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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**ADMINISTRATIVE COSTS CLAIMED  
BY THE CONNECTICUT DISABILITY  
DETERMINATION SERVICES**

February 2008

A-15-07-27176

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**AUDIT REPORT**

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## **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.**

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- 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.**

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- Access to all information necessary for the reviews.**
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## SOCIAL SECURITY

### MEMORANDUM

Date: February 29, 2008

Refer To:

To: Manuel J. Vaz  
Regional Commissioner  
Boston

From: Inspector General

Subject: Administrative Costs Claimed by the Connecticut Disability Determination Services  
(A-15-07-27176)

### OBJECTIVE

The objectives of our audit were to evaluate the Connecticut Disability Determination Services' (CT-DDS) internal controls over the accounting and reporting of administrative costs, determine whether costs claimed were allowable and properly allocated and funds were properly drawn, and assess the general security controls environment. Our audit included the administrative costs claimed by the CT-DDS during Federal Fiscal Years (FFY) 2005 and 2006.

### BACKGROUND

The Disability Insurance (DI) program, established under Title II of the *Social Security Act* (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 Act, provides benefits to financially needy individuals who are aged, blind, and/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.<sup>1</sup> In carrying out its obligation, each DDS is responsible for determining claimants' disabilities and ensuring that adequate evidence is available to support its determinations. To assist in making proper disability determinations, each

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<sup>1</sup> 20 C.F.R. §§ 404.1601 *et seq.* and 416.1001 *et seq.*

DDS is authorized to purchase medical examinations, x-rays, and laboratory tests on a consultative basis to supplement evidence obtained from the claimants' physicians or other treating sources.<sup>2</sup>

SSA reimburses the DDS for 100 percent of allowable expenditures up to its approved funding authorization. The DDS withdraws Federal funds through the 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 regulations<sup>3</sup> and intergovernmental agreements entered into by Treasury and States under the *Cash Management Improvement Act of 1990*.<sup>4</sup> For FFYs 2005 and 2006, the authorized funding as of March 31, 2007 was \$18,562,021 and \$18,423,390, respectively.

An advance or reimbursement for costs under the program must comply with Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*. At the end of each quarter of the fiscal year, each DDS submits a *State Agency Report of Obligations for SSA Disability Programs* (Form SSA-4513) to account for program disbursements and unliquidated obligations.<sup>5</sup> The Form SSA-4513 reports expenditures and unliquidated obligations for personnel service costs, medical costs, indirect costs, and all other nonpersonnel costs.

The Connecticut Department of Social Services is the CT-DDS' parent agency (PA). The PA and the CT-DDS offices are both located in Hartford, Connecticut. The PA is responsible for the draw down of SSA funds to pay expenses of the CT-DDS. Additionally, the PA distributes indirect cost to the CT-DDS resulting from a cost-allocation process.

## RESULTS OF REVIEW

Overall, the CT-DDS had effective internal controls over the accounting and reporting of administrative costs with the exception of applicant travel. Also, the FFY 2005 and 2006 administrative costs, as reported by the CT-DDS, were allowable and properly allocated with the exception of indirect costs. We identified an issue where the draw down of SSA funds was not matched to obligations incurred in each FFY. We also identified weaknesses in the general security controls at the CT-DDS.

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<sup>2</sup> 20 C.F.R. §§ 404.1624 and 416.1024.

<sup>3</sup> 31 C.F.R. § 205.1 *et seq.*

<sup>4</sup> Public Law (P.L.) No. 101-453, 104 Stat. 1058, in part amending 31 U.S.C. §§ 3335, 6501 and 6503.

<sup>5</sup> 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."

## INTERNAL CONTROLS - APPLICANT TRAVEL

We verified the travel invoices in our sample were properly authorized, and travel vouchers were approved by the supervisor or authorized approving officer. The CT-DDS relied heavily on the use of taxicabs to transport applicants to their consultative examinations (CE). The taxicab usage was normal practice for all State programs.

