



SOCIAL SECURITY

Office of the Inspector General

SEP 31 1993

Mr. James Martin
Regional Commissioner
Social Security Administration
600 West Madison, 10th Floor
Chicago, Illinois 60661

Dear Mr. Martin:

Attached is a copy of our final report presenting the results of our audit of the administrative costs claimed by the Ohio Rehabilitation Services Commission for its Bureau of Disability Determination (A-13-98-51007). The objectives of our audit were to determine whether: (1) expenditures and obligations were properly authorized, disbursed, and reported; (2) federal funds withdrawn agreed with total expenditures; and (3) internal controls were adequate.

You may wish to comment on any further action taken or contemplated on our recommendations. If you choose to comment, please provide your comments within the next 60 days. If you wish to discuss the final report, please call me or have your staff contact Frederick C. Nordhoff at (410) 966-6676.

Sincerely,

Daniel R. Devlin
Acting Assistant Inspector General
for Audit

Enclosure

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**AUDIT OF ADMINISTRATIVE COSTS
CLAIMED BY THE OHIO
REHABILITATION SERVICES
COMMISSION FOR ITS BUREAU
OF DISABILITY DETERMINATION**

September 1999

A-13-98-51007

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

OBJECTIVES

Our audit objectives were to:

- determine whether costs claimed by the Ohio State Bureau of Disability Determination (OH-BDD) on its State Agency Report of Obligations for Social Security Administration (SSA) Disability Programs (Form SSA-4513) for the period October 1, 1994 through September 30, 1997 were allowable and properly allocated;
- determine whether the aggregate of the SSA funds drawn down agreed with total expenditures for Fiscal Years (FY) 1995 through 1997; and
- evaluate internal controls over the accounting and reporting of the administrative costs claimed, as well as, the draw down of SSA funds.

BACKGROUND

The Disability Insurance (DI) program provides benefits to disabled wage earners and their families in the event the wage earner becomes disabled. The Supplemental Security Income (SSI) program 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 for developing DI and SSI disability claims. An agency within each State performs DI and SSI disability determinations in accordance with SSA regulations. Each State agency (SA) determines claimants' disabilities and ensures that adequate supporting evidence is available. Each SA is authorized to purchase medical examinations, x-rays and laboratory tests on a consultative basis to supplement evidence obtained from claimants' physicians or other treating sources.

SSA pays the SA for 100 percent of allowable expenditures. Each year, SSA determines the amount of funding authorization. Once funding is approved, each SA is allowed to withdraw SSA funds to meet immediate program expenses. At the end of each quarter of the Federal FY, each SA submits a Form SSA-4513.

Rehabilitation Services Commission (RSC) informed us that they were unable to follow the SSA program Operations Manual System (POMS) requirement to account for

payroll expenses on an accrual basis¹. Instead, the State of Ohio requires that payroll expense be accounted for on a cash basis². On July 20, 1999, the RSC formally notified the Chicago Regional Commissioner that a conflict existed between the POMS requirements and Ohio accounting requirements. The Office of Disability (OD) informed us that SSA has decided to allow the State of Ohio to report its payroll expenses/obligations on a cash basis. RSC has promised OD that it will revise its reports of obligations so that they reflect a cash basis of accounting for payroll expenses for the period 1994 to present.

Our methodology included reviewing Federal laws, regulations, and instructions, as well as, the OH-BDD general policies and procedures pertaining to administrative costs incurred and the drawing down of SSA funds. We held discussions with the parent agency, the State of Ohio Rehabilitative Services Commission (RSC); the Ohio State Auditors; OH-BDD; and SSA's Chicago Regional Office of Disability.

We also reviewed internal controls regarding the administration of the disability determination activities and examined the administrative expenditures (personnel, medical service, indirect and all other nonpersonnel costs). OH-BDD claimed costs of \$166,202,157 on its Forms SSA-4513 for the period October 1, 1994 through September 30, 1997. We compared the costs reported to SSA with the official State accounting records. We also compared SSA funds drawn for support of program operations to the allowable expenditures.

Work was performed in Columbus, Ohio, at OH-BDD and RSC; and in Baltimore, Maryland, at SSA Headquarters. The field work was conducted from January through April 1998. Additional field work was performed during the period November through December 1998 to review additional data provided by OH-BDD in response to our original draft report.

RESULTS OF AUDIT

Except for the following, the results of our tests indicated that, with respect to the items tested, the OH-BDD financial reporting and related draw downs complied in all material respects with Federal cost principles and regulations. For those items not tested, nothing came to our attention to indicate that the untested items were not in compliance with applicable laws, regulations and policies. We did, however, note internal control deficiencies over certain areas that are addressed in detail in the body of the report.

- OH-BDD'S ACCOUNTING RECORDS DIFFERED FROM THE FORMS SSA-4513 BY \$1,109,128.

RSC Had Computation Errors and Control Problems over Input of Indirect Cost Amounts.

¹ Accrual basis accounting is a basis of accounting where transactions are recognized when incurred.

² Cash basis accounting is a basis of accounting where transactions are recognized only when cash is paid out or received.

Different Accounting Method Used to Prepare the Forms SSA-4513

Form SSA-4513 Reporting Based on Data Not a Part of Official Records

- RSC'S FEDERAL FUNDS DRAW DOWNS EXCEEDED ITS EXPENDITURES BY \$689,158.
- OTHER INTERNAL CONTROL WEAKNESSES

Inventory Is Not Recorded on RSC Official Records

Insufficient Controls Exist over Accuracy of Postal Charges

UNRESOLVED ISSUE

- QUESTIONS REMAIN ABOUT OH-BDD FUNDING AUTHORITY

RECOMMENDATIONS

We recommend that SSA instruct RSC to:

- Require OH-BDD to amend its Forms SSA-4513 by a \$28,895 increase, \$871,223 decrease and \$266,800 decrease for FYs 1995, 1996 and 1997, respectively, to adjust obligations.
- Improve internal controls over computing and tracking charges of indirect cost. For example, an independent party could quarterly recalculate the indirect costs and compare them to the accounting records.
- Formalize the system by which accounting information is conveyed to the Form SSA-4513 preparer. The Form SSA-4513 amounts should match accounting records and be supported by approved documentation.
- Refund to SSA \$689,158, with applicable interest, for the funds drawn by RSC in excess of its audited accounting records.
- Add OH-BDD-purchased and SSA-supplied computer equipment to the State inventory, affix inventory tags to the equipment and monitor the equipment through annual physical inventories.
- Segregate the areas within the mailroom for holding the outgoing mail and the postage meters. Add a sign to the meter identifying it as the meter restricted for OH-BDD mail only.

