, 1995 through September 30, 1998, to include any subsequent financial activities affecting these FYs as of December 31, 1999.

The entity audited was the Office of Disability within the Office of the Deputy Commissioner for Disability and Income Security Programs.

We conducted our audit in accordance with generally accepted government auditing standards. We conducted the fieldwork from August 1999 through March 2000 at OR-DDS in Salem, Oregon, and in Baltimore, Maryland, at SSA Headquarters.

RESULTS OF REVIEW

INCORRECT FISCAL YEAR PAYMENTS

During our examination of administrative expenditures incurred and claimed for the period under audit, we identified FY 1999 rental expenses of \$55,987, which were accounted for and reported as expenditures for FY 1998. We were informed by OR-DDS that permission for using FY 1998 funds for FY 1999 expenditures was granted by SSA through the RO. Section 31 of United States Code § 1502 (a) provides, in part, that “the balance of an appropriation or fund limited for obligation to a definite period is available only for payment of expenses properly incurred during the period of availability... However, the appropriation or fund is not available for expenditure for a period beyond the period otherwise authorized by law.” The failure to use funds restricted to a specific period violates a State’s responsibility to fiscally manage within its budget allocation. Since the State failed to expend funds in conformance with applicable Federal laws and regulations, we are disallowing the cost reimbursed for this expenditure.

DRAWDOWNS EXCEEDED DISBURSEMENTS

OR-DDS drawdowns exceeded reported disbursements by \$124,681. The figures are computed as follows:

Comparison of Drawdowns to Reported Disbursements

	PMS/ASAP Drawdowns	Cash Available	SSA-4513 Disbursements	Excess Drawdowns
FY 1996	\$12,479,501		\$12,449,896	\$29,605
FY 1997	\$15,178,265		\$15,110,733	\$67,532
FY1998 AIF	\$197,480		\$169,936	\$27,544
Total Excess				\$124,681

Federal regulations⁴ state, in part, that a State participating in reimbursable funding shall request funds only after it has paid out its own funds for program purposes and that a State and Federal agency shall limit the amount of funds transferred to a State to the minimum required to meet a State’s actual, immediate cash needs. We determined that as of December 31, 1999, OR-DDS had retained cash funds that were not needed to meet immediate expenses. OR-VRD staff was unaware of the excess drawdowns, but conceded that errors can occur and plan to rectify the issue. The excess funds need to be returned as soon as possible.

⁴ 31 CFR § 205.7(c)(5) and (d)

CONCLUSIONS AND RECOMMENDATIONS

Except for the preceding findings, OR-DDS has complied with financial requirements of the DDS program and other applicable Federal cost principles and regulations. The OR-VRD and OR-DDS staff were very helpful and prompt in providing the required documentation needed to conduct our audit.

Based on the information obtained from SSA, OR-DDS and the tests we performed, we recommend that SSA:

1. Instruct OR-DDS to reclassify to FY 1999, the \$55,987 for rental expenses that were incorrectly charged to FY 1998, or reimburse SSA for the amount.
2. Comply with Federal appropriation law for use of FY funds.
3. Instruct OR-DDS to reimburse SSA \$124,681 through the PMS/ASAP for the excess drawdowns and coordinate with the Office of Financial Policy and Operations to remedy the FY 96 excess drawdown.
4. Instruct OR-DDS to ensure that drawdowns are not in excess of DDS FY expenditures.
5. Establish a procedure to review DDS quarterly drawdowns and ensure that drawdown amounts are not in excess of DDS disbursements.

AGENCY COMMENTS

In response to our draft report, the SSA RO agreed with our recommendations, except for the recommendation concerning excess drawdowns.

OR-DDS agreed with our recommendations, agreed to reclassification of the rental expenses, and provided additional documentation/information for certain recommendations. (See Appendix C for SSA RO and OR-DDS comments to our draft report).

OFFICE OF THE INSPECTOR GENERAL RESPONSE

We do not concur with the RO's comments concerning the questioned rental expenses and compliance with appropriation law. We believe applicable Federal laws and regulations are clear regarding the period of availability of fiscal year funds. Currently, OIG is in the process of issuing a report that seeks clarification of this issue.

Also, we do not concur with the comments concerning the reimbursements of drawdowns and RO review of DDS quarterly drawdowns. The RO states that the excess drawdowns are unliquidated. Section 31 of Code Federal Regulations § 205.7(c)(5) and (d) requires that a State shall limit the amount of funds transferred to meet actual, immediate cash needs. We do not believe that unliquidated obligations noted during the audit meet the definition of actual, immediate cash needs. With respect to the RO review of DDS quarterly drawdowns, all fiscal years reviewed during this audit were overdrawn for a period ending at least three fiscal quarters, and as many as thirteen fiscal quarters. There was no evidence of any reductions of funds drawn in the ASAP system or correspondence from the RO.