SSA requires that “The cost of travel shall not exceed that of the most economical and expeditious means of transportation appropriate to the individual's health condition.”<sup>6</sup> Therefore, we believe the applicants should be encouraged to “...travel by common carrier (air, rail, or bus) or privately owned vehicles...”<sup>7</sup> This use of taxicabs meets SSA’s definition of unusual travel, which includes, but is not limited to, ambulance services, attendant services, meals, lodging, and taxicabs.<sup>8</sup>

Our analysis of the applicant travel invoices resulted in the following.

- Six invoices showed there were 94 round-trip charges for taxicab service. Thirty-five of the 94 charges were in excess of \$100, and, in 1 instance, the round trip taxicab fare was \$337.
- One invoice showed there were 37 round-trip charges for taxicab service. Twenty-one of the 37 charges contained a fee for the taxicab driver to wait while the CE was performed on the applicant. The taxicab company billed the CT-DDS \$25 per hour for this service. In one case, the taxicab driver waited for almost 3 hours.
- One invoice showed that the taxicab company billed the CT-DDS \$89.75 for applicants who failed to appear for transport to the CE.

Although these amounts are immaterial to the SSA funds received by the CT-DDS, the oversight and control of transportation costs is a vulnerability that should be addressed because of CT-DDS’ heavy reliance on taxicabs to transport applicants. We brought this issue to the attention of CT-DDS management, and, as a result of our audit, the CT-DDS stated that additional controls had been implemented to avoid the scheduling of CEs outside the area where the applicant resides and to schedule the CE where the applicant can easily travel. Also, the CT-DDS stated that it instituted several controls to monitor and address excessive travel invoices before obligating the funds. Additionally, the CT-DDS is issuing a request for proposal to secure a contract to provide transportation services for applicant travel at a lower cost.

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<sup>6</sup> DI 39525.001(B)(2)(a).

<sup>7</sup> DI 39525.001(A)(5).

<sup>8</sup> DI 39525.001(A)(6).

## INDIRECT COSTS

The PA concurred with our previous recommendation<sup>9</sup> to remove expenses of \$412,986 charged to the DDS for costs associated with the Cater Eligibility Management System (EMS).<sup>10</sup> In addition, the PA requested a \$21,099 offset for a State Wide Cost Allocation Plan correction. We concurred with this offset. As a result, the CT-DDS performed a final allocation of the indirect costs to remove the EMS expense and credit the State Wide Cost Allocation Plan. As a result of the reallocation process, the net decrease for indirect cost will now be \$195,534 for FFY 2005 and \$196,353 for FFY 2006. SSA should work with the CT-DDS to adjust its indirect costs on the SSA-4513 by these amounts for FFYs 2005 and 2006.

## CASH MANAGEMENT

SSA annually appropriates funds to the CT-DDS to pay obligations incurred in a FFY in accordance with Federal appropriation law.<sup>11</sup> However, the PA did not match the draw down of Federal funds to the obligations that arose in that FFY. This practice is contrary to appropriation law.

The PA, Division of Financial Management and Analysis, exhausts the oldest FFY funds first, regardless of the expenditure's obligation date. The current draw down practice is not based on a Federal fund year obligation, but rather when bills are processed to be paid. As the expenditures are paid, a draw down is input from the oldest ASAP account that contains available funding.

The CT-DDS monitors unliquidated obligations by FFY and, using the Form SSA-4513, reports to the SSA Boston Regional Office reductions in obligations that allow SSA to reduce the FFY funds authorization level. However, SSA is unable to reduce the FFY authorization level because the PA has drawn down to the funding limit. Therefore, SSA's reductions in funding would cause ASAP to be overdrawn. To remedy this problem, the PA makes ASAP adjustments known as book entries (BE) to return money to the overdrawn fund year using current year funds. See Appendix C for BE adjustments used by the PA to correct funds improperly drawn down. The CT-DDS needs to ensure ASAP balances accurately reflect FFY activity. This would include unliquidated obligations and unobligated balances.

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<sup>9</sup> *Follow-Up Audit: Indirect Costs for the Connecticut Disability Determination Services for the Period July 1, 2003 through June 30, 2005 (A-15-07-16034)*, September 28, 2007.