AGENCY COMMENTS AND THE OFFICE OF THE INSPECTOR GENERAL RESPONSE

RSC provided written comments (see Appendix D) to our draft report on July 20, 1999. RSC concurred with the second, third, fifth and sixth recommendations above. RSC did not agree with our first and fourth recommendations above. The findings and recommendations as presented in this report consider the comments and additional information presented by RSC. We believe our recommendations are valid and should be implemented. For a full explanation, see page 10 of this report. The full text of RSC's comments is shown in Appendix D of this report.

TABLE OF CONTENTS

	Page
EXECUTIVE SUMMARY	i
INTRODUCTION	1
RESULTS OF REVIEW	4
• OH-BDD'S ACCOUNTING RECORDS DIFFERED FROM THE FORMS SSA-4513 BY \$1,109,128.....	4
RSC Had Computation Errors and Control Problems Over Input of Indirect Cost Amounts	5
Different Accounting Method Used to Prepare the Forms SSA-4513.....	6
Form SSA-4513 Reporting Based on Data Not a Part of Official Records	6
• RSC'S FEDERAL FUNDS DRAWN DOWN EXCEEDED ITS EXPENDITURES BY \$689,158	7
• OTHER INTERNAL CONTROL WEAKNESSES.....	8
Inventory Is Not Recorded on RSC Official Records	8
Insufficient Controls Exist Over Accuracy of Postal Charges.....	8
▪ UNRESOLVED ISSUE	8
Questions Remain About OH-BDD Funding Authority.....	8
RECOMMENDATIONS	10
 APPENDICES	
APPENDIX A – OH-BDD Obligations Reported/Allowed FY 1995 (as of September 30, 1997)	
APPENDIX B – OH-BDD Obligations Reported/Allowed FY 1996 (as of September 30, 1997)	
APPENDIX C – OH-BDD Obligations Reported/Allowed FY 1997 (as of September 30, 1997)	
APPENDIX D – Agency Comments	
APPENDIX E – RSC Letter to Chicago Regional Commissioner	
APPENDIX F – Major Report Contributors	
APPENDIX G – SSA Organizational Chart	

INTRODUCTION

OBJECTIVES

Our audit objectives were to:

- determine whether costs claimed by the Ohio State Bureau of Disability Determination (OH-BDD) on its State Agency Report of Obligations for Social Security Administration (SSA) Disability Programs (Form SSA-4513) for the period October 1, 1994 through September 30, 1997 were allowable and properly allocated;
- determine whether the aggregate of the SSA funds drawn down agreed with total expenditures for Fiscal Years (FY) 1995 through 1997; and
- evaluate internal controls over the accounting and reporting of the administrative costs claimed, as well as, the draw down of SSA funds.

BACKGROUND

We performed the audit of OH-BDD's administrative cost at the request of SSA's Office of Disability. The Disability Insurance (DI) program was established in 1954 under title II of the Social Security Act (*Act*), as amended. The program provides benefits to wage earners and their families in the event the wage earners become disabled. In 1972, Congress enacted title XVI of *the Act*, the Supplemental Security Income (SSI) program. Title XVI provides a nationally uniform income program to financially needy individuals who are aged, blind or disabled.

SSA implements the general policies for developing disability claims under the DI and SSI programs. An agency in each State performs DI and SSI determinations in accordance with SSA regulations. Each State agency (SA) determines the claimants' disabilities and ensures 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 claimants' physicians or other treating sources.

SSA funds the SA for 100 percent of allowable expenditures. Each year, SSA determines the amount of funding authorization. Once approved, each SA is allowed to withdraw SSA funds through the Department of Health and Human Services' Payment Management System or the Department of the Treasury's Automated Standard

Application Payments System to meet immediate program expenses. The draw down of funds is to be made according to 31 Code of Federal Regulation (CFR), Part 205, and a Treasury/State agreement under the Cash Management Improvement Act (CMIA). Each SA submits to SSA a Form SSA-4513 to account for program disbursements and unliquidated obligations at the end of each Federal FY quarter. An advance or reimbursement for program costs must be made in accordance with the Office of Management and Budget (OMB) Circular A-87, "*Cost Principles for State and Local Governments.*"

OH-BDD is a component within the State of Ohio Rehabilitative Services Commission (RSC). OH-BDD's sole workload is processing SSA disability determinations and it employs approximately 500 personnel. For FYs 1995 through 1997, SSA authorized a total of \$166,723,752 for OH-BDD. OH-BDD's financial reporting functions are primarily the responsibility of RSC's Budget Unit. Allocation of indirect costs was according to an RSC indirect cost agreement approved by the U.S. Department of Education.

OH-BDD maintains its accounting records on an accrual basis³ except for payroll, which is maintained on a cash basis⁴. SSA's Program Operations Manual System (POMS), Section DI 39506.806 allows for States to follow their own rules, regulations and procedures if they differ from POMS. When differences exist, POMS requires the States to notify SSA and provide copies of the State directives requiring the deviation from POMS requirements. On July 20, 1999, RSC officially notified SSA (Appendix E) that it maintains employee payroll on a cash basis instead of an accrual basis. Subsequently, RSC reached an agreement with SSA's Chicago Regional Office of Disability to revise its Form SSA-4513's from FY1994 to present, recognizing the change in accounting policy from the accrual basis of accounting, to a cash basis of accounting.

SCOPE AND METHODOLOGY

To accomplish the 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). We also:

- reviewed Title 20 CFR sections, the POMS, and other instructions pertaining to administrative costs incurred by OH-BDD and related draw down of SSA funds covered by the CMIA agreement;
- interviewed staff at OH-BDD, RSC, Ohio State Auditor's Office, and SSA's Chicago Regional Office of Disability;
- analyzed OH-BDD's general policies and procedures;

³ Accrual basis accounting is a basis of accounting where transactions are recognized when incurred.

⁴ Cash basis accounting is a basis of accounting where transactions are recognized only when cash is paid out or received.

- evaluated and tested internal controls regarding accounting and financial reporting, and cash management activities;
- examined the administrative expenditures (personnel, medical service, indirect and all other nonpersonnel costs) incurred and claimed by OH-BDD for the period October 1, 1994 through September 30, 1997;
- reviewed the reconciliation of the official State accounting records to the administrative costs reported by OH-BDD to SSA on the Form SSA-4513 report for the period October 1, 1994 through September 30, 1997; and
- compared the amount of SSA funds drawn for support of program operations to the allowable expenditures.

We tested documents supporting the costs claimed by OH-BDD for the period October 1, 1994 through September 30, 1997, as reported to SSA on the Form SSA-4513 as of September 30, 1997 (dated October 22, 1997).

We performed work in Columbus, Ohio, at OH-BDD, and the parent agency, RSC; as well as, in Baltimore, Maryland, at SSA Headquarters. We conducted our field work from January through April 1998. Additional field work was performed during the period November through December 1998 to review additional data provided by OH-BDD in response to our original draft report. Our audit was conducted in accordance with generally accepted government auditing standards.

