

Office of the Inspector General

September 29, 1999

John R. Dyer  
Principal Deputy Commissioner  
of Social Security

Acting Inspector General

State Fiscal Year 1996 Single Audit Findings (A-07-98-71002)

The attached final report presents the results of our review. The report compiles and categorizes Disability Determination Services findings reported for 25 States in their State Fiscal Year 1996 single audits.

You may wish to comment on any further action taken or contemplated on our recommendations. If you choose to offer comments, please provide them within the next 60 days. If you wish to discuss the final report, please call me or have your staff contact Daniel R. Devlin, Acting Assistant Inspector General for Audit, at (410) 965-9700.

James G. Huse, Jr.

Attachment

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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**STATE FISCAL YEAR 1996  
SINGLE AUDIT FINDINGS**

**September 1999**

**A-07-98-71002**

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**AUDIT REPORT**

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# EXECUTIVE SUMMARY

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## OBJECTIVE

This report compiles and categorizes Disability Determination Services (DDS) findings reported for 25 States in their State Fiscal Year (SFY) 1996 single audits.<sup>1</sup> This report also includes findings reported by the Social Security Administration (SSA), Office of the Inspector General (OIG), in its administrative cost audits at the California, Missouri, and Pennsylvania DDSs.<sup>2</sup>

## BACKGROUND

### Single Audit Act

The Single Audit Act of 1984 established requirements for audits of States, local governments, and Indian tribal governments administering Federal financial assistance programs. To implement the requirements, the Office of Management and Budget issued Circular A-128, “*Audits of State and Local Governments*.” Circular A-128 required State and local governments receiving more than \$100,000 per year in Federal financial assistance to have an annual financial and compliance audit.

### State Disability Determination Services

SSA is responsible for the policies on developing disability claims under the Disability Insurance (DI) and the Supplemental Security Income (SSI) programs. In accordance with Federal regulations, DDSs in each State perform disability determinations under the DI and SSI programs. DDSs determine claimants’ disabilities and ensure adequate evidence to support their determinations. SSA reimburses DDSs for 100 percent of allowable expenditures.

There are 54 DDSs located in the 50 States, the District of Columbia, Puerto Rico, Guam and the Virgin Islands. The DDSs are subject to the Single Audit Act except the federally administered Virgin Islands DDS.

## RESULTS OF REVIEW

The analysis of the 25 SFY 1996 single audit reports disclosed similar DDS findings in the financial reporting, cash management, and computer control areas. The findings

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<sup>1</sup> The SFY begins on July 1 and ends on June 30.

<sup>2</sup> The California, Missouri and Pennsylvania OIG audits cover SFY 1996 DDS operations.

relate to DDS' noncompliance with Federal requirements and, as described in the single State audit reports, are caused by weaknesses in internal controls. Appendix B summarizes single audit findings by DDS.

In addition to the findings disclosed in the single State audits, OIG audits at the California, Missouri and Pennsylvania DDSs also disclosed findings in the financial reporting, cash management, and computer control areas. Again, the findings relate to DDS' noncompliance with Federal requirements because of weaknesses in internal controls. Appendix C summarizes OIG's findings.

The comparison of California, Missouri and Pennsylvania DDS findings in the single audits and the OIG audits disclosed significant differences. OIG reported findings on overstated obligations, incorrect draws of Federal funds, and inadequate computer access controls. The single audits, however, did not report these findings. We are reporting this comparison here for your information only. We will report the comparison to Federal agencies cognizant for the California, Missouri, and Pennsylvania single audits in separate management letters for any action they deem appropriate.

## **CONCLUSIONS AND RECOMMENDATIONS**

The nature and frequency of the findings require SSA's attention to improve DDS operations. The noncompliance with Federal requirements, in our opinion, is attributed to SSA's limited internal control emphasis and guidance to DDSs.

SSA should be proactive in providing internal control guidance to DDSs. To do so, SSA should instruct DDSs to:

- Implement effective procedures for preparing, reviewing, and approving information on the Report of Obligations and the Time Report of Personal Services.
- Establish procedures for ensuring the Report of Obligations and the Time Report of Personal Services are submitted to SSA within the time frame required by SSA instructions.
- Adhere to the Cash Management Improvement Act agreement.
- Process non-SSA work in accordance with the Memorandum of Understanding.
- Implement controls to prevent unauthorized computer access.