<sup>10</sup> The Cater EMS indirect expense account accumulates costs for a database which contains client information such as name, address, income, etc., used to determine eligibility for State programs.

<sup>11</sup> 31 U.S.C § 1502 "The balance of an appropriation or fund limited for obligation to a definite period is available only for payment of expenses properly incurred during the period of availability or to complete contracts properly made within that period of availability...."

## GENERAL SECURITY CONTROLS

As part of our audit, we assessed the general security controls environment of the CT-DDS. Overall, the general security controls were adequate. However, we identified areas where improvements can be made in (1) safeguarding personally identifiable information (PII), (2) relocating fire extinguisher sign indicators and (3) securing the basement floor communications/electrical room.

### Safeguarding of PII

In our review of CT-DDS invoices, which included applicant travel, CE, and medical evidence of record (MER), we found that there was PII going to vendors.<sup>12</sup> Specifically, the CT-DDS issued letters of "Payment for Services" to vendors that contained the applicant's full name and Social Security number (SSN). Also, as part of the CE appointment, the applicant may be provided taxicab service to the examination. We found transportation services, such as taxicab companies, were provided the name and SSN of the applicant.<sup>13</sup> This is unnecessary disclosure of the applicant's PII.

In August 2007, we reported this issue to CT-DDS management, which took immediate corrective action by changing the format to include only the last four digits of the SSN. Furthermore, the CT-DDS notified the SSA Boston Regional Office of this issue.

Office of the Inspector General staff reported this to SSA's Chief Information Officer on August 30, 2007. As a result of this communication, SSA began reviewing the release of PII by DDSs. On September 19, 2007, the Office of Disability Determinations (ODD) met with representatives from the Office of Disability and Income Security Programs to discuss Agency policy regarding nation-wide DDS use of SSNs on correspondence to third parties. Based on discussions at the meeting, the Office of Disability Programs agreed to evaluate existing policy, specific to PII, to identify areas that can be changed or clarified.

As a result of ODD's initial guidance, many States have changed their processes, but there are a few issues, particularly changes to national SSA systems, DDS legacy systems, and parent agency fiscal processing systems, that will take some time to resolve. ODD will continue to move forward to identify and eliminate potential weaknesses where possible.

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<sup>12</sup> DI 39566.001 Scope of Privacy and Security Subchapter, B. Policy, SSA is required by law to protect personal information from unauthorized use or disclosure.

<sup>13</sup> DI 39566.100 Disclosure of SSA Information to DDS Units, C. Procedure, 2. Disclosure of SSA Personal Information, DDS personnel may disclose personal information obtained from SSA in the following circumstances: a. Disclosure to Third Parties, DDS personnel may disclose personal information obtained from SSA to third parties, only as necessary, to assist the DDS in making determinations of disability under the Act.

## Relocating Fire Extinguisher Sign Indicators

According to POMS,<sup>14</sup> fire extinguishers should be conspicuously located or their location conspicuously marked. We found fire extinguisher signs need to be added or moved. We also found signs in obscure locations. Two fire extinguishers were on the floor but should have been hung on the wall. Addressing these issues will allow the staff to see better the location of the fire extinguishers.

## Securing Basement Floor Communications/Electrical Closet

According to the POMS,<sup>15</sup> utility boxes and utility closets, for example, electrical, gas, etc., should be kept locked to prevent tampering. The communication pathway should be as secure as possible. However, we found that the basement floor communications/electrical closet at the CT-DDS location was not secure since the Hartford Fire Department (HFD) requires access to the room in an emergency.

The CT-DDS and Connecticut Adult Probation Board (CT-APB) are located in the same building. This allows both the general staff from the CT-DDS and the CT-APB to take the elevator down to the basement floor and access the room. Damage or loss of power could result from unrestricted access to the utility closet. The CT-DDS should work with the HFD to identify a method where the HFD will have its required access but also allow the CT-DDS to meet the requirements in POMS.