RESULTS OF REVIEW

Except for the issues discussed below, we determined that costs claimed were allowable and properly allocated and aggregate funds drawn down agreed with the total expenditures. For those items not tested, nothing came to our attention to indicate that the untested items were not in compliance with applicable laws, regulations and policies. Our report also includes recommended improvements to OH-BDD's internal controls over the accounting and reporting of administrative costs claimed, as well as an explanation of an unresolved issue that we are referring to SSA management for resolution.

OH-BDD'S ACCOUNTING RECORDS DIFFERED FROM THE FORMS SSA-4513 BY \$1,109,128

RSC's accounting records did not support the Form SSA-4513 reports for OH-BDD's FY 1995 through 1997 obligations as of September 30, 1997. RSC's accounting records of obligations were \$1,109,128 less than the amounts reported on the corresponding Forms SSA-4513. RSC staff attempted to reconcile the accounting records for these years to the Forms SSA-4513, but were unsuccessful.

20 CFR § 416.1025(a) states, "The State will establish and maintain the records and furnish the schedules, financial, cost, and other reports relating to the administration of the disability program as SSA may require." Also, 20 CFR § 416.0126 (e) states, ". . . after the close of a period for which funds have been made available to the State, the State will submit a report of its expenditures . . . SSA will determine whether the expenditures were consistent with cost principles." Inaccurate Forms SSA-4513 do not represent OH-BDD's true financial position and make it difficult for SSA to assess whether expenditures are consistent with cost principles.

We compared the FYs 1995 through 1997 Forms SSA-4513 to the audited accounting records and found differences, as shown on the following schedule:

Comparison of Adjusted Accounting Records to Form SSA-4513 Total Obligations as of 9/30/97			
Fiscal Year	Audit Adjusted Accounting Record Totals	Form SSA 4513 Total Obligations as of 9/30/97	Differences⁵
1995	\$56,376,593	\$56,347,698	\$28,895
1996	51,725,023	52,596,246	(871,223)
1997	56,991,413	57,258,213	(266,800)
Totals	\$165,093,029	\$166,202,157	(\$1,109,128)

RSC Had Computation Errors and Control Problems Over Input of Indirect Cost Amounts

According to negotiated indirect cost agreements, the indirect costs were based on an assigned percentage of direct payroll. To test the accuracy of RSC's charges and amounts reported in the Form SSA-4513, we computed indirect cost using payroll amounts from the accounting system and the negotiated rate. Our computation showed that the indirect costs RSC reported on the Forms SSA-4513 contained errors. OH-BDD's Form SSA-4513 reported indirect costs of \$22,111,574. Per the table below, our computation found indirect costs should have been computed as \$21,650,989 (\$460,585 lower than shown on the Form SSA-4513 submitted by OH-BDD).

Computation of Indirect Cost					
FY	RSC Payroll Accounting Record	Percentage per Indirect Cost Agreement	Auditor's Computed Amount	Indirect Costs Reported Per Form SSA-4513	Difference Between Computed and Reported
95	\$20,979,607	39.1	\$ 8,203,026	\$ 8,238,613	\$ 35,587
96	21,772,977	31.6	6,880,261	7,201,442	321,181
97	<u>23,796,023</u>	27.6	<u>6,567,702</u>	<u>6,671,519</u>	<u>103,817</u>
Total	\$66,548,607		\$21,650,989	\$22,111,574	\$460,585

⁵ Additional explanation of these differences can be found in Appendices A, B and C.

RSC staff stated computation errors were discovered when the original indirect costs were computed. Also, RSC stated duplicate charges were entered into the accounting system; however, the accounting system was not adjusted until March 1998. In RSC's attempts to make correcting entries to the accounting system, its efforts resulted in additional errors in the indirect cost amounts because incorrect rates were used.

Different Accounting Methods Used to Prepare the Forms SSA-4513

The individual responsible for preparing the Form SSA-4513 followed POMS guidance to identify and report the accrued portion of payroll expenses. However, individuals responsible for computing the draw down of Federal funds did not compute the payroll accrual in the year the expense was incurred. Instead, the draw down amounts were computed based on when the expenses were paid (cash basis). RSC officials informed us that the State of Ohio requires accounting records for payroll to be on a cash basis. The cash basis accounting records were used to determine the amount of funding to be drawn. This problem created a difference between what was reported in the accounting records and what was reported on the Form SSA-4513.

Subsequent to our fieldwork, the RSC notified the SSA Regional Office of Disability that the State of Ohio's accounting methodology for employee payroll differed from POMS. SSA Headquarters OD staff informed us that the Regional Office will permit RSC to revise the Forms SSA-4513, for FY 1994 to present, to eliminate the differences caused by using accrual accounting for payroll when preparing the Form SSA-4513 and cash basis for payroll in its accounting for its record keeping.

Nonetheless, revising the Forms SSA-4513 to a cash basis will increase the differences between expenses supported by the accounting records and the amounts shown on the Forms SSA-4513s for FYs 1995, 1996, and 1997 by \$(91,605), \$168,918, and \$258,260, respectively, as of September 30, 1997 (dated October 22, 1997). Additionally, the change in accounting will increase the difference between the amounts of the cash draw downs and the supporting accounting records.

Form SSA-4513 Reporting Based on Data Not a Part of Official Records

Generally, we found RSC's process for preparing the Form SSA-4513 cumbersome and confusing. The Form SSA-4513 was based partially on processed records (expenditures) and partially on estimates (unliquidated obligations). For example, unliquidated obligations were difficult to ascertain because of the tendency to report amounts based on oral confirmations and other informal means. Preparation of the Form SSA-4513, based on data that is not part of OH-BDD's official records increases the likelihood of errors in reporting and accounting for SSA funding.

RSC'S FEDERAL FUNDS DRAWN DOWN EXCEEDED ITS EXPENDITURES BY \$689,158

RSC funds drawn should represent actual expenditures that require advance payment or reimbursement. The funds authorized and allocated are drawn down by RSC when an actual expenditure is incurred and RSC reimbursement is necessary. Funds reimbursed must be for immediate needs as required in 31 CFR § 205.7. Also, POMS § DI 39506.212 states all expenditures are deemed necessary if they are incurred by the disability determination process, in accordance with standards and other written guidelines of the Commissioner of Social Security, approved by SSA and within the limits of the approved OH-BDD budget.

For FYs 1995 costs exceeded draw downs \$16,121. For FYs 1996 and 1997 draw downs exceeded costs by \$643,503 and \$61,776, respectively. The total excess draw downs amounted to \$689,158. We determined the excess draw downs by comparing accounting record totals to the total draw down amount. Listed below, for comparison purposes, are the amounts drawn down as compared to OH-BDD costs per the audit adjusted accounting records.

