



SOCIAL SECURITY

MEMORANDUM

Date: June 27, 2007

Refer To:

To: Laurie Watkins
Regional Commissioner
Philadelphia

From: Inspector General

Subject: Administrative Costs Claimed by the West Virginia Disability Determination Services (A-13-06-16121)

The attached final report presents the results of our audit. Our objectives were to (1) evaluate the West Virginia Disability Determination Services' internal controls over the accounting and reporting of administrative costs; (2) determine whether costs claimed by the West Virginia Disability Determination Services were allowable and funds were properly drawn; and (3) assess, on a limited basis, the general security controls environment.

Please provide within 60 days a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

A handwritten signature in black ink, appearing to read "Patrick P. O'Carroll, Jr." with a stylized flourish at the end.

Patrick P. O'Carroll, Jr.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**ADMINISTRATIVE COSTS CLAIMED
BY THE WEST VIRGINIA DISABILITY
DETERMINATION SERVICES**

June 2007

A-13-06-16121

AUDIT REPORT



Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, 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

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.

Executive Summary

OBJECTIVE

The objectives of our audit were to (1) evaluate the West Virginia Disability Determination Services' (WV-DDS) internal controls over the accounting and reporting of administrative costs; (2) determine whether costs claimed by the WV-DDS were allowable and funds were properly drawn; and (3) assess, on a limited basis, the general security controls environment. Our audit included the administrative costs claimed by the WV-DDS during Fiscal Years (FY) 2004 and 2005. In addition to reviewing the drawdowns for FYs 2004 and 2005, we reviewed the drawdowns for the period October 1, 2000 through September 30, 2003 (FYs 2001 through 2003).

BACKGROUND

Disability Determination Services (DDS) in each State or other responsible jurisdiction perform disability determinations under both the Disability Insurance and Supplemental Security Income programs. Such determinations are performed in accordance with Federal law and underlying regulations. In carrying out its obligation, each DDS is responsible for determining claimants' disabilities and ensuring adequate evidence is available to support its determinations. The Social Security Administration (SSA) reimburses the DDS for 100 percent of allowable expenditures up to its approved funding authorization. SSA provided WV-DDS about \$38 million for FYs 2004 and 2005.

RESULTS OF REVIEW

Generally, costs claimed by the WV-DDS were allowable and properly allocated. However, we found the State's cash draws exceeded its total claimed disbursements by approximately \$3.1 million (about 3.5 percent) for FYs 2001 through 2005. Further, the State of West Virginia did not accurately calculate and pay interest on the draw down of FYs 2001 and 2002 SSA funds that exceeded WV-DDS expenditures. We found the WV-DDS reported about \$1.0 million in unliquidated obligations for FYs 2004 and 2005 that were not supported (about 2.6 percent of total obligations). Furthermore, we found WV-DDS lacked support for approximately \$500,000 in additional unliquidated obligations for FY 2003, which was outside our original audit period. Finally, WV-DDS' Form SSA-4513 reporting practices were not in compliance with SSA's Program Operations Manual System.

The WV-DDS' security controls we reviewed were generally effective; however, we found certain controls that could be improved.

CONCLUSION AND RECOMMENDATIONS

We make several recommendations in this report related to overdraws, unliquidated obligations, internal controls over accounting and reporting, and compliance with SSA's policies related to access, environmental, and physical security controls.

SSA AND STATE AGENCY COMMENTS

SSA and WV-DRS agreed with and took actions on our recommendations. The full text of the comments from SSA and WV-DRS are included in Appendices E and F, respectively.

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OBJECTIVE

The objectives of our audit were to (1) evaluate the West Virginia Disability Determination Services' (WV-DDS) internal controls over the accounting and reporting of administrative costs; (2) determine whether costs claimed by the WV-DDS were allowable and funds were properly drawn; and (3) assess, on a limited basis, the general security controls environment. Our audit included the administrative costs claimed by the WV-DDS during Fiscal Years (FY) 2004 and 2005. In addition to reviewing the drawdowns for FYs 2004 and 2005, we reviewed the drawdowns for the period October 1, 2000 through September 30, 2003 (FYs 2001 through 2003).

BACKGROUND

The Disability Insurance (DI) program, established under Title II of the *Social Security Act*, provides benefits to wage earners and their families in the event the wage earner becomes disabled. The Supplemental Security Income (SSI) program, established under Title XVI of the *Social Security Act*, provides benefits to financially needy individuals who are aged, blind, or disabled.

The Social Security Administration (SSA) is responsible for implementing policies for the development of disability claims under the DI and SSI programs. Disability determinations under both DI and SSI are performed by Disability Determination Services (DDS) in each State, Puerto Rico, and the District of Columbia in accordance with Federal regulations.¹ In carrying out its obligation, each DDS is responsible for determining claimants' disabilities and ensuring adequate evidence is available to support its determinations. To assist in making proper disability determinations, each DDS is authorized to purchase medical examinations, x-rays, and laboratory tests on a consultative basis to supplement evidence obtained from the claimant's physicians or other treating sources.

SSA reimburses the DDS for 100 percent of allowable expenditures up to its approved funding authorization. The DDS withdraws Federal funds through the U.S. Department of the Treasury's (Treasury) Automated Standard Application for Payments (ASAP) system to pay for program expenditures. Funds drawn down must comply with Federal regulations² and intergovernmental agreements entered into by Treasury and States under the *Cash Management Improvement Act of 1990* (CMIA).³

¹ 20 Code of Federal Regulations (C.F.R.) §§ 404.1601 *et seq.* and 416.1001 *et seq.*

² 31 C.F.R. § 205.1 *et seq.*

³ Public Law (P.L.) No. 101-453.

An advance or reimbursement for costs under the program must comply with Office of Management and Budget Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*. At the end of each quarter, each DDS submits a *State Agency Report of Obligations for SSA Disability Programs* (Form SSA-4513) to account for program disbursements and unliquidated obligations for the FY.⁴ The Form SSA-4513 reports expenditures and unliquidated obligations for personnel service costs, medical costs, indirect costs, and all other nonpersonnel costs.

For these costs, WV-DDS reported program disbursements and unliquidated obligations to SSA on Forms SSA-4513, as shown in Table 1.