## CONCLUSION AND RECOMMENDATIONS

We recommend SSA:

1. Work with the CT-DDS to ensure CEs are scheduled within the area they reside, and to encourage applicants to travel by common carrier or privately owned vehicles in accordance with POMS.
2. Work with the CT-DDS to decrease the SSA-4513 indirect costs by \$195,534 and \$196,353 for FFYs 2005 and 2006, respectively<sup>16</sup>.
3. Work with the PA to ensure that funds are drawn down consistent with the year in which the obligations occurred.

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<sup>14</sup> DI 39566.010 DDS Physical Security, B. Procedure - Facility Security, 4. Office Safety, g. Fire extinguishers should be conspicuously located or their location conspicuously marked.

<sup>15</sup> DI 39566.010 DDS Physical Security, B. Procedure - Facility Security, 1. Perimeter Office Security, k. - Utility boxes and utility closets, e.g., electrical, gas, etc., should be kept locked to prevent tampering. The communication pathway should be as secure as possible.

<sup>16</sup> This recommendation replaces recommendation 2 in the *Follow-Up Audit: Indirect Costs for the Connecticut Disability Determination Services for the Period July 1, 2003 through June 30, 2005* (A-15-07-16034) issued on September 28, 2007.



4. Ensure the CT-DDS takes appropriate steps to safeguard PII from unnecessary disclosure.
5. Work with the CT-DDS to correct weaknesses identified in the general security controls.

## **AGENCY COMMENTS**

SSA agreed with our recommendations. See Appendix D for the full text of the Agency's comments.

## **STATE AGENCY COMMENTS**

The PA agreed with our recommendations. Although there was some disagreement with the statement that the DDS "... relied heavily on the use of taxicabs to transport applicants to their consultative examinations (CE)," the PA has instituted additional internal controls to reduce instances of purchased applicant travel and to limit the distance of allowable applicant travel. See Appendix E for the PA's comments.

## **OIG RESPONSE**

We appreciate the comments received from SSA and the PA and believe the responses and planned actions adequately address our recommendations.



Patrick P. O'Carroll, Jr.

# Appendices

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APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Automated Standard Application for Payment Transactions that Indicate Connecticut Disability Determination Services Funds Were Not Used in the Proper Federal Fiscal Year

APPENDIX D – Agency Comments

APPENDIX E – State Agency Comments

APPENDIX F – OIG Contacts and Staff Acknowledgments

### Acronyms

Act	<i>Social Security Act</i>
ASAP	Automated Standard Application for Payment
BE	Book Entry
CE	Consultative Examination
C.F.R.	Code of Federal Regulations
Core-CT	Connecticut Central Financial and Administrative Computer System
CT-APB	Connecticut Adult Probation Board
CT-DDS	Connecticut Disability Determination Services
DDS	Disability Determination Services
DI	Disability Insurance
EMS	Cater Eligibility Management System
FFY	Federal Fiscal Year
HFD	Hartford Fire Department
IG	Inspector General
I Levy	I Levy Case Processing System
MER	Medical Evidence of Record
ODD	Office of Disability Determinations
OMB	Office of Management and Budget
PA	Parent Agency
PII	Personally Identifiable Information
P.L.	Public Law
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
Treasury	Department of the Treasury
U.S.C.	United States Code

**FORMS**

SSA-4513

*State Agency Report of Obligations for SSA Disability Programs*

SSA-872

State Agency Obligational Authorization For SSA Disability Programs

# 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 Connecticut Disability Determination Services (CT-DDS) and the draw down of SSA funds.
- Interviewed staff and officials at the CT-DDS, parent agency (PA) Connecticut Department of Social Services, SSA's Boston Regional Office and Headquarters Finance Office.
- Evaluated and tested internal controls regarding accounting, financial reporting, and cash management activities.
- Reconciled State accounting records to the administrative costs reported by the CT-DDS on the *State Agency Report of Obligations for SSA Disability Programs* (SSA-4513) for Federal Fiscal Years (FFY) 2005 and 2006.
- Examined specific administrative expenditures (personnel, medical services, and all other nonpersonnel costs) incurred and claimed by the CT-DDS for FFYs 2005 and 2006 on the SSA-4513. We used statistical sampling to select expenditures to test for documentation of the medical services, personnel, and all other nonpersonnel costs.
- Examined the process and conducted analysis of indirect costs claimed by the CT-DDS for FFYs 2005 and 2006.
- Compared the amount of SSA funds drawn for support of CT-DDS operations to the cost records as reported on SSA-4513.