Comparison of OH-BDD Draw Downs to Cost				
As of 11/3/98				
	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>Total Amounts</u>
RSC Draw Downs	\$56,360,472	\$52,368,526	\$57,053,189	\$165,782,187
Less: OH-BDD Costs	<u>56,376,593</u>	<u>51,725,023</u>	<u>56,991,413</u>	<u>165,093,029</u>
Excess Draw Downs	\$ (16,121)	\$ 643,503	\$ 61,776	\$ 689,158

The funds drawn in excess of expenditures should be returned to the Federal Government.

While investigating the draw downs, RSC officials told us that indirect cost charges had been duplicated and were under review. The excess draw downs occurred because internal controls over accounting charges were not effective in preventing indirect cost errors in the accounting system. RSC should routinely reconcile draw downs to the accounting records to balance funds after adjustments take place in the accounting system.

OTHER INTERNAL CONTROL WEAKNESSES

Inventory Is Not Recorded on RSC Official Records

SSA funded and provided OH-BDD with 126 personal computers and 4 printers. We found that OH-BDD had not assigned inventory tags or monitored the equipment through bi-annual physical inventories. In our opinion, RSC staff did not exercise proper inventory controls over purchased equipment. This lack of control resulted from poor communication of purchases to RSC staff and RSC's delays in recording the new equipment. Also, OH-BDD had not listed SSA-distributed equipment in RSC's inventory because of uncertainty as to its value and ownership. RSC procedures require that all equipment of a material value be tagged and monitored. Electronic data processing (EDP) equipment not tagged and monitored through physical inventories could be stolen or misplaced without timely detection.

Insufficient Controls Exist Over Accuracy of Postal Charges

The accuracy of amounts charged for postage expense was questionable. RSC shares the mailroom with the OH-BDD and may have commingled outgoing mail. As a result, SSA may have been inappropriately charged for non-OH-BDD postage. OH-BDD recorded about \$500,000 in annual postage expenses. 20 CFR § 404.1626(d) requires that State Disability Determination Services (DDS) not incur or make expenditures for items not approved by SSA. We could not determine the extent of the inappropriate postage meter usage. We observed mailroom staff disagreeing on which postage meter was for OH-BDD mail. The RSC mailroom did not sufficiently separate meters or outgoing mail holding areas. Also, the meter machines lacked signs identifying them as restricted for OH-BDD use. Consequently, we performed analytical tests and determined postage expenses were not materially overstated.

UNRESOLVED ISSUE

Questions Remain About OH-BDD Funding Authority

SSA allocated funds from its Limitation on Administrative Expenses (LAE) appropriations for OH-BDD to perform disability determinations. The LAE appropriation laws and related allocation/allowance advices restricted the availability of FYs 1995 through 1997 LAE obligational funds to within each FY.

When purchasing EDP equipment, OH-BDD did not restrict its use of SSA's funds to the funded Federal FYs. We reviewed all 27 payment vouchers for EDP and equipment purchases over \$10,000. Nineteen vouchers, totaling about \$4.3 million,

were related to obligations made after the close of the Federal FYs. OH-BDD told us it did not believe the time restrictions on SSA's LAE funding of OH-BDD operations applied to it.

The charges occurred in Federal FYs 1996 through 1998. The following table compares annual amounts of when purchases were obligated to the fund year charged.

Comparison of Obligations to Authorized Fund Year Charged					
Period of Obligation	Obligation Amount	Fund Years Charged			
		1994	1995	1996	1997
FY 1996	\$3,231,056	\$380,714	\$2,850,342	0	0
FY 1997	1,027,293	17,280	889,516	\$120,497	0
FY 1998	44,883	0	0	10,350	\$34,533
Totals⁶	\$4,303,232	\$397,994	\$3,739,858	\$130,847	\$34,533

We requested a legal opinion from the Office of the Counsel to the Inspector General as to whether OH-BDD must follow the appropriation laws and regulations applicable to SSA's LAE funding, specifically, those that require obligations to be made before the end of the FY. Counsel stated that it could not find citations which conclusively indicated that OH-BDD must follow the appropriation laws and regulations applicable to SSA's LAE funding. In fact, Counsel concluded that the relevant regulations and POMS lend themselves to a variety of interpretations on this issue. Due to this uncertainty, we could not conclude on whether the approximate \$4.3 million obligated after the end of the Federal FY was allowable. Therefore, we defer to SSA to decide the allowability of these post-FY obligations.

Since this matter impacts SSA's fiscal relationship with all 54 disability determination services (DDS), we are currently preparing an audit report to discuss the issue of DDS obligational authority and the conflicting guidance that currently exists. We are working with SSA's OD and Office of the General Counsel to obtain a legal opinion to resolve this issue.

⁶ Figures are rounded.

RECOMMENDATIONS

We recommend that SSA instruct RSC to:

1. Require OH-BDD to amend its Forms SSA-4513 by a \$28,895 increase, \$871,223 decrease and \$266,800 decrease for FYs 1995, 1996 and 1997, respectively, to adjust obligations.
2. Improve internal controls over computing and tracking charges of indirect cost. For example, an independent party could quarterly recalculate the indirect costs and compare them to the accounting records.
3. Formalize the system by which accounting information is conveyed to the Form SSA-4513 preparer. The Form SSA-4513 amounts should match accounting records and be supported by approved documentation.
4. Refund to SSA \$689,158, with applicable interest, for the funds drawn by RSC in excess of its audited accounting records.
5. Add OH-BDD-purchased and SSA-supplied computer equipment to the State inventory, affix inventory tags to the equipment and monitor the equipment throughout annual physical inventories.
6. Segregate the areas within the mailroom for holding the outgoing mail and the postage meters. Add a sign to the meter identifying it as the meter restricted for OH-BDD mail only.

AGENCY COMMENTS AND THE OFFICE OF THE INSPECTOR GENERAL (OIG) RESPONSE

In a letter, dated July 20, 1999, the RSC agreed with some OIG findings and recommendations and disagreed with others. Conversely, the OIG has modified portions of its report in consideration of RSC's comments and additional information it provided. We have revised the dollar amounts for: (1) the difference between the accounting records and Form SSA-4513 and (2) the difference between the accounting records and the draw downs. Two recommendations that were in the draft report have been removed from the final report.

FINDING – OH-BDD’S ACCOUNTING RECORDS DIFFERED FROM THE FORMS SSA-4513 BY \$1,109,128

Recommendation: Require OH-BDD to amend its Forms SSA-4513 by a \$28,895 increase, \$871,223 decrease and \$266,800 decrease for FYs 1995, 1996, and 1997, respectively, to adjust obligations.

Agency comment

RSC did not agree with the OIG’s audit adjustments for accrued payroll and indirect costs. RSC pointed out that POMS Section 39506.806 permits State agencies to follow their own accounting policies if they are in conflict with POMS. Ohio’s accounting policy for employee payroll is to charge payroll on a cash basis.

OIG Response

We have modified our final report to reflect the use of cash basis accounting for payroll and indirect cost. However, this modification has increased the difference between the accounting records’ amounts and the amounts of expenses claimed on the Form SSA-4513. Specifically, the use of cash basis accounting for payroll and indirect costs widened the gap between the shortfall in the supporting accounting records and Form SSA-4513 by an additional \$335,573 for the FY 1995-97 period.

