
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

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

July 2002

A-77-02-00014

***MANAGEMENT ADVISORY
REPORT***



Mission

We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

Vision

By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.



SOCIAL SECURITY

Memorandum

Date: July 26, 2002

Refer To:

To: Ellen Baese
Director
Management Analysis and Audit Program Support Staff

From: Assistant Inspector General
for Audit

Subject: Management Advisory Report on the Single Audit of the State of Florida for the Fiscal Year Ended June 30, 2001 (A-77-02-00014)

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

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

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

The Florida Disability Determination Services (DDS) performs disability determinations under SSA's Disability Insurance and Supplemental Security Income programs in accordance with Federal regulations. The DDS is reimbursed for 100 percent of allowable costs. The Florida Department of Health is the Florida DDS' parent agency.

The single audit reported that payroll certifications were not properly prepared to support DDS employees' salaries of \$366,019, as required by Office of Management and Budget Circular A-87. The Florida Department of Health's corrective action plan indicates that semiannual certifications will be completed in the future (see Appendix A).

We recommend that SSA:

- 1 Instruct the DDS to obtain semiannual payroll certifications for all employees.
2. Determine whether salary costs of \$366,019 were allowable, and if not, recover the unallowable costs from the DDS.

The single audit also disclosed that personnel costs were not properly allocated to benefiting Federal programs. Although this finding was not specifically identified to SSA, it may impact DDS operations. I am bringing this matter to your attention as it represents a potentially serious financial control problem for the Agency (see Appendix B).

Please send copies of the final Audit Clearance Document to Shannon Agee in Kansas City and Paul Wood in Baltimore. If you have questions contact Shannon Agee at (816) 936-5590.



Steven L. Schaeffer

Attachments

cc:
Paul Wood, OIG/OA
Trudy Williams, MAAPSS

U.S. SOCIAL SECURITY ADMINISTRATION

Finding Number	01-090
CFDA Numbers	96.001 and 96.006
Program Title	Disability Insurance/Supplemental Security Income Cluster (SSDI)
Compliance Requirement	Allowable Costs/Cost Principles
State Agency	Florida Department of Health (FDOH)
Federal Grant/Contract Number and Grant Year	04-0104FLDIOO 2001 and 04-0004FLDIOO 2000
Finding Type	Reportable Noncompliance and Reportable Condition
Questioned Costs	N/A
Finding	Salary costs were not adequately documented.
Criteria	OMB Circular A-87, Attachment B, Section 11.h., <i>Support of Salaries and Wages</i>
Condition	We tested 40 SSDI expenditures, 10 of which were salary payments for 10 employees. While all employees indicated to us that they worked 100 percent on the SSDI Program, we noted that payroll certifications were not prepared to support the salaries paid to nine of the employees. Specifically, certifications for two employees were signed prior to the completion of work efforts; certifications were not available for one half of the year for five employees; and certifications for two employees covered one year rather than six months as required by OMB Circular A-87. In addition, five certification forms provided were dated subsequent to audit inquiry. Salaries paid these employees during the audit period totaled \$366,019.
Cause	FDOH procedures were not effective to ensure that payroll certifications were obtained.
Effect	Salary costs were not documented in accordance with OMB Circular A-87.
Recommendation	We recommend that the FDOH obtain semiannual payroll certifications for all employees fully funded by Federal programs.
State Agency Response and Corrective Action Plan	Follow-up training and instruction has been provided to DDD (Division of Disability Determination) staff regarding the importance and timing requirements for semiannual single federal award certifications. The division will ensure that semiannual certifications are completed as required by OMB A-87.
Agency Contact	Avis Hannon Payne (850) 410-2545
Estimated Corrective Action Date	February 15, 2002

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number	01-083
CFDA Number	93.917
Program Title	HIV Care Formula Grants (HIV)
Compliance Requirement	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
State Agency	Florida Department of Health (FDOH)
Federal Grant/Contract Number and Grant Year	6 X07 HA 00057-10 2001 and 2 X07 HA 00057-11 2002
Finding Type	Reportable Noncompliance and Reportable Condition
Questioned Costs	\$57,683
Finding	Salary costs of employees were sometimes charged to the HIV Program in excess of the benefits received by the HIV Program.
Criteria	OMB Circular A-87, Attachment B, Section 11.h., <i>Support of Salaries and Wages</i>
Condition	<p>We tested 40 HIV Care Formula Grant expenditures, 18 of which were salary payments. Our test disclosed that 100 percent of the salary and benefits for one employee were charged to the HIV Program although the employee indicated she worked on the HIV Program 40 percent of the time. FDOH did not have adequate supporting documentation for the time that the employee indicated was devoted to the Program. Salary and benefits charged to the HIV Program for this employee totaled \$40,362 during the fiscal year ended June 30, 2001.</p> <p>Our test also disclosed that estimated percentages of the salaries and benefits for three employees (four expenditures tested) were charged to the HIV Program without subsequent adjustments for actual time worked. For two of the employees, employee activity records (EARs) indicated lower percentages of time were actually devoted to the HIV Program than estimated. For example, 25 percent of one employee's salary was charged to the HIV Program but EARs indicate 13 percent was spent on the HIV Program. The third employee's salary was charged 20 percent to the HIV Program but EARs were not available to support time worked. Based on time recorded in the EARs for the three positions, the HIV Program was overcharged \$17,321.</p> <p>Similar findings were noted in audit report No. 01-134, finding No. 00-75.</p>
Cause	FDOH procedures were not sufficient to identify certain employees whose salaries and benefits should be adjusted based on time spent on the HIV Program.
Effect	The HIV Program was charged costs in excess of the actual benefits received totaling \$57,683.
Recommendation	We recommend that FDOH review its methodology for ensuring that salary costs are charged on the basis of the employees' time and effort.
State Agency Response and Corrective Action Plan	The department is making every effort to ensure that employees paid from the Ryan White Title II funding source are working on HIV/AIDS activities. The Bureau of HIV/AIDS will continue to advise the County Health Departments of this requirement. The bureau will also make it part of the quality improvement review of county health departments to ensure employees paid from this funding source are working solely on HIV/AIDS activities.
Agency Contact	S. Gail Henderson, Budget and Grants Manager Phone# 245-4582
Estimated Corrective Action Date	Ongoing

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) provides four functions for the Office of the Inspector General (OIG) – administrative support, strategic planning, quality assurance, and public affairs. OEO supports the OIG components by providing information resources management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this Office coordinates and is responsible for the OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act. The quality assurance division performs internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from the Agency. This division also conducts employee investigations within OIG. The public affairs team communicates OIG's planned and current activities and the results to the Commissioner and Congress, as well as other entities.

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.