**Table 1: WV-DDS Report of Disbursements and Unliquidated Obligations
FYs 2004 and 2005
(as of September 30, 2005)**

Reporting Item	FY 2004	FY 2005
Disbursements		
Personnel	\$10,219,621	\$10,585,144
Medical	\$5,191,576	\$4,237,500
Indirect	\$1,774,173	\$1,583,401
Other	\$1,128,052	\$902,501
Total Disbursements	\$18,313,422	\$17,308,546
Unliquidated Obligations	\$359,890	\$2,232,429

WV-DDS is comprised of two offices in Charleston and Clarksburg, West Virginia. See Appendix B for our Scope and Methodology.

⁴ SSA, Program Operations Manual System (POMS), DI 39506.200 B.4, "Unliquidated obligations represent obligations for which payment has not yet been made. Unpaid obligations are considered unliquidated whether or not the goods or services have been received."

Results of Review

Generally, costs claimed by the WV-DDS were allowable and properly allocated. However, we found the State's cash draws exceeded its total claimed disbursements by approximately \$3.1 million (about 3.5 percent) for FYs 2001 through 2005. Further, the State of West Virginia did not accurately calculate and pay interest on the draw down of FY 2001 and 2002 SSA funds that exceeded WV-DDS expenditures. We found the WV-DDS reported about \$1.0 million in unliquidated obligations for FYs 2004 and 2005 that were not supported (about 2.6 percent of total obligations). Although outside our original audit period, we also found WV-DDS lacked support for approximately \$500,000 in unliquidated obligations for FY 2003. Further, WV-DDS' Form SSA-4513 reporting practices were not in compliance with the Agency's POMS.

The security controls we reviewed at the WV-DDS were generally effective; however, we found certain controls that can be improved.

CASH MANAGEMENT CAN BE IMPROVED

The West Virginia Division of Rehabilitation Services (WV-DRS) did not comply with Federal regulations for cash drawdowns. The amount of SSA funds drawn consistently exceeded the cumulative disbursements claimed by the WV-DDS on its Form SSA-4513. Federal regulations require that State agencies or other responsible jurisdictions only draw down funds to meet immediate funding needs.⁵ Further, because of WV-DRS' inaccurate reporting of cash draws and disbursements, the State of West Virginia did not accurately calculate and pay interest on the draw down of FY 2001 and 2002 Federal funds exceeding WV-DDS expenditures.

Cash Draws Exceeded Total Disbursements

Our review of the ASAP reports and costs claimed on WV-DDS' Forms SSA-4513 showed funds were not drawn down on an as-needed basis. Funds to reimburse WV-DDS expenditures are drawn from Treasury's ASAP system. As of June 30, 2006, WV-DDS' cash draws exceeded its total disbursements by \$3,134,805 for FYs 2001 through 2005. Table 2 shows a comparison of the cumulative draws to the allowable cumulative disbursements on the Forms SSA-4513.

⁵ 31 C.F.R. § 205.11(b).

**Table 2: Cumulative Draws and Disbursements
FYs 2001 Through 2005**

Fiscal Year	ASAP Cumulative Drawdowns	Form SSA-4513 Cumulative Disbursements⁶	Excess Drawdowns
2001	\$17,057,222	\$16,046,322	\$1,010,900
2002	\$18,018,590	\$17,438,641	\$ 579,949
2003	\$18,497,838	\$18,006,518	\$ 491,320
2004	\$18,699,864	\$18,333,673	\$ 366,191
2005	\$19,571,845	\$18,885,400	\$ 686,445
Total	\$91,845,359	\$88,710,554	\$3,134,805

Additionally, the overdrawn funds were held for extended periods of time (see Appendix C). For example, FY 2002 overdraws of funds began with approximately \$2.5 million as early as December 2001 and reached as much as approximately \$6.4 million in June 2002 before gradually decreasing to approximately \$0.6 million in September 2004. Table 3 shows the highest value of overdrawn funds.

**Table 3: Highest Value of Excess Cumulative Draws
FYs 2001 Through 2005
(dollars in millions)**

FY	Amount
2001	\$3.7
2002	\$6.4
2003	\$2.4
2004	\$4.3
2005	\$2.8

We informed WV-DRS and DDS officials of the overdraws and inquired about what caused the overdraws. A WV-DRS official stated "...it is my impression that there are three circumstances that led to the excess draws: 1) draws based on estimates, 2) problems with indirect cost entries, 3) misunderstanding as to the use of SSA funds."

On February 16, 2006, the SSA Philadelphia Regional Office and WV-DRS agreed WV-DRS would not draw \$1,590,849⁷ from the ASAP account for its FY 2006 indirect costs instead of refunding the overdraws for FYs 2001 and 2002. However, the SSA Office of Finance subsequently determined the agreement was "inadequate and improper."

⁶ FYs 2001 and 2002 have been closed. Therefore, the most current Forms SSA-4513 available for FYs 2001 and 2002 were for the periods ending October 29, 2004 and September 30, 2004, respectively. For FYs 2003 through 2005, the information is as of June 30, 2006.

⁷ The excess cash draws for FYs 2001 and 2002.

As of November 2006, no agreement had been reached for FYs 2003 through 2005. We believe WV-DDS should refund \$3,134,805 for FYs 2001 through 2005 excess drawdowns (about 3.5 percent of the total disbursements). Additionally, SSA should review WV-DDS' FY 2006 drawdowns and disbursements to determine whether WV-DDS continued to draw funds in excess of its expenditures.

SSA staff informed us the Agency does not have policies and procedures for the collection of DDS excess draws. Such policies and procedures need to ensure compliance with applicable Federal appropriations law, regulations, and DDS accounting and reporting requirements.

Interest Not Paid on Excess Federal Funds

The State of West Virginia did not accurately calculate and pay interest on the overdraw of FY 2001 and 2002 Federal funds exceeding WV-DDS expenditures, as required. We determined that about \$7.9 million in excess draws during FYs 2001 and 2002 were not included in the interest calculations because of inaccurate reporting by WV-DRS.

The CMIA agreement⁸ between the State of West Virginia and Treasury indicates, under certain conditions, the State will calculate and pay interest on Federal funds. These conditions are (1) a program is classified as a major Federal assistance program, which occurs when certain dollar thresholds are exceeded and (2) State draw down of Federal funds exceeded program expenditures. See Table 4 for comparison of award amount to major Federal assistance program thresholds.