Recommendation: Improve internal controls over computing and tracking charges of indirect cost. For example, an independent party could quarterly recalculate the indirect costs and compare them to the accounting records.

Agency Comment

RSC concurred.

FINDING – RSC’S FEDERAL FUNDS DRAWN DOWN EXCEEDED ITS EXPENDITURES

Recommendation: Refund to SSA \$689,158, with applicable interest, for the funds drawn by RSC in excess of its audited accounting records.

Agency Comment

The RSC did not agree with this recommendation. RSC responded that considering the POMS guidance, in conjunction with Ohio accounting policies, it had followed proper draw down procedures.

OH-BDD planned to revise its Forms SSA-4513, for 1994 to present, to a cash basis, as well as, adjust its cash draw downs. OH-BDD believed there would not be

differences between the Forms SSA-4513, cash draw downs and accounting records when it completed its efforts.

(NOTE: SSA has advised us that RSC has already repaid \$598,414 and made adjustments to FY 1997 cash draws of \$99,985.)

OIG Response:

We have modified our final report to reflect the cash basis of accounting for the employee payroll and related indirect costs. Since RSC has already repaid SSA, we believe the RSC's disagreement with the draft reports finding pertained more to the amounts, which were reported on an accrual basis of accounting, than with the substance of the finding.

Recommendation: Add OH-BDD purchased and SSA-supplied computer equipment to the State inventory, affix inventory tags to the equipment and monitor the equipment through annual physical inventories.

Agency Comment:

RSC Concurred.

Recommendation: Segregate the areas within the mailroom for holding the outgoing mail and the postage meters. Add a sign to the meter identifying it as the meter restricted for OH-BDD use only.

Agency Comment:

RSC concurred.

APPENDICES

**THE OHIO REHABILITATION SERVICES COMMISSION FOR ITS BUREAU OF
DISABILITY DETERMINATION (OH-BDD) OBLIGATIONS
REPORTED/ALLOWED
FISCAL YEAR 1995 (as of September 30, 1997)**

COSTS	OH-BDD RECORDS	AUDIT ADJUSTMENTS	ALLOWABLE	REPORTED ON FORM SSA-4513	RECOMMENDED AMENDMENTS TO FORM SSA-4513
PAYROLL:					
PAYROLL UNLIQUIDATED	\$(99)	\$0	\$(99)	\$0	\$(99)
EXPENDED	<u>25,328,942</u>	<u>\$0</u>	<u>25,328,942</u>	<u>25,263,958</u>	<u>64,984</u>
TOTAL PAYROLL COST	\$25,328,843		\$25,328,843	\$25,263,958	\$64,885
MEDICAL:					
MEDICAL UNLIQUIDATED	60	0	60	0	60
EXPENDED	<u>16,725,123</u>	<u>0</u>	<u>16,725,123</u>	<u>16,726,736</u>	<u>(1,613)</u>
TOTAL MEDICAL COST	\$16,725,183		\$16,725,183	\$16,726,736	\$(1,553)
INDIRECT COST:					
INDIRECT UNLIQUIDATED	(35,533)	35,533 ¹	0	0	0
EXPENDED	<u>8,238,613</u>	<u>(358,587)¹</u>	<u>8,203,026</u>	<u>8,238,613</u>	<u>(35,587)</u>
TOTAL INDIRECT COST	\$8,203,080		\$8,203,026	\$8,238,613	\$(35,587)
ALL OTHER NONPERSONNEL:					
ALL OTH.UNLIQUIDATED	3,642	\$0	3,642	0	3,642
EXPENDED	<u>6,115,899</u>	<u>\$0</u>	<u>6,115,899</u>	<u>6,118,391</u>	<u>(2,492)</u>
TOTAL ALL OTHER COST	\$6,119,541		\$6,119,541	\$6,118,391	\$1,150
TOTAL UNLIQUIDATED	(31,930)	35,533	3,603	0	3,603
TOTAL EXPENDED	<u>56,408,577</u>	<u>(35,587)</u>	<u>56,372,989</u>	<u>56,347,698</u>	<u>25,291</u>
TOTAL OBLIGATIONS	\$56,376,647	\$(54)	\$56,376,592	\$56,347,698	\$28,894

Note: Minor differences are due to rounding.

¹ Adjusted for indirect cost recomputed by audit.

**OH-BDD OBLIGATIONS REPORTED/ALLOWED
Fiscal Year 1996 (as of September 30, 1997)**

COSTS	OH-BDD RECORDS	AUDIT ADJUSTMENTS	ALLOWABLE	REPORTED ON FORM SSA-4513	RECOMMENDED AMENDMENTS TO FORM SSA-4513
PAYROLL:					
PAYROLL UNLIQUIDATED	\$ (80)	\$ 0	\$ (80)	\$ 0	\$ (80)
EXPENDED	<u>25,999,966</u>	<u>0</u>	<u>25,999,966</u>	<u>26,133,199</u>	<u>(133,233)</u>
TOTAL PAYROLL COST	\$25,999,886		\$25,999,886	\$26,133,199	\$(133,313)
MEDICAL:					
MEDICAL UNLIQUIDATED	834	0	834	0	834
EXPENDED	<u>16,313,147</u>	<u>0</u>	<u>16,313,147</u>	<u>16,312,097</u>	<u>1,050</u>
TOTAL MEDICAL COST	\$16,313,981		\$16,313,981	\$16,312,097	\$1,884
INDIRECT COST:					
INDIRECT UNLIQUIDATED	(321,143)	321,143 ¹	0	0	0
EXPENDED	<u>7,201,441</u>	<u>(321,180)¹</u>	<u>6,880,261</u>	<u>7,201,442</u>	<u>(321,181)</u>
TOTAL INDIRECT COST	\$6,880,298		\$6,880,261	\$7,201,442	\$(321,181)
ALL OTHER NONPERSONNEL:					
ALL OTH.UNLIQUIDATED	56,577	\$ 0	56,577	509,596	(453,019)
EXPENDED	<u>2,474,317</u>	<u>0</u>	<u>2,474,317</u>	<u>2,439,912</u>	<u>34,405</u>
TOTAL ALL OTHER COST	\$2,530,894		\$2,530,894	\$2,949,508	\$(418,614)
TOTAL UNLIQUIDATED	(263,812)	321,143	57,331	509,596	(452,265)
TOTAL EXPENDED	<u>51,988,871</u>	<u>(321,180)</u>	<u>51,667,691</u>	<u>52,086,650</u>	<u>(418,959)</u>
TOTAL OBLIGATIONS	\$51,725,059	\$(37)	\$51,725,022	\$52,596,246	\$(871,224)

Note: Minor differences are due to rounding.

¹ Adjusted for indirect cost recomputation by audit.