## **AGENCY COMMENTS**

SSA agreed with the recommendations and will take the appropriate steps to implement them. The full text of SSA's comments is included in Appendix A.

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# INTRODUCTION

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## OBJECTIVE

This report compiles and categorizes Disability Determination Services (DDS) findings reported for 25 States in their State Fiscal Year (SFY) 1996 single audits.<sup>3</sup> This report also includes findings reported by the Social Security Administration (SSA), Office of the Inspector General (OIG), in its administrative cost audits at the California, Missouri, and Pennsylvania DDSs.<sup>4</sup>

## BACKGROUND

### Single Audit Act

The Single Audit Act of 1984 established requirements for audits of States, local governments, and Indian tribal governments administering Federal financial assistance programs. To implement the requirements, the Office of Management and Budget (OMB) issued Circular A-128, “*Audits of State and Local Governments*.” Circular A-128 required State and local governments receiving more than \$100,000 per year in Federal financial assistance to have an annual financial and compliance audit. In 1990, OMB extended the single audit process to nonprofit organizations by issuing Circular A-133, “*Audits of Institutions of Higher Education and Other Non-Profit Organizations*.”

On July 5, 1996, the President signed the Single Audit Act Amendments of 1996.<sup>5</sup> The Single Audit Act Amendments extended the statutory audit requirement to nonprofit organizations and revised various provisions of the 1984 Act including raising the Federal financial assistance dollar threshold from \$100,000 to \$300,000. On June 30, 1997, OMB issued revised Circular A-133, “*Audits of States, Local Governments and Non-Profit Organizations*” to implement the 1996 amendments and rescinded Circular A-128.

### State Disability Determination Services

The Disability Insurance (DI) program, established in 1954 under title II of the Social Security Act, provides benefits to disabled wage earners and their families. In 1972, Congress enacted title XVI, the Supplemental Security Income (SSI) program

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<sup>3</sup> The SFY begins on July 1 and ends on June 30.

<sup>4</sup> The California, Missouri and Pennsylvania OIG audits cover SFY 1996 DDS operations.

<sup>5</sup> The Single Audit Act Amendments are effective for SFY beginning after June 30, 1996, and are not applicable to the SFY 1996 single audits discussed in this report.

(Public Law 92-603). Title XVI provides a nationally uniform program of income and disability coverage to financially needy individuals who are aged, blind, or disabled.

SSA is responsible for the policies on development of disability claims under the DI and SSI programs. According to Federal regulations, disability determinations under the DI and SSI programs are performed by DDSs in each State. DDSs determine claimants' disabilities and ensure that adequate evidence supports their determinations. SSA reimburses the DDS for 100 percent of allowable expenditures.

There are 54 DDSs located in the 50 States, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands.

## **SCOPE AND METHODOLOGY**

From October 1997 to March 1999, we reviewed the 51 SFY 1996 single audit reports to identify DDS findings.<sup>6</sup> Of the 51 single audit reports, 25 contained DDS findings. We reported the findings and related recommendations on a State-by-State basis to SSA's Management Analysis and Audit Program Support Staff for audit resolution.

To develop this report, we reviewed:

- DDS findings in 25 SFY 1996 single audit reports, the related recommendations and auditee responses;
- the Single Audit Act of 1984;
- the Single Audit Act Amendments of 1996;
- SSA's Program Operations Manual System (POMS) instructions;
- the Cash Management Improvement Act (CMIA) of 1990;
- SSA's Systems Security Handbook;
- Memorandums of Understanding (MOU) between the States' and the SSA Regional Commissioners; and
- findings contained in the OIG administrative cost audit reports for the California, Missouri, and Pennsylvania DDSs.<sup>7</sup>

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<sup>6</sup> SFY 1996 single audit reports for Guam and Puerto Rico are not issued. The Virgin Islands DDS is not subject to the Single Audit Act since it is federally administered.