**Table 4: Major Federal Assistance Program Thresholds
FY 2001 Through 2005
(dollars in millions)**

Federal FY	Major Federal Assistance Program Threshold	Award Amount	WV-DDS is a Major Federal Assistance Program? (Yes/No)
2001	\$7.0	\$16.0	Yes
2002	\$7.0	\$16.5	Yes
2003	\$18.4	\$17.1	No
2004	\$20.2	\$18.3	No
2005	\$21.2	\$16.5	No

Since WV-DDS met the criteria as a major Federal assistance program in FYs 2001 and 2002, excess drawdowns were subject to the CMIA interest calculation.⁹ WV-DRS had drawn Federal funds in excess of WV-DDS' FY 2001 and 2002 expenditures. The State

⁸ Cash Management Improvement Act Agreement between the State of West Virginia and the Secretary of the Treasury, U.S. Department of the Treasury, Sections 5.0, 10.0, 11.0, and 16.0.

⁹ 31 C.F.R. § 205.1 *et seq.*

of West Virginia had paid an interest liability totaling \$31,543 for FY 2001 and \$9,188 for FY 2002 because of excess drawdowns.¹⁰

Our review of the FYs 2001 and 2002 interest calculations found that WV-DRS did not accurately report cash draws and disbursements to the West Virginia State Treasurer's Office for the period October 1, 2000 through June 30, 2002.¹¹ We found WV-DRS underreported drawdowns and overreported disbursements for FY 2001. Further, the FY 2002 drawdowns and disbursements were overreported. As a result, \$1,639,298 and \$6,249,381, for FYs 2001 and 2002, respectively, in excess draws were not included in the West Virginia State Treasurer's Office's calculation of interest. See Table 5.

Table 5: Effect on Interest Calculations Caused by Inaccurate Reporting of FY 2001 and 2002 Drawdowns and Disbursements

Fiscal Year	Item	ASAP Reports and Forms SSA-4513	Reported to West Virginia State Treasurer's Office	Amount Not Included in the Interest Calculation
2001	Cumulative Drawdowns	\$ 11,745,222	\$ 10,835,932	
	Cumulative Disbursements	\$ 9,231,416	\$ 9,961,424	
	Difference	\$ 2,513,806	\$ 874,508	\$ 1,639,298
2002	Cumulative Drawdowns	\$ 18,113,980	\$ 18,909,206	
	Cumulative Disbursements	\$ 11,172,519	\$ 18,217,126	
	Difference	\$ 6,941,461	\$ 692,080	\$ 6,249,381
Total				\$ 7,888,679

We informed West Virginia State Treasury officials of the inaccurate reporting of drawdowns and inquired about possible reasons for the discrepancy. State Treasury officials informed us that, on at least six occasions, some of the FY 2001 drawdown amount was applied to two of WV-DRS' reporting programs—WV-DDS and Vocational Rehabilitation. WV-DRS officials did not provide information pertaining to the causes for the FY 2001 and 2002 reporting errors.

¹⁰ WV-DRS did not submit reports to the State Treasurer's Office for drawdowns and disbursements for FYs 2003 through 2005 because WV-DDS was not designated a major program.

¹¹ The calculation of interest is performed on a State FY basis; therefore, October 2000 through June 2002 was the only time during our audit period subject to interest calculations.

Although the West Virginia State Treasurer's Office did not accurately calculate and pay interest on the FY 2001 and 2002 excess drawdowns, an U.S. Treasury official stated the FY 2001 and 2002 Annual Reports submitted by the West Virginia State Treasurer's Office cannot be modified. Federal regulations state "Adjustments to the Annual Report must be limited to the two State fiscal years prior to the State fiscal year covered by the report."¹² As a result, changes cannot be made to the reports for re-calculating the interest liability on excess drawdowns.

Since WV-DRS continued to draw down funds in excess of its expenditures for FYs 2003 through 2005, SSA should consider requesting that Treasury change the WV-DDS' program status to make it subject to interest for any subsequent overdrafts. According to Federal regulations,¹³ Treasury may require that a State and Federal Program Agency make the affected Federal assistance programs subject to interest if a State demonstrates an unwillingness or inability to comply with procedures for efficient Federal-State fund transfers.

ACCOUNTING AND REPORTING PRACTICES NEEDED IMPROVEMENT

We determined WV-DRS' practice of reporting unliquidated obligations caused WV-DDS to misstate its Forms SSA-4513. WV-DDS claimed unliquidated obligations on the FYs 2003 through 2005 Forms SSA-4513 that were not supported. Additionally, WV-DRS' reporting practices did not comply with POMS. WV-DRS and WV-DDS did not have internal controls in place to prevent or detect reporting inconsistencies.

Unliquidated Obligations Not Supported

WV-DDS reported unliquidated obligations totaling \$2,592,319 that were not supported on its FYs 2004 and 2005 Forms SSA-4513, as of September 30, 2005. SSA's POMS states "Obligations for supplies, equipment, and other contractual services...should be supported by a valid purchase order or other binding agreement to pay for goods or services."¹⁴ For an obligation to be valid, POMS requires that a bona fide need exist in the FY the funds were available for creating an obligation.¹⁵ A purchase order or other binding agreement can be issued up to 6 months after the end of the FY.¹⁶ At least once each month, the DDSs are required to review unliquidated obligations and cancel those amounts that are no longer valid.¹⁷

¹² 31 C.F.R. § 205.26 (a).

¹³ 31 C.F.R. §§ 205.33 and 205.35.

¹⁴ SSA, POMS, DI 39506.201, E.4.

¹⁵ SSA, POMS, DI 39506.200, B.1.

¹⁶ *Id.*

¹⁷ SSA, POMS, DI 39506.203, A.

WV-DDS could not provide purchase orders or other binding agreements that had been issued for the FY 2004 and 2005 unliquidated obligations. Additionally, during our audit, it came to our attention that the same process was used to determine unliquidated obligations for FYs 2003 through 2005. Therefore, we expanded our review to include unliquidated obligations reported for FY 2003. As a result, we found WV-DDS did not have documentation to support \$508,147 in unliquidated obligations reported on its FY 2003 Form SSA-4513, as of September 30, 2005.

For the approximately \$2.6 million in FY 2004 and 2005 unliquidated obligations, WV-DRS provided accounting records in July 2006 for disbursements dated October 1, 2005 through June 30, 2006. WV-DRS provided additional records in October 2006. The disbursements totaled \$20,251 and \$1,576,854 for FYs 2004 and 2005, respectively. As a result, WV-DDS' unliquidated obligations were reduced to \$995,214 for FYs 2004 and 2005 (about 2.6 percent of total obligations). No further records were provided to support these remaining unliquidated obligations. In addition, WV-DRS did not provide additional documentation to support FY 2003 disbursements after September 30, 2005.

Table 6 summarizes the unliquidated obligations without support we identified for FYs 2003 through 2005, as of September 30, 2005.