We concur with OR-DDS, since their office provided documents for unsupported costs. We have removed that finding and the related recommendation. We also consider the excess drawdown issue resolved, with the exception of the FY 1996 excess drawdown. To address the FY 1996 excess drawdown, we recommend that the RO work with the OFPO to provide detailed instructions on how to return the \$29,605 in excess funds that OR-DDS received through PMS. For all the recommendations, we await response on proposed corrective actions within 60 days of the date of this memorandum.

APPENDICES

OBLIGATIONS REPORTED/ALLOWED OR DISABILITY DETERMINATION SERVICES FOR FISCAL YEARS 1996 to 1998 AS OF DECEMBER 31, 1999

	TOTAL OBLIGATIONS			UNLIQUIDATED OBLIGATIONS			DISBURSEMENTS		
COSTS	REPORTED	NET RECOMMENDED ADJUSTMENTS	ALLOWABLE	REPORTED	NET RECOMMENDED ADJUSTMENTS	ALLOWABLE	REPORTED	NET RECOMMENDED ADJUSTMENTS	ALLOWABLE
PERSONNEL	\$20,288,497	\$0	\$20,288,497	\$0	\$0	\$0	\$20,288,497	\$0	\$20,288,497
MEDICAL	13,754,261	0	13,754,261	0	0	0	13,754,261	0	13,754,261
INDIRECT	4,122,427	0	4,122,427	0	0	0	4,122,427	0	4,122,427
ALL OTHER	<u>7,038,304</u>	<u>(55,987)</u>	<u>6,982,317</u>	<u>130,034</u>	<u>0</u>	<u>130,034</u>	<u>6,908,270</u>	<u>(55,987)⁵</u>	<u>6,852,283</u>
TOTAL	\$45,203,489	(\$55,987)	\$45,147,502	\$130,034	0	\$130,034	\$45,073,455	(\$55,987)	\$45,017,468

⁵ For amount breakdowns, see Appendix B.

OBLIGATIONS REPORTED/ALLOWED OR DISABILITY DETERMINATION SERVICES FOR FISCAL YEAR 1998 AIF AS OF DECEMBER 31, 1999

COSTS	TOTAL OBLIGATIONS			UNLIQUIDATED OBLIGATIONS			DISBURSEMENTS		
	REPORTED	NET RECOMMENDED ADJUSTMENTS	ALLOWABLE	REPORTED	NET RECOMMENDED ADJUSTMENTS	ALLOWABLE	REPORTED	NET RECOMMENDED ADJUSTMENTS	ALLOWABLE
PERSONNEL	\$205,000	\$0	\$205,000	\$46,404	\$0	\$46,404	\$158,596	\$0	\$158,596
FURNITURE	8,312	0	8,312	0	0	0	8,312	0	8,312
TRAINING	<u>3,027</u>	0	<u>3,027</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,027</u>	0	<u>3,027</u>
TOTAL	\$216,339	\$0	\$216,339	\$46,404	0	\$46,404	\$169,935	\$0	\$169,935

QUESTIONED COSTS

Incorrect Fiscal Year Rental Payments

Invoice	Amount
AIU38316F	\$27,994
AIU38201F	27,993
Total Incorrect Payments (Rounded)	\$55,987

	Amount
Excess Drawdowns	\$124,681
Total Questioned Costs	\$180,668

APPENDIX C

SSA AND OR-DDS COMMENTS

SOCIAL SECURITY

MEMORANDUM

02/15/01

Refer To: S2DXG3:D3

Director
Financial Management and Performance
Monitoring Audit Division

Seattle Regional Office

From Regional Commissioner
 Seattle Region

Subject Audit of the Administrative Costs Claimed by the Oregon Disability Determination Services (A-15-99-52021) - Reply

We have read and analyzed the draft report, Audit of the Administrative Costs Claimed by the Oregon Disability Determination Services (A-15-99-52021) along with comments submitted by the Oregon DDS. We have additional comments to present in order to clarify our response along with the Oregon DDS's response

- 1) Instruct OR DDS to reclassify to FY 1999 the \$55,987 for rental expenses or reimburse SSA for the amount.

Response:

The Oregon DDS did in fact reclassify rental cost to FY 99 so that each year, FY 97, FY 98 and FY 99 all had 12 months rent charged to each year. Costs originally charged to FY 99 such as contract clerical costs which are allowed to be forward funded were then reclassified to FY 98 to balance FY 99 and FY 98.

We would like to again state that the practice of forward funding rent had been an established past practice recommended by SSA, Office of Disability. The DDSs should not be responsible for reimbursement on forward funded rental costs.

- 2) Comply with appropriation law for use of FY funds.

Response

The SSA Regional Office and the DDS agree that appropriate laws in the use of FY funds have been and will continue to be followed.

3) Instruct OR DDS to provide adequate documentation to support questioned cost of \$31,095 or provide reimbursement.

Response:

The DDS submitted documentation to OIG in the amount of \$30,187.68 to support the questioned costs.

4) Instruct OR DDS to reimburse SSA \$124,681 for excess draw downs.