<sup>7</sup> The OIG audits at the California, Missouri, and Pennsylvania DDSs are the only OIG administrative cost audits covering SFY 1996 DDS operations.

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# RESULTS OF REVIEW

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The analysis of the 25 SFY 1996 single audit reports disclosed similar DDS findings in the financial reporting, cash management, and computer control areas. The findings relate to DDS' noncompliance with Federal requirements and, as described in the single State audit reports, are caused by weaknesses in internal controls. Appendix B summarizes single audit findings by DDS.

In addition to the findings disclosed in the single State audits, OIG audits at the California, Missouri, and Pennsylvania DDSs also disclosed findings in the financial reporting, cash management, and computer control areas. Again, the findings relate to DDS' noncompliance with Federal requirements because of weaknesses in internal controls. Appendix C summarizes OIG's findings.

The comparison of California, Missouri, and Pennsylvania DDS findings in the single audits and OIG audits disclosed significant differences. OIG reported findings on overstated obligations, incorrect draws of Federal funds, and inadequate computer access controls. The single audits, however, did not report these findings. The comparison is presented for informational purposes. We will report the comparison to Federal agencies cognizant for the California, Missouri, and Pennsylvania single audits in separate management letters.

## FINANCIAL REPORTING

At the end of each Federal fiscal year (FFY) quarter, the DDS submits to SSA a Form SSA-4513 (*Report of Obligations*) and a Form SSA-4514 (*Time Report of Personal Services*). The Report of Obligations reports DDS disbursements, unliquidated obligations, and cumulative obligations for personal services, medical costs, indirect costs, and all other nonpersonal costs. The Time Report of Personal Services reports the regular and overtime hours worked by DDS personnel on SSA disability determinations. The DDS is instructed to simultaneously submit these forms to SSA by the 25<sup>th</sup> day after the close of each quarter.<sup>8</sup>

### Inaccurate Financial Reports

Seven single audit reports disclosed inaccuracies on the Reports of Obligations and Time Reports of Personal Services. On the Reports of Obligations, the DDSs:

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<sup>8</sup> POMS DI 39506.815 instructs DDSs to submit the forms to SSA by the 25<sup>th</sup> day after the close of each quarter. However, in a letter dated October 22, 1992, SSA extended the DDSs' due date for these forms to the 30<sup>th</sup> day after the close of each quarter.

- overstated disbursements by \$112,935 when compared to supporting disbursement data recorded in the State's accounting system;
- overstated disbursements by \$9,000 when compared to supporting DDS documentation;
- did not have supporting documentation for unliquidated obligations;
- did not properly allocate unliquidated obligations among the cost categories; and
- understated disbursements by \$4,851 because of unreported indirect costs.

The OIG audits at the California and Missouri DDSs also disclosed inaccuracies on the Reports of Obligations (see Appendix C). The California DDS overstated obligations by \$9 million on the Report of Obligations. The Missouri DDS overstated obligations on the Report of Obligations by \$119,209.

Regarding the inaccuracies on the Time Reports of Personal Services, the single audits reported employees' regular and overtime hours as either overstated or understated because the DDS did not reconcile the Time Reports of Personal Services information to supporting time and attendance records.

The inaccuracies on the Reports of Obligations and Time Reports of Personal Services indicate an internal control weakness in the DDS' preparation, review, and approval of these reports prior to submitting them to SSA.

### **Untimely Financial Reports**

Five SFY 1996 single audit reports disclosed late submission of the Reports of Obligations and Time Reports of Personal Services. Two States indicated that the data needed for these reports was not available in their computer systems in time to meet SSA's 25-day reporting deadline. One State responded that it did not know the due date of the reports. The remaining two States did not comment on the finding. Late submissions of these financial reports indicate an internal control weakness in the DDS' procedures for reporting information to SSA.

## **CASH MANAGEMENT**

### **Cash Management Improvement Act**

The Federal Government enacted CMIA of 1990 to ensure efficiency, effectiveness, and equity in transferring funds between the States and Federal Government. The law requires the Federal Government to enter an agreement with the State covering the applicable Federal programs and establish the procedures and requirements for transferring Federal funds.