**Table 6: Unliquidated Obligations Not Supported
FYs 2003 Through 2005
(as of September 30, 2005)**

Form SSA-4513 Cost Category	FY 2003	FY 2004	FY 2005	Total
Personnel	\$710	\$3,594	(\$6,222) ¹⁸	(\$1,918)
Medical	\$339,662	\$259,914	\$385,386	\$984,962
Indirect	\$0	\$0	\$19,512	\$19,512
All Other Nonpersonnel	\$167,775	\$76,131	\$256,899	\$500,805
Total	\$508,147	\$339,639	\$655,575	\$1,503,361

SSA's Philadelphia Regional Office should withdraw the funding for the \$1,503,361 erroneously reported as unliquidated obligations until WV-DDS can provide support for the obligations. Further, WV-DDS should perform monthly reviews of its unliquidated obligations to ensure their validity and place sufficient internal controls over its accounting and reporting operations to ensure the accuracy of the Forms SSA-4513.

¹⁸ Because of WV-DDS' inaccurate reporting, these unliquidated obligations are shown as a negative number on the Form SSA-4513.

Reporting Practices Not in Compliance with POMS

WV-DRS did not comply with POMS procedures for reporting obligations. WV-DRS only recorded those transactions that impacted cash for budgetary reporting and did not have the data necessary to report obligations accurately. As a result, WV-DRS used data from outside its accounting system to prepare the Forms SSA-4513. The outside data proved to be unreliable.

POMS¹⁹ provides specific detailed instructions for DDSs to summarize various categories of costs as well as report whether these costs have been disbursed/liiquidated or are unliquidated. POMS²⁰ describes obligations as to their definition, what supports their validity and when they are to be reported. SSA requires reporting of this information in appropriate columns on the Form SSA-4513. Specifically, POMS²¹ requires the disbursements column to reflect the cumulative disbursements through the ending date of the reporting period for each category listed. The unliquidated obligations column represents the total amount of all unliquidated obligations as of the ending date of the reporting period for each category listed. The total obligations column reflects the sum of disbursements and unliquidated obligations as of the ending date of the reporting period for each category listed.

On August 16, 2006, we asked WV-DRS the basis for the amounts reported as unliquidated obligations on the Forms SSA-4513. WV-DRS and DDS officials stated a process did not exist for reporting unliquidated obligations. Additionally, WV-DRS officials explained the WV-DDS' Monthly Obligation Report was used to derive the total obligations. WV-DDS officials stated the Monthly Obligation Report (1) contains estimates and (2) is not always adjusted for actual obligations. Further, WV-DRS officials explained the Forms SSA-4513 unliquidated obligations were derived by subtracting the disbursements from the total obligations.

We informed WV-DRS and WV-DDS officials the method used to report obligations was not in compliance with SSA's procedures. Financial management controls were not in place to detect reporting inconsistencies while summarizing the various categories of cost on the Forms SSA-4513.

The Form SSA-4513 may be an effective tool for States to monitor²² the quarterly cumulative rate of expenditures and control this rate all year. Additionally, the Form SSA-4513 is used to safeguard against over-expenditure of DDS budgets for disability program operations. Because WV-DRS used an inappropriate practice, the Forms SSA-4513 were misstated. Additionally, WV-DRS and WV-DDS were unable to reconcile the costs claimed on the Forms SSA-4513 to their accounting records.

¹⁹ SSA, POMS, DI 39506.210 C.

²⁰ SSA, POMS, DI 39506.200 B and DI 39506.201.

²¹ SSA, POMS, DI 39506.210 C.

²² SSA, POMS, DI 39506.100.

Without such reconciliations, misstatements can go undetected. WV-DRS needs sufficient internal controls over its accounting and reporting to ensure the accuracy of the Forms SSA-4513 to ensure SSA does not under- or over-fund WV-DDS' operations.

GENERAL SECURITY CONTROLS CAN BE IMPROVED

Based on our limited assessment of WV-DDS' general security controls environment, we determined WV-DDS' controls were generally effective. However, we identified three areas where WV-DDS could improve its general controls. WV-DDS did not adhere to SSA's policies for access controls and lacked adequate environmental and physical security controls.

WV-DDS Did Not Adhere to SSA Policies for Access Controls

WV-DDS did not comply with SSA's policies for access controls. We found unauthorized individuals (contractor employees) had access to WV-DDS offices and the printer-server²³ room in Charleston, West Virginia. The individuals' access included nonwork hours without WV-DDS employees present. SSA POMS²⁴ requires that access to computer rooms be restricted. The unauthorized access placed sensitive SSA equipment and data at-risk. We discussed this unauthorized access with WV-DDS officials, who believed the access was needed for the contract employees to perform their work.

On November 9, 2006, we discussed the access controls with representatives from SSA's Philadelphia Regional Office, WV-DRS and WV-DDS. The WV-DDS official stated the contractor employees had access to the WV-DDS offices and printer-server room; however, the contractor employees did not have access to the automatic data processing room. Additionally, WV-DDS stated that these contractor employees have performed cleaning services during the day since July 2006.

WV-DDS Lacked Adequate Environmental Controls

WV-DDS did not comply with SSA's policies for environmental controls. We found the computer room at the WV-DDS did not have a water detection alarm. POMS²⁵ states the computer room should have a properly installed alarm for environmental controls that addresses such issues as water, temperature, etc. The lack of a water detection alarm increases the risk that sensitive information and equipment could be damaged or destroyed. WV-DDS officials agreed the computer room lacked these environmental controls.

²³ A printer-server is a device set up on a network to route print requests and status information between computers and printers connected by a network.

²⁴ SSA, POMS, DI 39566.010, B.2.I.

²⁵ SSA, POMS, DI 39566.010, B.2.m.

***WV-DDS Lacked
Adequate Physical
Security Controls***

The WV-DDS' physical security controls did not meet requirements. We found the WV-DDS computer room was not constructed to prevent unauthorized access and did not have compensating controls.

According to POMS,²⁶ the walls of the computer room should have slab-to-slab construction to prevent unauthorized entry or the computer room must be made secure by installing chain link fences, heavy wire mesh, or motion sensor devices in the space between the false ceiling and the true ceiling of the facility. The lack of adequate physical security controls places sensitive SSA equipment and data at-risk.

PricewaterhouseCoopers also identified this finding in its FY 2005 security audit of the WV-DDS. In response, WV-DDS stated it would work with SSA to consider options and funding to address this concern and seek a resolution that would satisfy the guidelines in POMS. The target for completion was July 31, 2006. However, as of August 2006, we found that WV-DDS had not implemented the necessary improvements to its physical security controls.

