

Report Summary

Social Security Administration Office of the Inspector General

April 2011



Objective

To (1) provide general background information on the Cost Analysis System (CAS), (2) provide an overview of the history of CAS technology, (3) determine the impact of automation upgrades to CAS, and (4) assess the viability of CAS.

Background

CAS is used to allocate (1) administrative costs to Trust and general fund programs administered by the Social Security Administration (SSA) and (2) reimbursable work performed by SSA for outside organizations. This mainframe-based system, now in service for over 30 years, has been modified several times to enhance its functionality and cost-effectiveness.

To view the full report, visit
http://www.ssa.gov/oig/ADO_BEPDF/A-15-10-20149.pdf

Cost Analysis Background Report and Viability Assessment (A-15-10-20149)

Our Findings

We contracted with Grant Thornton LLC to conduct four CAS reviews. For this first review, Grant Thornton concluded that CAS is viable for calculating administrative costs if the following risks identified during this audit are addressed

1. Equitable and appropriate allocation of administrative costs to the Trust Funds could be at risk because (a) the CAS cost allocation methodology has not been revisited or updated to account for changes in business processes, system technology, or Federal accounting standards and (b) the relative complexity of the workloads could not be accounted for in the cost allocation methodology.
2. Continuity of operations could be at risk because of (a) incomplete, outdated, and/or unclear CAS documentation and (b) insufficient workforce planning.

Our Recommendations

Grant Thornton recommended that SSA:

1. Review and update the CAS methodology as needed, in light of current statutes, regulations, and Federal accounting standards, as well as current SSA business processes and system technology.
2. Review, update, and enhance the Administrative Instructions Manual System documents, Cost Analysis Manual, and other policies and procedures on an annual basis, and when major changes are implemented.
3. Establish and periodically update a staffing succession plan to ensure continuity of operations.

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