OH-BDD OBLIGATIONS REPORTED/ALLOWED

Fiscal Year 1997 (as of September 30, 1997)

COSTS	OHBDD RECORDS	AUDIT ADJUSTMENTS	ALLOWABLE	REPORTED ON FORM SSA-4513	RECOMMENDED AMENDMENTS TO FORM SSA-4513
PAYROLL:					
PAYROLL UNLIQUIDATED	\$175,272	\$0	\$175,272	\$1,310,350	\$(1,135,078)
EXPENDED	28,037,680	\$0	28,037,680	27,118,240	919,440
TOTAL PAYROLL COST	\$28,212,952		\$28,212,952	\$28,428,590	\$(215,638)
MEDICAL:					
MEDICAL UNLIQUIDATED	2,256,982	0	2,256,982	1,590,377	666,605
EXPENDED	17,189,312	0	17,189,312	17,190,243	(931)
TOTAL MEDICAL COST	\$19,446,294		\$19,446,294	\$18,780,620	\$665,674
INDIRECT COST:					
INDIRECT UNLIQUIDATED	(548,510)	548,510 ¹	0	390,433	(390,433)
EXPENDED	7,116,705	(549,003) ¹	6,567,702	6,281,086	286,616
TOTAL INDIRECT COST	\$6,568,195		\$6,567,702	\$6,671,519	\$(103,817)
ALL OTHER NONPERSONNEL:					
ALL OTH. UNLIQUIDATED	326,414	\$0	326,414	982,584	(656,170)
EXPENDED	2,438,051	\$0	2,438,051	2,394,900	43,151
TOTAL ALL OTHER COST	\$2,764,465		\$2,764,465	\$3,377,484	\$(613,019)
TOTAL UNLIQUIDATED	2,210,158	548,510	2,758,668	4,273,744	(1,515,076)
TOTAL EXPENDED	54,781,748	(549,003)	54,232,745	52,984,469	1,248,276
TOTAL OBLIGATIONS	\$56,991,906	\$(493)	\$56,991,413	\$57,258,213	\$(266,800)

Note: Minor differences are due to rounding.

¹ Adjusted for indirect cost recomputation by audit.

AGENCY COMMENTS



State of Ohio
Rehabilitation Services Commission

Robert L. Rabe, Administrator

July 20, 1999

Mr. Daniel R. Devlin, Acting Assistant
Inspector General for Audit
Financial Management Audits
Social Security Administration
Office of the Inspector General
6401 Security Boulevard
Room 4-L-2, Operations Building
Woodlawn, Maryland 21235

Dear Mr. Devlin:

I would like to offer the following responses to the recommendations developed during the course of your audit of administrative costs claimed by the Ohio Rehabilitation Services Commission (ORSC) for its Bureau of Disability Determination (OH-BDD) (A-13-98-1007):

Recommendation #1: Require OH-BDD to amend its Forms SSA-4513 by a \$62,711 decrease, \$702,305 decrease, and \$8,694 decrease for FYs 1995, 1996, and 1997, respectively, to adjust obligations.

While ORSC was able to reconcile the state accounting records with the analysis prepared by the Office of the Inspector General, we do not agree with this recommendation. Specifically, ORSC does not agree with recommended adjustments to payroll and indirect cost charges.

The proposed audit adjustments reflect a recalculation of applicable payroll and indirect cost charges using an accrual basis. From ORSC's perspective, the Program Operations Manual System (POMS) guidance as outlined in 39506.806 (Accounting) takes precedence with regard to these charges. This section indicates that it is SSA's intent to follow state rules and regulations regarding charging obligations to accounting periods. In that the State of Ohio's payroll is charged on a cash basis, using an accrual basis is inconsistent with the POMS guidance. As an additional note, indirect cost charges were calculated and charged in accordance with the indirect cost plans negotiated with our cognizant agency, the Department of Education. These plans were built upon a cash basis for payroll and related indirect cost charges. Any modifications to the accounting system relative to accrued payroll would impact indirect cost revenue and put ORSC out of compliance with approved indirect cost plans.

Recommendation #3: Revise accounting records as of February 12, 1998 to adjust indirect cost by a \$180,066 increase, \$21,684 decrease, and \$1,038,705 decrease for FYs 1995, 1996, and 1997, respectively.

This recommendation has been dropped per your letter dated June 4, 1999.

Recommendation #5: Adjust accounting procedures for calculating the amount of federal funds drawn down to include payroll accrual calculations.

ORSC does not agree with this recommendation. According to Section 39506.809 A of the POMS, state agencies must determine when transactions become valid obligations. As mentioned previously, ORSC computes payroll and indirect cost charges on a cash basis. This is consistent with the accounting procedures followed by the State of Ohio and all applicable indirect cost agreements negotiated with the Department of Education. All corresponding federal draws, therefore, have been based upon cash accounting.

ORSC staff discussed this approach with SSA staff in the Chicago Regional Office. The discrepancy between the POMS guidance and the accounting practices of the State of Ohio were discussed and reviewed over the course of several telephone calls. Significantly, Regional Office staff support Ohio BDD's practice of drawing federal funds on a cash basis. They were primarily concerned that there be consistency between and among the 4513's, the federal draws, and the accounting records. They suggested that ORSC follow state rules and procedures including charging and reporting payroll and indirect cost on a cash basis. It follows that the 4513's would also be on a cash basis.

It should be noted that consistent with POMS Section 39506.806, Ohio BDD has formally informed the Chicago Regional Office of the conflict between Ohio accounting practices and the requirements under the POMS. A copy of Kathleen M. Johnson's letter to James Martin, Regional Commissioner, is attached.

Recommendation #6: Refund to SSA \$353,586, with applicable interest, for the funds drawn by RSC in excess of its audited accounting records.

ORSC does not agree with this recommendation. In light of the guidance offered by the POMS, with respect to State of Ohio accounting procedures, and in conjunction with the approved indirect cost plans for the years in question, ORSC followed proper draw down procedures. Therefore, there are no funds and/or interest to be returned.

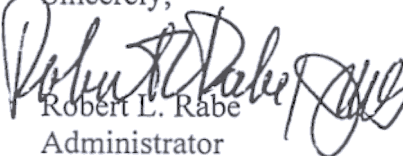
In addition, it is the intent of Ohio BDD to reconcile all federal reports on a cash basis retroactive to Federal Fiscal Year 1994. The corresponding 4513's and federal draws will also be adjusted. This will ensure agreement among the 4513's, the federal draws, and the accounting records. This proposal has been discussed with the Chicago Regional Office. They have agreed verbally.

Recommendations #2, #4, #7, and #8.

ORSC agrees with these recommendations. There is concurrence that internal controls over computing and tracking indirect costs need to be improved. Similarly, inventory has been updated and signage has been added to ensure that mailroom employees are clear on BDD mail restrictions. Finally, the necessary staff members are working to formalize the processes and procedures for relaying information to the individual responsible for preparing the SSA-4513.