²⁶ SSA, POMS, DI 39566.010, B.2.I.

Conclusions and Recommendations

Except for certain obligations, we found costs claimed by the WV-DDS were generally allowable and properly allocated. However, WV-DDS's cash management, accounting and reporting practices can be improved. FY 2001 through 2005 drawdowns of SSA funds were about 3.5 percent higher than cash disbursements, and interest on the FY 2001 and 2002 funds that exceeded expenditures was not calculated correctly. WV-DDS could not provide support for about 2.6 percent of total FY 2004 and 2005 obligations. In addition, approximately \$500,000 in FY 2003 obligations were not supported. Further, although we identified opportunities to improve the general controls environment, we do not believe these conditions rise to the level of significantly impacting the controls environment. As a result, we recommend SSA:

RECOMMENDATIONS

1. Instruct the WV-DDS to refund \$1,010,900, \$579,949, \$491,320, \$366,191, and \$686,445 for FYs 2001 through 2005, respectively, for cash draws exceeding disbursements.
2. Review WV-DDS' FY 2006 drawdowns and disbursements to determine whether WV-DDS continued to draw funds in excess of its expenditures.
3. Determine whether to request Treasury to change the WV-DDS' program status to make it subject to interest for overdraws.
4. Require the WV-DDS to provide supporting documentation or withdraw funding authority of \$508,147, \$339,639, and \$655,575 for FYs 2003 through 2005, respectively, for the unsupported obligations.
5. Require that WV-DDS follow POMS instructions for financial reporting of unliquidated obligations on the Form SSA-4513.
6. Instruct WV-DDS to improve internal controls over its accounting and reporting operations to ensure the accuracy of the Forms SSA-4513.
7. Instruct the WV-DDS to comply with SSA's policies related to access, environmental and physical security controls.

We also recommend that the Philadelphia Regional Office:

8. Work with SSA Headquarters components to establish policies and procedures for the collection of DDS excess drawdowns in accordance with applicable Federal appropriations law, regulations, and accounting and reporting requirements.

SSA AND STATE AGENCY COMMENTS

SSA and WV-DRS agreed with and took actions on our recommendations. The full text of the comments from SSA and WV-DRS are included in Appendices E and F, respectively.

Appendices

Acronyms

ASAP	Automated Standard Application for Payments
C.F.R.	Code of Federal Regulations
CMIA	<i>Cash Management Improvement Act of 1990</i>
DDS	Disability Determination Services
DI	Disability Insurance
FY	Fiscal Year
Form SSA-4513	State Agency Report of Obligations for SSA Disability Programs
POMS	Program Operations Manual System
P.L.	Public Law
SSA	Social Security Administration
SSI	Supplemental Security Income
Treasury	Department of the Treasury
WV-DDS	West Virginia Disability Determination Services
WV-DRS	West Virginia Division of Rehabilitation Services

Scope and Methodology

SCOPE

To achieve our objectives, we:

- Reviewed applicable Federal laws and regulations, pertinent parts of the Social Security Administration's (SSA) Program Operations Manual System and other criteria relevant to administrative costs claimed by the West Virginia Disability Determination Services (WV-DDS) and the draw down of SSA program funds.
- Interviewed staff and officials from the West Virginia Division of Rehabilitation Services (WV-DRS), WV-DDS, and SSA's Philadelphia Regional Office.
- Reviewed the State of West Virginia Statewide Single Audit reports for years ended June 30, 2004 and 2005.
- Reviewed State of West Virginia policies and procedures related to personnel, medical services, and all other nonpersonnel costs.
- Evaluated and tested internal controls regarding accounting, financial reporting and cash management activities.
- Reconciled the WV-DRS' accounting records to the administrative costs reported by the WV-DDS on the *State Agency Report of Obligations for SSA Disability Programs* (Form SSA-4513) for Fiscal Years (FY) 2004 and 2005.
- Reviewed the administrative costs WV-DDS reported on its Forms SSA-4513 for FYs 2004 and 2005. However, our finding related to unliquidated obligations affected the costs claimed in FY 2003. Therefore, to fully develop this finding, we expanded the audit period to include the unliquidated obligations WV-DDS reported on its Forms SSA-4513 for FY 2003.
- Examined specific administrative expenditures (personnel, medical services, and all other nonpersonnel costs) incurred and claimed by the WV-DDS for FYs 2004 and 2005 on the Forms SSA-4513. We used statistical sampling to select expenditures to test personnel costs, medical services, and all other nonpersonnel costs.
- Examined indirect costs claimed by the WV-DDS for FYs 2004 and 2005.
- Compared the amount of SSA funds drawn for support of program operations to the expenditures reported on the Forms SSA-4513 for FYs 2001 through 2005.

- Reviewed, on a limited basis, WV-DDS' general physical security controls related to physical security and continuity of operations at their office located in Charleston, West Virginia.

We determined that the data provided by WV-DDS and WV-DRS used in our audit were sufficiently reliable to achieve our audit objectives. We assessed the reliability of the data by reconciling them to the costs claimed on the Form SSA-4513. We also conducted detailed audit testing on selected data elements in the electronic data files.

We performed our audit at the WV-DDS and WV-DRS in Charleston, West Virginia, and the Office of Audit in Baltimore, Maryland. We conducted fieldwork from June through October 2006. Our audit was conducted in accordance with generally accepted government auditing standards.

METHODOLOGY

The sampling methodology encompassed three general areas of costs as reported on the Form SSA-4513: (1) personnel, (2) medical, and (3) all other nonpersonnel costs. For indirect costs, we reviewed the indirect cost calculations for FYs 2004 through 2005 to ensure the correct rate was applied. We obtained electronic records and paper accounting reports that supported the personnel, medical, and all other nonpersonnel costs for FYs 2004 and 2005 for use in sampling. These records were obtained from the accounting systems and accounting reports used by the State of West Virginia and the WV-DDS for the preparation of the Form SSA-4513.

Personnel Costs

We randomly selected 1 pay period in FY 2005 and reviewed 50 personnel transactions. We tested WV-DDS payroll records to ensure it correctly paid employees and adequately documented these payments.

For medical consultant costs, we randomly selected one pay period in FY 2005. We selected all medical consultants during that period and verified that the medical consultants were paid in accordance with the approved contract.

Medical Costs

We sampled 100 items (50 items from each FY) using a stratified random sample of medical costs based on the proportion of medical evidence of record and consultative examination costs to total medical costs claimed.

