
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**SINGLE AUDIT OF THE
STATE OF OHIO
FOR THE FISCAL YEAR ENDED
JUNE 30, 2001**

November 2002 A-77-03-00003

**MANAGEMENT
ADVISORY 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.



SOCIAL SECURITY

MEMORANDUM

Date: November 21, 2002

Refer To:

To: Candace Skurnik
Acting Director
Management Analysis and Audit Program Support Staff

From: Assistant Inspector General
for Audit

Subject: Management Advisory Report on the Single Audit of the State of Ohio for the Fiscal Year Ended June 30, 2001 (A-77-03-00003)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Ohio for the Fiscal Year ended June 30, 2001. Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

The Ohio State Auditor performed the audit. The Department of Health and Human Services' (HHS) desk review concluded that the audit met Federal requirements. In reporting the results of the single audit, we relied entirely on the internal control and compliance work performed by the Ohio State Auditor and the reviews performed by HHS.

For single audit purposes, the Office of Management and Budget assigns Federal programs a Catalog of Federal Domestic Assistance (CFDA) number. SSA's Disability Insurance (DI) and Supplemental Security Income (SSI) programs are identified by CFDA number 96. SSA is responsible for resolving single audit findings reported under this CFDA number.

The Ohio Disability Determination Services (DDS) performs disability determinations under SSA's DI and SSI programs in accordance with Federal regulations. The DDS is reimbursed for 100 percent of allowable costs. The Ohio Rehabilitation Services Commission (RSC) is the Ohio DDS' parent agency.

The Ohio DDS' Time Report of Personnel Services (SSA-4514) for the quarters ending December 2000 and June 2001 contained incorrect information (see Attachment). Specifically:

- Medical consultant time was under-reported by 3,590 hours on the SSA-4514 for the quarter ended December 31, 2000.
- Hearing officer overtime was under-reported by 510 hours and unpaid leave was over-reported by 865 hours on the SSA-4514 for the quarter ended June 30, 2001.
- All other part-time employee overtime and unpaid leave were over-reported by 579 hours and 355 hours, respectively, on the SSA-4514 for the quarter ended June 30, 2001.

The RSC's corrective action plan indicates the process for providing the information for the SSA-4514 has been reviewed and check points established to prevent errors in future reports.

We recommend SSA remind the Ohio DDS to verify the accuracy of information reported on the SSA-4514.

Please send copies of the final Audit Clearance Document to Mark Bailey in Kansas City and Paul Wood in Baltimore. If you have questions contact Mark Bailey at (816) 936-5591.



Steven L. Schaeffer

Attachment

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OHIO REHABILITATION SERVICES COMMISSION

1. REPORTING

<i>Finding Number</i>	2001-RSC01-098
<i>CFDA Number and Title</i>	96.001 - Social Security - Disability Insurance
<i>Federal Agency</i>	Social Security Administration

INTERNAL CONTROL - REPORTABLE CONDITION

An entity's internal control structure is placed in operation and maintained by management to prevent or detect misstatements in the accounting records; to help ensure compliance with laws and regulations; and to provide a basis for measuring whether program objectives have been achieved. To be effective, the performance of an internal control procedure should be evidenced in some manner to provide assurance to other parties involved in the process that the prescribed policy was followed.

The Commission is required by the Social Security Administration to prepare an SSA-4514 report on a quarterly basis to report the number of hours employees provided services in conjunction with the Social Security - Disability Insurance program. For two SSA-4514 reports tested, the following errors were noted:

- The report filed for the quarter ending December 31, 2000 presented hours charged by medical consultants in the amount of 21,801.15; however, the attached supporting documentation indicated the hours charged totaled 25,390.95. As a result, the medical consultant hours were under-reported by 3,589.80 hours or 14%.
- The attachment to the report filed for the quarter ending June--30, 2001 presented 603.6 hours of overtime paid and 520 hours of unpaid leave in the all other part-time category. According to the Commission's supporting documentation, these hours should have been reported in the full-time hearing officer category. The hours listed in the hearing officer category totaled 93.5 for overtime hours paid and 1,384.5 hours of unpaid leave, but should have been recorded in the all other part-time category. While these hours should have been reported in the all other part-time category, the correct amount of overtime hours was 25 and the correct amount of unpaid leave hours was 165.4. As a result, the hours reported in the hearing officer category for overtime were under-reported by 510.1 (84%) and the hours of unpaid leave were over-reported by 864.5 (166%). The overtime hours for the all other part-time category were over-reported by 578.6 (2314%) and the unpaid leave hours were over-reported by 354.6 (214%).