If you have any questions or concerns regarding this material, please contact Marc Protsman, the Team Leader of Administrative Support, at (614) 438-1401. Faxed correspondence can be directed to Mr. Protsman at (614) 438-1292.

Sincerely,


Robert L. Rabe
Administrator

Cc: M. Protsman
K. Johnson
J. Connelly
J. Earich

**REHABILITATION SERVICES
COMMISSION LETTER TO CHICAGO
REGIONAL COMMISSIONER**



REHABILITATION SERVICES COMMISSION

Bureau of Disability Determination
P.O. Box 359001 Columbus, Ohio 43235-9001 (614) 438- 1500

July 20, 1999

James Martin, Regional Commissioner
Social Security Administration
ATTN: Myles McFadden, Disability Program Administrator
P.O. Box 8280, 10th Floor
Chicago, Illinois 60680-8280

Dear Mr. McFadden:

Section 39506.806 of the Program Operations Manual System (POMS) specifies the guidance to be followed for establishing and charging obligations to accounting periods. In essence, the state agency is to operate within the context of rules and procedures established by the state. The caveat is a situation where there is a conflict between POMS guidance and state directives. In that situation, the DDS is instructed to inform the regional office of the conflict.

Please consider this letter as formal notice of a conflict between POMS guidance and accounting procedures followed by the State of Ohio. The main issue is the POMS requirement that payroll costs be reported on an accrued basis. In accordance with state practices, our parent agency computes and records payroll on a cash basis. Similarly, all approved indirect costs plans have been negotiated so that charges are also computed and recorded on a cash basis. All related federal draws follow the same methodology.

This creates inconsistencies among the state accounting records, the information reported on the 4513's, and the federal draws. To alleviate these inconsistencies, I am proposing changes. The Ohio DDS will reconcile all federal reports on a cash basis retroactive to Federal Fiscal Year 1994. The corresponding 4513's and federal draws will also be adjusted. Effective with Federal Fiscal Year 2000, the 4513's will be prepared on a cash basis. Both of these actions will ensure that the 4513's, the federal draws, and the accounting records are all synchronized.

Page 2

Please keep in mind that reconciliations of prior fiscal years may create the need to adjust grant award amounts in any given year. Documentation is being prepared to justify any changes that may be requested. DDS staff will be in contact with your staff as the need arises.

Thank you in advance for your attention to this matter. If you have any questions, please call me at (614) 438-1500.

Sincerely,

A handwritten signature in black ink that reads "Kathleen M. Johnson". The signature is written in a cursive style with a large initial 'K' and a long, sweeping underline.

Kathleen M. Johnson
Director

copies to: R. Rabe, J. Earich, M. Protsman, F. Spratley

MAJOR REPORT CONTRIBUTORS

Office of the Inspector General

Frederick C. Nordhoff, Director, Financial Management Audits and Performance Monitoring

Shirley Todd, Director, General Management Audit Division

Gale S. Stone, Director, Systems Audit

Phil Rogofsky, Acting Audit Manager

Lance Chilcoat, Senior Auditor

Sigmund Wisowaty, Senior Auditor

Steven Sachs, Senior Auditor

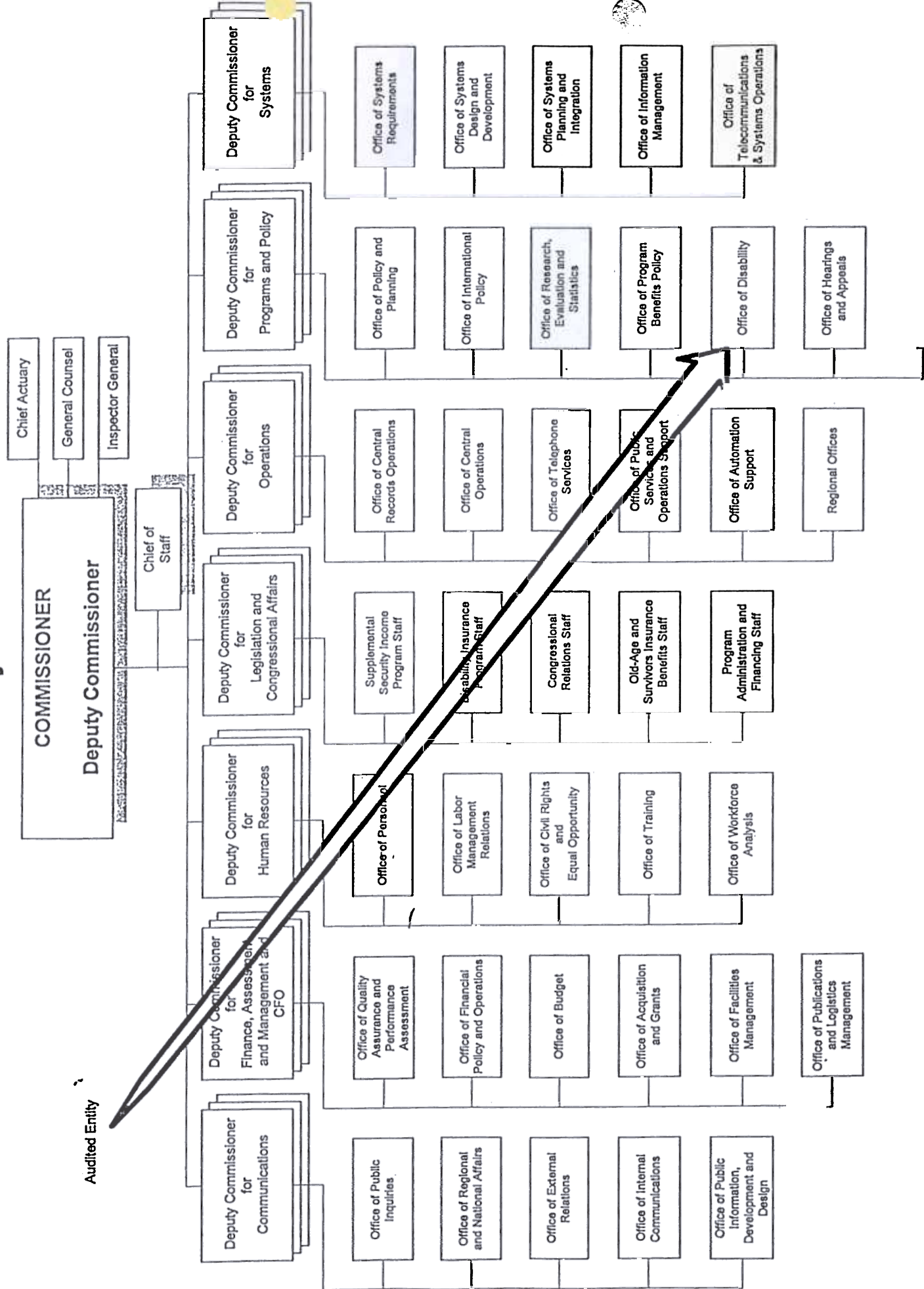
Patrick Kennedy, Senior Auditor, EDP Support