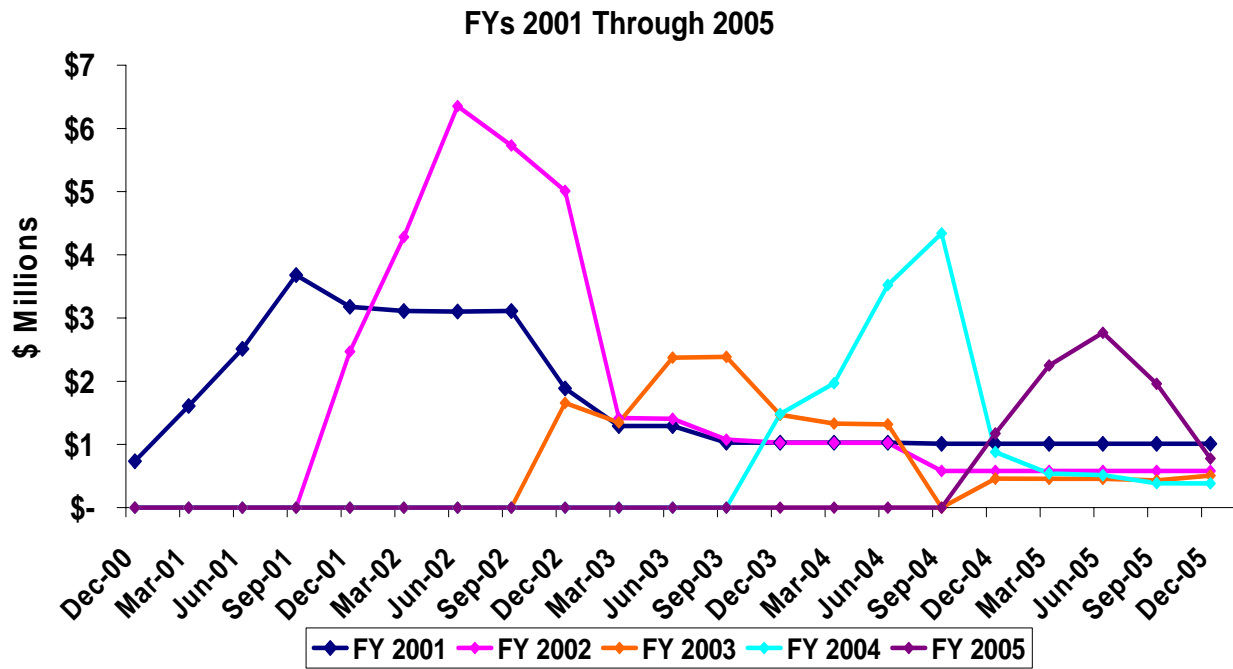
All Other Nonpersonnel Costs

We selected a stratified random sample of 100 items (50 items from each FY) from the All Other Non-personnel Costs category. Before selecting the sample items, we stratified the transactions into the appropriate categories: (1) Occupancy, (2) Contracted

Costs, (3) Electronic Data Processing Maintenance, (4) New Electronic Data Processing Equipment, (5) Equipment Purchases, (6) Equipment Rental, (7) Applicant Travel, (8) WV-DDS Travel, (9) Supplies, and (10) Miscellaneous. We then distributed the 50 sample items for each year between categories based on the proportional distribution of the costs.

Due to incomplete data for postal and telephone items, the Communications category was sampled separately. We selected 53 items based on high dollar value. We then randomly selected an additional 20 items from each FY. In total, we selected a sample of 93 items from the Communications category (48 items from FY 2004 and 45 items from FY 2005).

West Virginia Disability Determination Services - Chart of Excess Drawdowns¹



Note: For FY 2003, data not available for September 2004. SSA was unable to locate the FY 2003 Form SSA-4513 for the quarter ending September 30, 2004.

¹ Each point represents cumulative quarterly totals. Amounts shown are the balance of drawdowns exceeding the claimed disbursements.

West Virginia Disability Determination Services - Schedule of Costs Reported, Questioned, and Allowed

Our audit work resulted in the identification of one area of questioned costs. We identified unsupported obligations totaling \$995,214. This total comprises \$339,639 and \$655,575 for Fiscal Years (FY) 2004 and 2005, respectively.

FY 2004 Costs as of September 30, 2005			
Description	Costs Reported	Costs Questioned	Costs Allowed
Personnel	\$10,222,914	\$3,594	\$10,219,320
Medical	\$5,454,092	\$259,914	\$5,194,178
Indirect	\$1,774,173	\$0	\$1,774,173
All Other	\$1,222,133	\$76,131	\$1,146,002
Total	\$18,673,312	\$339,639	\$18,333,673

FY 2005 Costs as of September 30, 2005			
Description	Costs Reported	Costs Questioned	Costs Allowed
Personnel	\$10,779,948	(\$6,222)	\$10,786,170
Medical	\$5,249,384	\$385,386	\$4,863,998
Indirect	\$2,155,066	\$19,512	\$2,135,554
All Other	\$1,356,577	\$256,899	\$1,099,678
Total	\$19,540,975	\$655,575	\$18,885,400

Additionally, we are questioning the total amount of unliquidated obligations of \$508,147 for FY 2003.

Social Security Administration Comments

June 5, 2007

Signed Draft Report (A-13-06-16121)—Philadelphia Response

Thank you for the opportunity to respond to the recommendations provided in the draft report on Administrative Costs Claimed by the West Virginia Disability Determination Services (A-13-06-16121) for fiscal years 2004 and 2005. In addition to administrative costs for FYs 2004 and 2005, the review also included an assessment of West Virginia's cash draw downs for FYs 2001 through 2003. Status of the eight (8) recommendations contained in the report are shown below. The information shown incorporates the WV DDS response to the draft report.

Recommendation #1:

Instruct the WV DDS to refund \$1,010,900, \$579,949, \$491,320, \$366,191, and \$686,445 for FYs 2001 through 2005, respectively, for cash draws exceeding disbursements.

Response:

To date, the WV DDS has reimbursed all cash draws exceeding disbursements for FYs 2001 through 2004.

For FY 2005, adjustments were made to the cash draw balances resulting in an outstanding repayment balance of \$540,114. The DDS will reimburse \$300,000 of the total outstanding repayment balance by June 18, 2007. The remaining balance will be reimbursed by July 15, 2007. SSA will follow up on this action item.

Recommendation #2:

Review WV DDS' FY 2006 draw downs and disbursements to determine whether WV DDS continued to draw funds in excess of its expenditures.