CMIA requires the States to minimize the time between transferring Federal funds and paying disbursements to avoid excess cash balances. CMIA allows the Federal Government to charge interest when a State receives Federal funds in advance of disbursements. CMIA also allows the State to charge interest when the State incurs costs for Federal programs before Federal funds are made available. The State must calculate Federal and State interest liabilities for each applicable program and report liabilities to the Federal Government annually.

Five single audit reports disclosed that the States did not draw Federal funds for its DDS in accordance with the CMIA agreement.

- One DDS's cash on hand exceeded the cash needed for immediate disbursements by \$5.6 million. The State attributes the excess funds as security in case of a Federal Government shutdown.
- Three States did not draw funds timely resulting in interest lost to the State.
- One State based draws on estimated expenditures instead of the method specified in the CMIA agreement.

The OIG administrative cost audits at the Pennsylvania and Missouri DDSs also reported cash management findings. The Pennsylvania audit disclosed that the State incorrectly drew \$1.6 million in Federal funds from the FFY 1995 account to pay FFY 1996 expenditures. The Missouri DDS audit disclosed Federal funds drawn exceeded allowable expenditures by \$22,628 for FFY 1995, and were \$95,060 less than expenditures during FFY 1996.

The single audit reports also disclosed other problems with States adhering to their respective CMIA agreements (see Appendix B). The CMIA findings indicate the States did not implement internal control procedures to ensure compliance with the CMIA agreement.

### **Non-SSA Work**

When a DDS makes disability determinations for claims not related to SSA benefits, a MOU should exist between the State and the Regional Commissioner outlining the specifics of the non-SSA work. According to SSA instructions, non-SSA work should not interfere with the DDS's processing of SSA disability claims. Also, the non-SSA work should be funded in advance to avoid charges to SSA.<sup>9</sup>

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<sup>9</sup> POMS DI 39563

According to SSA's Office of Disability (OD), 16 States have MOUs.<sup>10</sup> The SFY 1996 single audit reports for 2 of the 16 States, Florida and Kansas, contained findings related to the DDSs' non-SSA work.

The Florida DDS processes work for the State's Medically Needy Program.<sup>11</sup> The single audit report disclosed that the DDS retroactively reimbursed the SSA program for the non-SSA work. As a result, the State did not reimburse SSA for \$14,585 of the \$217,868 expended in processing non-SSA work. This occurred because the State did not establish procedures for advanced funding of non-SSA work as required by the MOU. In commenting on the finding, the State agreed to continue implementing procedures for advanced funding for non-SSA work.

The Kansas DDS processes Medicaid claims for the Kansas Division of Social Services.<sup>12</sup> The single audit report disclosed that the DDS charged the State fund designated for non-SSA work for SSA disability determination expenditures.<sup>13</sup> The State attributed this condition to an occasionally occurring computer system error.

## COMPUTER CONTROLS

DDSs operate computer systems important to the administration of SSA's disability programs. These systems issue payments for administrative expenses, such as medical examinations, and contain confidential claimant information including Social Security numbers. SSA requires the DDSs to develop, distribute, and implement a formal computer security policy addressing the confidentiality of sensitive information, data integrity, and authorized access to information.

The DDSs computer security policy should identify computer access controls to ensure only authorized users can access the system. Controls include the use of personal identification numbers to identify users, passwords to authenticate the user's identity, and profiles to specify the functions users can perform.

Four SFY 1996 single audit reports disclosed weaknesses in computer access controls. The weaknesses included:

- The DDS did not develop a formal security policy; and therefore, a telephone call or electronic mail informally established, modified, and/or revoked system access.

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<sup>10</sup> The 16 States with MOUs are: Alaska, Arizona, Arkansas, Florida, Kansas, Kentucky, Iowa, Massachusetts, Mississippi, New Mexico, New York, South Carolina, Tennessee, Vermont, Washington and Wisconsin.

<sup>11</sup> MOU dated February 8, 1995.

<sup>12</sup> MOU dated July 1, 1974.