Cheryl Robinson, Writer-Editor, Technical Services

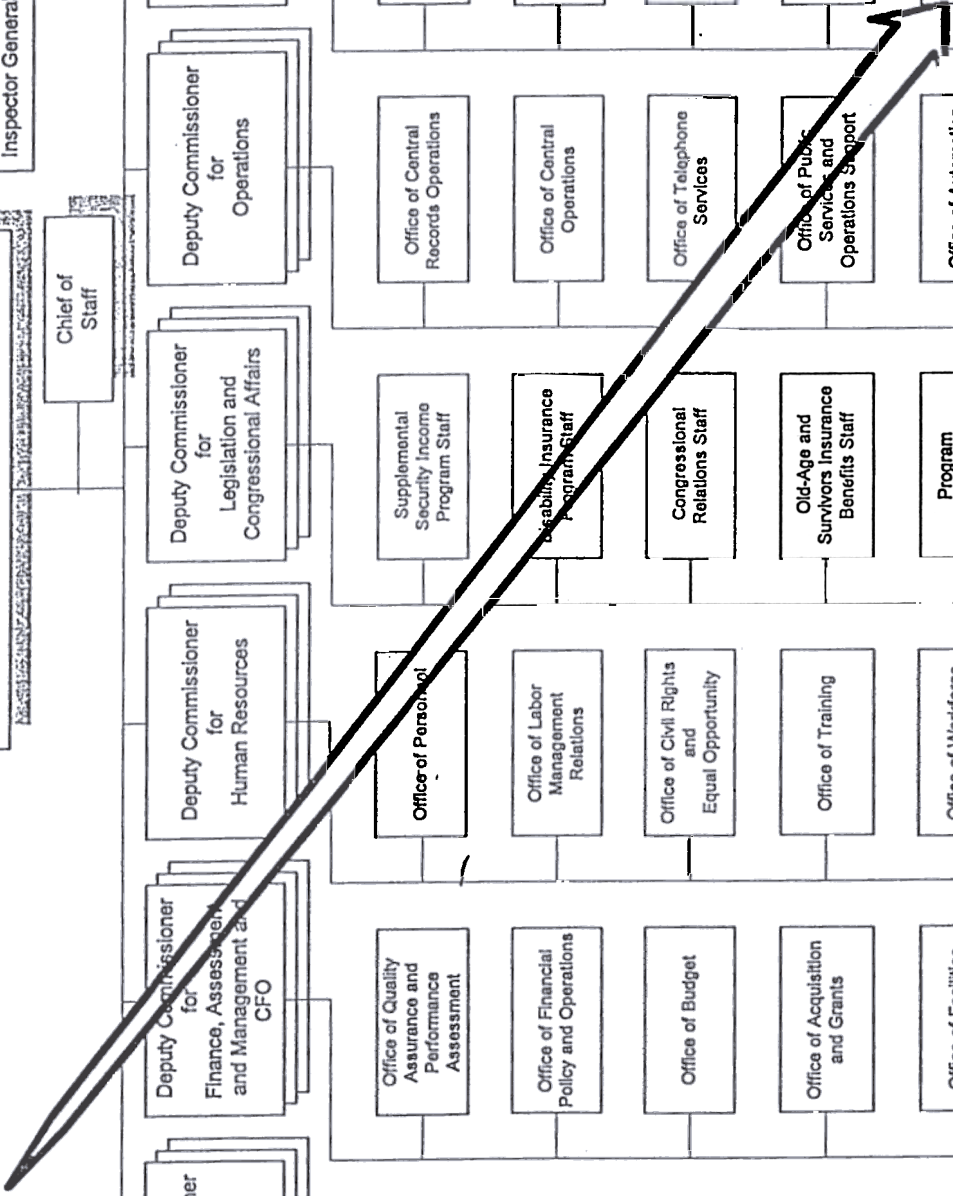
For additional copies of this report, please contact the Office of the Inspector General's Public Affairs Specialist at (410) 966-5998. Refer to Common Identification Number A-13-98-51007

SSA ORGANIZATIONAL CHART

Social Security Administration



Audited Entity



DISTRIBUTION SCHEDULE

	<u>No. of Copies</u>
Commissioner of Social Security	1
Management Analysis and Audit Program Support Staff, OFAM	10
Inspector General	1
Assistant Inspector General for Investigations	1
Assistant Inspector General for Executive Operations	3
Assistant Inspector General for Audit	1
Deputy Assistant Inspector General for Audit	1
Director, Systems Audit Division	
Director, Financial Management and Performance Monitoring Audit Division	1
Director, Operational Audit Division	1
Director, Disability Program Audit Division	1
Director, Program Benefits Audit Division	1
Director, General Management Audit Division	
Issue Area Team Leaders	25
Income Maintenance Branch, Office of Management and Budget	1
Chairman, Committee on Ways and Means	1
Ranking Minority Member, Committee on Ways and Means	1
Chief of Staff, Committee on Ways and Means	1
Chairman, Subcommittee on Social Security	2
Ranking Minority Member, Subcommittee on Social Security	1
Majority Staff Director, Subcommittee on Social Security	2
Minority Staff Director, Subcommittee on Social Security	2
Chairman, Subcommittee on Human Resources	1
Ranking Minority Member, Subcommittee on Human Resources	
Chairman, Committee on Budget, House of Representatives	
Ranking Minority Member, Committee on Budget, House of Representatives	
Chairman, Committee on Government Reform and Oversight	
Ranking Minority Member, Committee on Government Reform and Oversight	
Chairman, Committee on Governmental Affairs	
Ranking Minority Member, Committee on Governmental Affairs	

Chairman, Committee on Appropriations, House of Representatives	1
Ranking Minority Member, Committee on Appropriations, House of Representatives	1
Chairman, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives	1
Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives	1
Chairman, Committee on Appropriations, U.S. Senate	1
Ranking Minority Member, Committee on Appropriations, U.S. Senate	1
Chairman, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate	1
Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate	1
Chairman, Committee on Finance	1
Ranking Minority Member, Committee on Finance	1
Chairman, Subcommittee on Social Security and Family Policy	1
Ranking Minority Member, Subcommittee on Social Security and Family Policy	1
Chairman, Senate Special Committee on Aging	1
Ranking Minority Member, Senate Special Committee on Aging	1
Vice Chairman, Subcommittee on Government Management Information and Technology	1
President, National Council of Social Security Management Associations, Incorporated	1
Treasurer, National Council of Social Security Management Associations, Incorporated	1
Social Security Advisory Board	1
AFGE General Committee	9
President, Federal Managers Association	1
Regional Public Affairs Officer	1
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.