Response:

We have reviewed the DDS's FY 2006 draw downs and disbursements and found that the DDS did not draw funds in excess of its expenditures. In addition, WV DDS has provided in their response a copy of the Department of Treasury's Automated Standard Application for Payment (ASAP) report which shows periodic disbursements throughout the fiscal year which validates our review.

The WV DDS has implemented procedures requiring reconciliation between ASAP disbursements and the SSA-4513 report to eliminate cash draws in excess of its expenditures. This finding is resolved.

Recommendation #3

Determine whether to request Treasury to change the WV DDS' program status to make it subject to interest for overdraws.

Response:

We have researched this issue and do not wish to pursue a change in the WV DDS' program status. The WV DDS has demonstrated a willingness to comply with procedures and has implemented new procedures to prevent overdraws in the future. This finding is resolved.

Recommendation #4

Require the WV DDS to provide supporting documentation or withdraw funding authority of \$508,147, \$339,639, and \$655,575 for FYs 2003 through 2005, respectively, for the unsupported obligations.

Response:

We verified that all obligations were valid when initiated. The DDS has submitted the required fiscal reports (SSA-4513) for FYs 2003 and 2004 removing the amounts in question. We have reduced the funding authority for both FYs 2003 and 2004 for the questioned costs.

For FY 2005, we have reduced the DDSs' funding authority by \$375,000 for unliquidated obligations that should have been removed. The DDS is in the process of evaluating their remaining unliquidated obligations and will complete their evaluation by July 30, 2007. Upon completion of the DDSs' evaluation and submission of required fiscal reports (SSA-4513), we will further reduce the funding authority for FY 2005. SSA will follow up on this action item.

Recommendation #5

Require that WV DDS follow POMS instructions for financial reporting of unliquidated obligations on the Form SSA-4513.

Response:

Training focused on the POMS requirements for financial reporting of unliquidated obligations was provided to DRS and DDS staff in February 2007. In addition, the WV DDS is revamping their reporting procedures to comply with POMS requirements. This finding is resolved.

Recommendation #6

Instruct WV DDS to improve internal controls over its accounting and reporting operations to ensure the accuracy of the Forms SSA-4513.

Response:

Instruction occurred in February and April 2007 on how to improve internal controls over its accounting and reporting operations to ensure the accuracy of the form SSA-4513.

The WV DDS has established a separate account with WV Treasury for the accounting and reporting of DDS funds and has implemented a new procedure for documenting draw downs. This finding is resolved.

Recommendation #7

Instruct the WV DDS to comply with SSA's policies related to access, environmental and physical security controls.

Response:

- **Access Controls**

The WV DDS has taken the necessary steps to comply with SSA's policies relating to access control. The DDS performed a systems access review in April 2007 and submitted a corrective action plan documenting the steps taken to be compliant with SSA's policies. This finding is resolved.

- **Environmental Controls**

Attached is WV's risk assessment plan which specifically addresses, on page 4 and 5, the environmental controls for temperature and water detection. The plan showed that reasonable measures are in place to maintain and monitor for temperature and water damages. This finding is resolved.

- **Physical Security Controls**

The WV DDS is in the process of obtaining an estimate for the installation of an intrusion detection system (IDS) so that physical security controls meet POMS requirements. SSA will follow up on this action item.

Recommendation #8

Work with SSA Headquarters components to establish policies and procedures for the collection of DDS excess draw downs in accordance with applicable Federal appropriations law, regulations, and accounting and reporting requirements.

Response:

We have initiated discussions with SSA Headquarters staff to establish policies and procedures for the collection of DDS excess draw downs. This finding is resolved.

Should you have any questions regarding this response, please contact Betty Martin at 215-597-2047 in the Philadelphia Region Center for Disability Programs.

State Agency Comments



WEST VIRGINIA DEPARTMENT OF EDUCATION AND THE ARTS
DIVISION OF REHABILITATION SERVICES

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Web Page: www.wvdrs.org

Deborah Lovely, Director

May 16, 2007

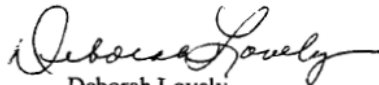
Patrick P. O'Carroll, Jr.
Social Security Administration
Office of the Inspector General
P.O. Box 17768
Baltimore, Maryland 21235

Dear Mr. O'Carroll:

Please find enclosed the response to the *Administrative Costs Claimed by the West Virginia Disability Determination Services* draft audit report prepared by members of your staff. As the parent agency of West Virginia Disability Determination Services, West Virginia Division of Rehabilitation Services is committed to improving internal controls over the accounting and reporting of administrative costs, claiming costs for only allowable expenditures, drawing funds properly, and improving the general security controls environment.

Thank you for the opportunity to respond to the draft audit report. If you would like to discuss the enclosed comments please feel free to contact me at (304) 766-4601 or Toby McCallister, Acting Assistant Director, West Virginia Disability Determination Services, at (304) 343-5055.

Sincerely,


Deborah Lovely
Director

Cc: Betty Martin, Disability Operations Team Leader, SSA
Toby McCallister, Acting Assistant Director, WV DDS
Michelle James, Chief Financial Officer, WV DRS

ENCLOSURES

Administrative Costs Claimed by the West Virginia Disability Determination Services
Draft DDS Audit Response
May 16, 2007

The West Virginia Disability Determination Services (DDS) has had the opportunity to review OIG's draft report, *Administrative Costs Claimed by the West Virginia Disability Determination Services*. The audit presented eight recommendations related to cash management controls and general security controls. The West Virginia DDS respectfully submits the following comments in response to the recommendations:

Recommendation #1:

Instruct the WV DDS to refund \$1,010,900, \$579,949, \$491,320, \$366,191, and \$686,445 for FYs 2001 through 2005, respectively, for cash draws exceeding disbursements.

Response:

WV DDS has refunded \$513,540, \$26,552, and \$30,868 for FY's 2003 through 2005. A check for \$1,590,849 to refund Fiscal Years 2001 and 2002 was received by SSA on May 15, 2007. FY 2003 was open at the time of the audit and additional medical costs were paid by WV DRS. The payment by WV DDS of \$513,540 for FY 2003 exceeded the recommendation of the auditors. A refund for an over draw of indirect costs in the amount of \$22,305 was added and medical costs of \$85.00 were subtracted. For FY 2004, a check in the amount of \$341,736 will be received by SSA no later than May 31, 2007. FY 2004 remained open after the audit period and is now ready to be closed. WV DRS paid additional costs and an over draw of indirect costs of \$2,266 is also included. FY 2005 remains open but will be closed out by June 30, 2007. As of March 31, 2007, the un-liquidated costs are \$540,114. At June 30, 2007, we will have a firm number for un-liquidated obligations and will send a check for payment by July 15, 2007. See attachment for summary and reconciliation.