<sup>13</sup> The State auditors did not determine the expenditure amount.

- Several employees and production jobs updated, modified, and deleted critical data, which was considered inappropriate access to computer operations.
- DDS employees did not change passwords every 30 days as required by the State's system security policy.
- DDS employees were allowed numerous log-on attempts, which were inconsistent with the State's system security policy.
- Inappropriate access was allowed to the DDS's medical vendor's data base resulting in billing errors due to incorrectly modified information.

The OIG administrative cost audit at the California DDS also disclosed that access controls over the States' computer system used to process SSA disability claims needed improvement to prevent misuse through unauthorized transactions.

Without access controls, the DDS is open to security risks. Accidental or intentional modifications to confidential and sensitive information can have adverse affects on the quality of services and lead to unauthorized and inaccurate disbursements.

## **COMPARISON OF SINGLE AUDIT AND OIG FINDINGS**

SSA's OIG performs DDS administrative cost audits each year at the request of SSA's OD. The objectives of the DDS administrative cost audits are to determine whether: 1) expenditures and obligations are properly authorized and disbursed; 2) Federal funds drawn down agreed with total expenditures; and 3) internal controls over the accounting and reporting of administrative costs are adequate.

The OIG performed three administrative cost audits covering SFY 1996 DDS operations: California, Missouri, and Pennsylvania. The comparison of the single audit findings and OIG findings disclosed significant differences.

### **California DDS**

The OIG administrative cost audit at the California DDS covered the 2-year period ended September 30, 1996.<sup>14</sup> The California DDS overstated obligations by \$9,138,726—because of: 1) incorrect time charges for allocating indirect costs; 2) ineffective methods for estimating unliquidated obligations; and 3) inadequate controls for reimbursing medical costs. In addition, controls over the States' computer system for processing SSA disability claims needed improvement. The findings are listed in Appendix C.

The California SFY 1996 single audit report, however, contains no DDS findings (see Appendix B).

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<sup>14</sup> Common Identification Number (CIN): A-09-97-51006

## **Missouri DDS**

The OIG administrative cost audit at the Missouri DDS covered the 2-year period ended September 30, 1996.<sup>15</sup> The Missouri DDS overstated obligations by \$119,209—because vendor refunds, uncashed checks, and funds from the sale of DDS surplus property were not reported to SSA on the Report of Obligations. Also, Federal funds drawn exceeded allowable expenditures by \$22,628 during FFY 1995, and were \$95,060 less than expenditures during FFY 1996. The findings are listed in Appendix C.

The Missouri SFY 1996 single audit reported insufficient procedures for depositing and endorsing uncashed checks (see Appendix B). The single audit contained no findings on overstated obligations or incorrect Federal funds draws as did OIG.

## **Pennsylvania**

The OIG administrative cost audit at the Pennsylvania DDS covered the 3-year period ending September 30, 1996.<sup>16</sup> The State incorrectly drew \$1.6 million in Federal funds from the FFY 1995 account to pay FFY 1996 expenditures (see Appendix C).

The Pennsylvania single audit reported findings in the areas of financial reporting, procurement, computer access controls, and equipment inventory. However, the audit contained no findings related to draw downs of Federal funds, as did the OIG review. (see Appendix B).

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<sup>15</sup> CIN: A-07-97-51006

<sup>16</sup> CIN: A-13-97-52019

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# **CONCLUSIONS AND RECOMMENDATIONS**

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The analysis of the 25 SFY 1996 single audit reports disclosed similar DDS findings in the financial reporting, cash management, and computer control areas. In addition, OIG's audits at the California, Missouri, and Pennsylvania DDSs reported findings in the same areas.

The nature and frequency of the findings require SSA's attention to improve DDS operations. The noncompliance with Federal requirements, in our opinion, is attributed to SSA's limited internal control emphasis and guidance to DDSs.

SSA should be proactive in providing internal control guidance to DDSs. To do so, SSA should instruct DDSs to:

1. Implement effective procedures for preparing, reviewing, and approving information on the Report of Obligations and the Time Report of Personal Services.
2. Establish procedures for ensuring the Report of Obligations and the Time Report of Personal Services are submitted to SSA within the time frame required by SSA instructions.
3. Adhere to the CMIA agreement.
4. Process non-SSA work in accordance with the MOU.
5. Implement controls to prevent unauthorized computer access.