We determined the data provided by CT-DDS 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 SSA-4513. We also conducted detailed audit testing on selected data elements in the electronic data files. Additionally, we relied on the CT-DDS I Levy Case Processing System (I Levy) records for our consultative examination (CE) and medical evidence of record (MER) analysis. We believe for this analysis, the I-Levy records were sufficiently reliable. We performed our audit work at the CT-DDS and PA offices in Hartford, Connecticut. Work was also conducted in our

Office of Audit at SSA Headquarters. We conducted fieldwork from July through November 2007. Our audit was conducted in accordance with generally accepted government auditing standards.

## **METHODOLOGY**

Our sampling methodology encompassed the four general areas of costs reported on the SSA-4513 (1) personnel, (2) medical, (3) indirect, and (4) all other nonpersonnel costs. We obtained electronic records that supported the personnel, medical, and all other nonpersonnel costs for FFYs 2005 and 2006 for use in sampling. These records were obtained from the Connecticut central financial and administrative computer system (Core-CT) and used by the CT-DDS for the preparation of the SSA-4513. For our indirect cost we analyzed the PA cost allocation process, and the basis for its distribution of costs to the CT-DDS. We obtained medical service cost records from the CT-DDS I Levy case management system. We tested and compared the CE fees assigned by the CT-DDS fee schedule to other State and Federal fee schedules for FFYs 2005 and 2006.

### **Personnel Costs**

We randomly selected 1 pay period in the most recent year under review. We then selected a random sample of 50 regular employees. We tested CT-DDS payroll records to ensure it correctly paid employees and adequately documented these payments.

For medical consultant costs, we selected 1 pay period in the most recent year under review. We reviewed all the consultants in that pay period. We verified that the medical consultants were paid in accordance with the approved contract.

### **Medical Costs**

We sampled 100 items (50 items from each FFY) from the I Levy data records 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.

Additionally, we conducted analytical work to determine whether the CT-DDS rates exceed the highest rate paid by Federal or other agencies in the State for the same or similar types of service.

### **Indirect Costs**

Indirect costs are allocated to the CT-DDS from the Connecticut Department of Social Services through an automated allocation process. We performed an analysis of the indirect cost and found that the majority of the allocated costs were Salaries, Fringe Benefits, the Statewide Cost Allocation, and Cater Eligibility Management System. We

reviewed the cost to ensure the allocation was in compliance with the approved Public Assistance Cost Allocation Plan (PACAP)<sup>1</sup>, and that the cost allocation fairly and accurately allocated only allowable expenses to the CT-DDS

### **All Other Nonpersonnel Costs**

We selected a stratified random sample of 100 items (50 items from each FFY) from the all other nonpersonnel costs category (except for occupancy). Before selecting the sample items, we stratified the transactions in the nine cost categories. We then distributed the 50 sample items for each year between categories based on the proportional distribution of the costs. We conducted a 100-percent review of the CT-DDS rental costs for FFYs 2005 and 2006.

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<sup>1</sup> Public assistance cost allocation plan refers to a narrative description of the procedures that will be used in identifying, measuring and allocating administrative costs to all the programs administered or supervised by State public assistance agencies.

## Appendix C

# Automated Standard Application for Payment Transactions that Indicate Connecticut Disability Determination Services Funds Were Not Used in the Proper Federal Fiscal Year

Parent Agency (PA) Connecticut Department of Social Services Draw Down Activity as a Result of SSA Regional Office Reducing Funding in FFY 2006

On December 7<sup>th</sup>, 2006 the SSA Boston Regional office made a decision to reduce the total CT-DDS funding for the FFY 2006 year from \$18,751,935 to \$18,423,390. The CT-DDS had reported they did not require the excess funds. However, the PA had already drawn down \$18,751,935. To remedy this shortfall an adjustment was completed by the PA on January 3<sup>rd</sup>, 2007 to restore the shortage of the \$328,545.