Recommendation #2

Review WV DDS' FY 2006 draw downs and disbursements to determine whether WV DDS continued to draw funds in excess of its expenditures.

Response:

WV DRS has implemented new procedures for documentation and reconciliation of draws. The Fiscal Year 2006 ASAP Account Settlement Report shows that draws do not exceed disbursements as shown on the SSA-4513 report for the period through March 31, 2007.

Recommendation #3

Determine whether to request Treasury to change the WV DDS' program status to make it subject to interest for overdrafts.

Response:

The agreement between the Treasury and the WV DDS does allow for interest. Section 6.2.1 of the Treasury State Agreement between the State of West Virginia and the United States Department of the Treasury for Fiscal Year 2008 states:

“The State shall request funds such that they are deposited in a State account not more than three days prior to the day the State makes a disbursement. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I. The amount of the request shall be the amount the State expects to disburse. This funding technique is not interest neutral.”

The WV DRS also established a separate fund for use by the WV DDS so as to eliminate the commingling of funds between the DDS and VR program.

Recommendation #4

Require the WV DDS to provide supporting documentation or withdraw funding authority of \$508,147, \$339,639, and \$655,575 for FYs 2003 through 2005, respectively, for the unsupported obligations.

Response:

The WV DDS has refunded SSA in the amount of \$513,540 for FY 2003. The WV DDS has all supporting documentation for FYs 2003 through 2005. This information is available upon request. The DDS is in the process of establishing a method of consistent and timely reviews of unliquidated obligations and canceling those amounts that are no longer valid.

Recommendation #5

Require that WV DDS follow POMS instructions for financial reporting of unliquidated obligations on the Form SSA-4513.

Response:

The WV DDS has subsequently received POMS training for reporting obligations by SSA. The DDS is currently revamping their accounting and reporting procedures to comply with POMS procedures. These procedures include requiring the DDS personnel to keep accurate up-to-date records regarding information contained on the SSA-4513. These records will be reviewed quarterly by WV DRS personnel.

Recommendation #6

Instruct WV DDS to improve internal controls over its accounting and reporting operations to ensure the accuracy of the Forms SSA-4513.

Response:

The WV DDS has improved internal controls over its accounting and reporting operations. A separate account has been established with the West Virginia Treasury for the deposit of Disability Determination funds. WV DDS and WV DRS met with SSA on July 1, 2006 and at that time received additional instructions for documentation relating to the reporting of un-liquidated obligations. A new system of documenting draws has also been implemented. WV DDS and WV DRS continue to review and analyze procedures to ensure accurate reporting on the SSA-4513.

Recommendation #7

Instruct the WV DDS to comply with SSA's policies related to access, environmental and physical security controls.

Response:

WV-DDS Did Not Adhere to SSA Policies for Access Control – Since the OIG audit, the DDS Assistant Security Officer reviewed the access card rights for all DDS and non-DDS personnel who have access to DDS workspace. Access to the Computer rooms was a primary focus of this review.

Following the review, some cards were deactivated and access to the ADP rooms was removed from several cards. Currently non-DDS personnel with access to DDS workspace and the computer rooms include the security guards, the building manager, the assistant building manager, the onsite maintenance man, and the

contractor which monitors the alarms and the sprinkling system in the building. No cleaning personnel have access to the computer rooms on either floor.

At the time of the OIG audit, the print servers on the 5th floor of the DDS were not in a secure computer room because of space and temperature concerns. Since the audit, work to add additional air conditioners and to enlarge the ADP room has been completed. The servers are now in the secure area and access is restricted to individuals with access card permission. There is a deadbolt lock in one solid wood door to the room which meets SSA requirements. Only the AS 400 manager carries a key to the deadbolt.

Although there are still individuals who are not DDS employees who have access to DDS workspace and to the computer rooms, access is restricted to those who must have access to the space to do necessary maintenance or to respond in emergency situations.

WV-DDS Lacked Adequate Environmental Controls – The DDS requested guidance from the region regarding the need to install an alarm system in the computer room for environmental controls that addresses such issues as water, temperature, etc. The DDS does have separate air conditioners and temperature controls for both computer rooms that they routinely monitor.

The region informed the DDS that the POMs requirement regarding the environmental controls does not apply to the iSeries computers used in the DDSs, as the DDSs are not “data centers”.

WV-DDS Lacked Adequate Physical Security Controls – According to the POMS, the walls of the computer room should have slab-to-slab construction to prevent unauthorized entry or the computer room must be made secure by installing chain link fences, heavy wire mesh, or motion sensor devices in the space between the false ceiling and the true ceiling of the facility. To meet these requirements, the DDS is in the process of obtaining an estimate to install an intrusion detection system (IDS). Upon receipt of the estimate, the DDS will request SSA for funding approval.

Access to the building and to the DDS during non-working hours is restricted to those with key cards which are programmed to allow entrance through front and rear doors of the building after normal work hours. The Charleston Federal Center is fitted with glass breakage (noise sensor) alarms on all perimeter windows on the first floor of the building. These double pane windows do not open. There are also alarms on all doors to the facility. This system is operative 24 hours per day. When an alarm is triggered during non-work hours, the building manager or assistant building manager and the Charleston Police Department are notified.

The building is located downtown in a very visible area which is patrolled and is readily accessible by city police. During the time the DDS has been located in its current facility, there has been no break in or thefts or vandalism of DDS/SSA equipment. DDS management does not think that the lack of additional security measures above the ceiling of the computer room pose a significant security risk to the facility or to equipment. However, SSA has informed us that this is not a discretionary recommendation and therefore, we are pursuing estimates to install the IDS.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Shirley E. Todd, Director, General Management Audit Division (410) 966-9365

Lance Chilcoat, Audit Manager, General Management (410) 965-9743

Acknowledgments

In addition to those named above:

Tracey Edwards, Senior Auditor

Melinda Lockhart, Senior Auditor

For additional copies of this report, please visit our web site at www.socialsecurity.gov/oig or contact the Office of the Inspector General's Public Affairs Specialist at (410) 965-3218. Refer to Common Identification Number A-13-06-16121.

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OA conducts and/or supervises financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

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