## **AGENCY COMMENTS**

SSA agreed with the recommendations and will take the appropriate steps to implement them. The full text of SSA's comments is included in Appendix B.

# **APPENDICES**

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**APPENDIX A**

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## **SSA COMMENTS**

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# SINGLE AUDIT FINDINGS BY STATE

## STATE FISCAL YEAR 1996

STATE DDS	SINGLE AUDIT FINDINGS ON DISABILITY DETERMINATION SERVICES	QUESTIONED COSTS (\$)
AL	1. Funds were not drawn in accordance with the funding techniques specified in the Cash Management Improvement Act (CMIA) agreement. 2. Warrant clearance patterns for direct deposit payrolls were not developed in accordance with the CMIA agreement.	0 727
AK	No Findings Reported	0
AZ	The State did not calculate and document interest liabilities in accordance with the CMIA.	0
AR	1. Sign-in sheets for three employees for 1 day's work were missing. 2. Purchases were made without obtaining competitive bids.	201 7,673
CA	No Findings Reported	0
CO	No Findings Reported	0
CT	No Findings Reported	0
DC	1. For three quarters, Time Reports were not submitted timely. 2. Data submitted on the medical evidence of record report was not cumulative. 3. Inaccurate information was reported on the Time Report. 4. Invoices could not be located to support expenditures.	0 0 0 2,350
DE	No Findings Reported	0
FL	1. Non-Social Security Administration (SSA) work processed by the Disability Determination Services (DDS) for the State's Medically Needy program was not funded on an advance basis. 2. The State did not reimburse SSA for all costs associated with non-SSA work.	0 14,585
GA	No Findings Reported	0
HI	No Findings Reported	0
ID	No Findings Reported	0
IL	No Findings Reported	0
IN	For two quarters, the Time Report was not submitted to SSA timely.	0
IA	1. Internal controls were not in place to ensure the accuracy of the CMIA annual report. 2. Procedures were not in place to ensure the accuracy of beginning cash balances. 3. Federal funds for payroll were not drawn consistently throughout the year and were not in compliance with the CMIA agreement. 4. The State's interest liability was overstated on the CMIA annual report. 5. Inaccurate information was reported on the Time Report.	0 0 0 0 0

<b>STATE DDS</b>	<b>SINGLE AUDIT FINDINGS ON DISABILITY DETERMINATION SERVICES</b>	<b>QUESTIONED COSTS (\$)</b>
<b>KS</b>	Expenditures for SSA disability determinations were charged to the State fund designated for non-SSA work.	Undetermined
<b>KY</b>	Controls over the DDS' computer system needed to be strengthened.	0
<b>LA</b>	No Findings Reported	0
<b>ME</b>	1. Inaccurate information was reported on the Report of Obligations. 2. Funds for indirect costs were not drawn by the State. 3. Cost Effective Measurement System (CEMS) reports were not submitted timely to SSA.	0 0 0
<b>MD</b>	No Findings Reported	0
<b>MA</b>	1. Controls over payment vouchers for medical examiner reports were lacking. 2. Inappropriate segregation of duties existed for purchasing and payment of goods. 3. The Medical Examiner reports payment system needed improvement.	0 0 50
<b>MI</b>	No Findings Reported	0
<b>MN</b>	1. The State had insufficient security administration procedures. 2. A comprehensive disaster recovery plan did not exist. 3. Employees were granted inappropriate access to mainframe data and resources.	0 0 0
<b>MS</b>	No Findings Reported	0
<b>MO</b>	1. Refunds were not submitted to the Department of Revenue timely. 2. Checks were not restrictively endorsed immediately upon receipt.	0 0
<b>MT</b>	No Findings Reported	0
<b>NE</b>	No Findings Reported	0
<b>NV</b>	The Time Report was not submitted to SSA timely.	0
<b>NH</b>	CEMS input was not timely.	0
<b>NJ</b>	1. All employees had not received annual performance evaluations. 2. Federal funds drawn were not calculated in accordance with the methods prescribed in the CMIA agreement. 3. Inaccurate information was reported on the Report of Obligations. 4. Inaccurate information was reported on the Time Report.	0 0 0 0
<b>NM</b>	One personnel file did not contain verification of employment eligibility.	0
<b>NY</b>	For four quarters, the Time Report was not submitted to SSA timely.	0
<b>NC</b>	Rent expenditures were charged as both direct and indirect costs.	8,950
<b>ND</b>	No Findings Reported	0
<b>OH</b>	Federal funds were not drawn in accordance with the terms of the CMIA agreement resulting in cash on hand (\$6 million) in excess of immediate needs (\$418,000).	5,582,000
<b>OK</b>	1. Improper interest event reporting. 2. Incorrect percentages were used in calculating cash draws. 3. Reports of Obligations were not submitted to SSA timely. 4. A salary schedule did not exist for personnel employed in unclassified State service.	0 0 0 0
<b>OR</b>	No Findings Reported	0