Since the SSA-4514 is used by the Social Security Administration to evaluate the costs incurred by the Commission in making disability determinations and to determine the funding level for the Commission, incorrect or unsubstantiated data may result in a reduction of funding which could impede the service levels provided to Ohio residents. According to the Human Resources Officer, the hours submitted from the Medical Department are not reviewed. The Human Resources Officer stated the attachment to the June 30, 2001 report might have been prepared using the prior quarter's figures or the numbers may have been accidentally entered into the incorrect category.

We recommend the Commission establish formal, standardized procedures for the review and approval of the SSA-4514 prior to submission to the Social Security Administration. The review should be performed by a sufficient level of management in order to provide reasonable assurance that all figures reported are adequately supported. Information submitted by other departments should also be reviewed for accuracy before it is input into the SSA-4514. Furthermore, we recommend the Commission contact the Social Security Administration to determine the effects of these reporting misstatements and whether amended reports should be submitted.

**STATE OF OHIO
CORRECTIVE ACTION PLAN
JULY 1, 2000 THROUGH JUNE 30, 2001**

OHIO REHABILITATION SERVICES COMMISSION

2001-RSC01-098 Reporting

Corrective Action Plan

RSC agrees that the hours reported on the 2 reports were in error. The Social Security Administration Regional Office who receives the reports has been contacted and has informed RSC that agency funding will not be affected by the error since the information provided is updated with the receipt of each subsequent quarterly report. It is therefore also not necessary to submit a corrected report.

The process for providing the information for the SSA-4514 report has been reviewed and check points established which should preclude a repeat of this situation in future reports.

Anticipated Completion Date for Corrective Action

Corrective action for this finding is considered complete.

Contact Person Responsible for Corrective Action

Bill McFarland, Finance Manager, Ohio Rehabilitation Services Commission, 400 East Campus View Boulevard, Columbus, Ohio 43235, Phone: (614) 433-8201

OHIO DEPARTMENT OF TRANSPORTATION

2001-DOT01-099 Prevailing Wage

Corrective Action Plan

The Department will make corrective action in the following areas as they relate to the audit finding.

Monitoring Procedures

The Department will conduct regularly scheduled Quality Assurance Reviews of all district offices, to ensure their compliance with the prevailing wage policies and procedures. Timely follow-up procedures will be implemented with all district coordinators, to ensure that measures are taken to correct any identified weaknesses.

The Department's Central Office will develop a monthly reporting system, to monitor the progress of each district coordinator, and to track the status of all reported prevailing wage law violations. This will help to ensure consistent enforcement among all 12 districts, and improve upon existing oversight procedures.

Monitoring, Reporting, and Follow-up. on Issues of Non-Compliance

The implementation of an Enforcement Procedures Manual, will establish "standardized policies and procedures" to be used by all district coordinators. This will aid in reviewing contractor compliance with prevailing wage laws, and reporting violations. In addition, the Office of Contracts will schedule formal training meetings for all district coordinators on a semi-annual basis, for the purpose of reinforcing the measures outlined in the Enforcement Procedures Manual, ensuring consistent enforcement statewide, and providing updated information from the Department of Labor, Wage and Hour Division.

Anticipated Completion Date for Corrective Action

May 1, 2002

Contact Person Responsible for Corrective Action

Dan Cores, Administrator, Office of Payroll and Project Accounting, Ohio Department of Transportation, 1980 West Broad Street, Columbus, Ohio 43223, Phone: (614) 466-4777

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, rather than detecting problems after they occur.

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 SSA, as well as conducting investigations of OIG employees, when necessary. Finally, OEO administers OIG's public affairs, media, and interagency activities, coordinates responses to Congressional requests for information, 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.