Response:

The suggested Excess Draw Downs by OIG are actually unliquidated obligations, not excess draws. The unliquidated obligations are, for the most part related to outstanding system purchases. These purchases, although obligated are not complete and PL-101-510 states that fiscal year appropriations do not have to be closed for five years. FY 1996 must be closed by 9/30/01.

5) Instruct the OR DDS to ensure that draw downs are not in excess of FY expenditures.

Response:

The Oregon DDS is aware, and the Regional Office has reminded the DDS that, draw downs must not be in excess of FY expenditures.

6) Establish a procedure to review DDS quarterly draw downs.

Response

A review procedure is in place.

If you have any questions please contact Rob Iseminger, Acting Disability Program Administrator, at (206) 615-2680 or Shelly Beach, Fiscal Specialist, at (206) 615-2137.

/s/ Steve Finkelson for

Carmen Maria Keller

VOCATIONAL
REHABILITATION
DIVISION
DDS

Memo

To: Shelley Beach
Lloyd Harsley *JJ* ✓
11/08/00

Re: Oregon's Response to Draft Audit

1. *Instruct OR-DDS to reclassify to FY 1999, the \$55,987 for rental expenses that were incorrectly charged to FY 1998, or reimburse SSA for the amount.*

We will comply with this finding. We will reclassify the expenses and resubmit federal reports.

2. *Comply with appropriation law for use of FY funds.*

We agree.

3. *Instruct OR-DDS to provide to SSA Seattle Regional Office of Disability adequate documentation to support the questioned cost of \$31,095 or provide reimbursement for the questioned amount.*

We found documentation for \$30,187.68 and submitted to Regional Office on 10/24/00. Documentation for the remainder has been requested from State Archives.

4. *Instruct OR-DDS to reimburse SSA \$124,681 through the PMS/ASAP for the excess drawdowns.*

See attached explanation.

5. Instruct OR-DDS to ensure that drawdowns are not in excess of DDS FY expenditures.

We agree.

6. Establish a procedure to review DDS quarterly drawdowns and ensure that drawdown amounts are not in excess of DDS disbursements.

We agree.

Cc: Don Charlton

Sandy Calhoon

Jane Cowan

SUBJECT Social Security Administration Draft Audit of Administrative Costs
Conclusions and Recommendations Line 4 Response

Drawdowns Exceeding Disbursements:

FY 1996 We agree that we have drawn the balance of this authority related To EDP. Social Security switched from the PMS system to ASAP for drawing funds. Jane Cowan requested the balance of these Funds using the PMS system. Historically, when the Federal government acquires a new method of requesting funds the previous system is retired. We thought PMS was going to be retired.

We do not know how to give back these funds. FY 1996 does not exist on ASAP. Please advise on how this should be handled.

Corrections for Excess Draws:

FY 1997 As of December 1999, we had drawn \$ 15,178,265 which was More than the SSA- 4513 by \$ 67,532. From January to September 2000 we spent \$ 18,106 on Space Redesign. On Oct. 24, 2000 on ASAP we gave back (reduced 9704ORDI00A) \$ 49,426 which is the amount of unliquidated obligations on the 1997 SSA- 4513 as of Sept. 2000.

FY 1998 AIF As of Dec. 1999, we had drawn \$ 197,480 which is greater than the SSA- 4513 by \$ 27,544. From January to September 2000 we spent \$ 5,175.62. On Oct. 24, 2000 we reduced 9804ORDI01 \$ 22,368.38 which matches the Final SSA-4513 as of Sept. 2000.

In Conclusion:

We feel that we have complied with the objectives of this recommendation except for FY 1996. Prior to ASAP, on the PMS system, Letter of Credit, etc. all fiscal year funds were drawn cumulative (net negative cash-on-hand needed to pay expenses). When ASAP was implemented and beginning in FY 1998 we gained the ability to draw by grant year and by authorized amount for each dedicated purpose. Therefore, a year by year Analysis of drawdowns as shown in your "Drawdowns Exceeded Disbursements" schedule on page 5 is appropriate only for FY 1998 and Forward.

OIG CONTACTS AND ACKNOWLEDGMENTS

Office of the Inspector General

Frederick C. Nordhoff, Division Director, Financial Management and Performance Monitoring Audits, (410) 966-6676

Carl Markowitz, Auditor Manager, (410) 965-9742

Acknowledgments

In addition to those named above:

John Beacham, Auditor-in-Charge

Glenn Lee, Auditor

Cheryl Robinson, Writer-Editor, Policy, Planning & Technical Services Division

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Total	97

Overview of the Office of the Inspector General

Office of Audit

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency.

Office of Executive Operations

The Office of Executive Operations (OEO) supports the Office of the Inspector General (OIG) by providing information resource management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act. OEO is also responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from the Agency, as well as conducting employee investigations within OIG. Finally, OEO administers OIG's public affairs, media, and interagency activities and also communicates OIG's planned and current activities and their results to the Commissioner and Congress.

Office of Investigations

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Counsel to the Inspector General

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.