<b>STATE DDS</b>	<b>SINGLE AUDIT FINDINGS ON DISABILITY DETERMINATION SERVICES</b>	<b>QUESTIONED COSTS (\$)</b>
<b>PA</b>	1. Contracting and procurement requirements were not always followed. 2. Controls over the computer system needed to be strengthened. 3. Inaccurate information was reported on the Time Report. 4. Electronic data processing equipment was not properly identified.	0 0 0 0
<b>RI</b>	1. Inaccurate information was reported on the Report of Obligations. 2. CEMS data was not reconciled with the Report of Obligations.	0 0
<b>SC</b>	Employee position descriptions were not updated to reflect job performance.	0
<b>SD</b>	No Findings Reported	0
<b>TN</b>	No Findings Reported	0
<b>TX</b>	No Findings Reported	0
<b>UT</b>	No Findings Reported	0
<b>VT</b>	No Findings Reported	0
<b>VA</b>	No Findings Reported	0
<b>WA</b>	No Findings Reported	0
<b>WV</b>	1. Inaccurate information was reported on the Report of Obligations. 2. Payment was made from a copied document instead of the original as required by State procedures.	9,000 0
<b>WI</b>	No Findings Reported	0
<b>WY</b>	No Findings Reported	0
<b>Total Questioned Costs</b>		<b>\$5,625,536</b>

# **OFFICE OF INSPECTOR GENERAL ADMINISTRATIVE COST AUDIT FINDINGS**

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<b>STATE DDS</b>	<b>OFFICE OF THE INSPECTOR GENERAL FINDINGS ON DISABILITY DETERMINATION SERVICES</b>	<b>QUESTIONED COSTS (\$)</b>
<b>CA</b>	1. Unallowable indirect costs were claimed for activities that were incorrectly charged to the departmental indirect cost pool. 2. Doctors were paid twice to review medical records and vendors received duplicate payments for medical services. 3. Unliquidated obligations for Federal Fiscal Years (FFY) 1995 and 1996 were overstated. 4. Access controls over the States' computer system used to process the SSA disability claims needed improvement.	3,580,673 192,001 5,157,597 0
<b>MO</b>	1. Vendor refunds and uncashed checks were not reported on the Report of Obligations. 2. SSA was not reimbursed for DDS portion of funds received from the sale of surplus property. 3. Federal funds drawn exceeded allowable expenditures by \$22,628 for FFY 1995, and were \$95,060 less than FFY 1996 expenditures.	107,428 11,781 0
<b>PA</b>	Federal funds of \$1.6 million were incorrectly drawn from the FFY 1995 Payment Management System allotment account to pay FFY 1996 expenditures.	0
<b>Total Questioned Costs</b>		<b>\$9,049,480</b>

## **MAJOR REPORT CONTRIBUTORS**

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For additional copies of this report, please contact the Office of the Inspector General's Public Affairs Specialist at (410) 966-5998. Refer to Common Identification Number A-07-98-71002.

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**APPENDIX E**

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## **SSA ORGANIZATIONAL CHART**

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