FFY 2006 SSA-872** Adjustment	Prior SSA Fund Balance as of 09/25/06	Revised SSA Funding 12/7/2006	Amount of SSA Decrease	Funds Drawn from ASAP by PA	ASAP BE* adjustment Dated 1/3/2007 to move funds from FFY 2007 to FFY 2006
	\$18,751,935	\$18,423,390	\$328,545	\$18,751,935	\$328,545

We found on June 8<sup>th</sup>, 2007 the SSA Boston regional office reduced the FFY 2006 CT-DDS funding from \$18,423,390 to \$18,267,156. The CT-DDS reported they did not require the excess funds. The PA had already drawn the entire \$18,423,390. As a result the CT-DDS ASAP account was overdrawn by \$156,234. An adjustment was completed on June 19<sup>th</sup>, 2007 to restore the \$156,234. The \$328,656 and \$156,234 should have been retained as excess authorized funds in ASAP to pay pending liabilities that arose in FY 2006 (which represented funds set aside for unliquidated obligations).

FFY 2006 SSA-872 Adjustment	Prior SSA Fund Balance as of 12/07/06	Revised SSA Funding as of 06/08/07	Amount of SSA Decrease	Funds Drawn from ASAP by PA	ASAP BE* adjustment Dated 6/19/2007 to move funds from FFY 2007 to FFY 2006
	\$18,423,390	\$18,267,156	\$156,234	\$18,423,390	\$156,234

\* Book Entry

\*\*SSA-872 - State Agency Obligational Authorization for SSA Disability Programs



## Agency Comments



## SOCIAL SECURITY

### MEMORANDUM

**Date:** February 13, 2008

**Refer To:** S2D1G5/2008-9787

**To:** Patrick P. O'Carroll, Jr.  
Inspector General

**From:** Manuel J. Vaz /s/  
Regional Commissioner  
Boston

**Subject:** Administrative Costs Claimed by the Connecticut Disability determination Services (A-15-07-27176) (Your memo dated 1/11/08) - Reply

We have reviewed the draft report with the results of an Office of Inspector General audit of the administrative costs claimed by the Connecticut DDS during Federal Fiscal Years 2005 and 2006.

We concur with each of the findings and will work with the Connecticut DDS and state to resolve all findings.

## State Agency Comments



MICHAEL P. STARKOWSKI  
Commissioner

**STATE OF CONNECTICUT**  
**DEPARTMENT OF SOCIAL SERVICES**  
**OFFICE OF THE COMMISSIONER**

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February 6, 2008

Patrick P. O'Carroll, Jr., Inspector General  
Office of the Inspector General  
Social Security Administration  
6401 Security Boulevard  
Baltimore, MD 21235

Dear Mr. O'Carroll:

The following is our response to the issues raised in OIG Audit A-15-07-27176 – DDS Administrative Costs.

**Internal Controls – Applicant Travel**

The DDS disagrees with the statement that the DDS "...relied heavily on the use of taxicabs to transport applicants to their consultative examinations (CE)." For the two fiscal years audited, the DDS purchased applicant travel for 10.44% of the purchased consultative examinations in FY 2005 and for 7.46% of those purchased in FY 2006. This represents a cost percentage of 4.98% and 4.06% respectively. The applicant travel examples provided in the report are worst-case scenarios due to abnormal circumstances or to the unavailability of public transportation and/or appropriate medical providers in rural areas of the state. However, in light of the audit findings, the DDS has instituted additional internal controls to reduce instances of purchased applicant travel and to limit the distance of allowable applicant travel. The DDS is also working on a transportation RFP that should severely reduce or eliminate the use of taxicabs for applicant travel to consultative examinations.

**Indirect Costs**

We agree with this finding and recommendation. The Cost Allocation was re-run to remove costs associated with the Cater Eligibility Management System. The DDS will prepare new 4513's for fiscal years 2005 and 2006 decreasing indirect costs by \$195,534 and \$196,353 respectively.

**Cash Management Drawdown**

This finding relates to the Department's procedures for draw down of Federal funds. It states that the "PA did not match the draw down of Federal funds to the obligations that arose in that FFY." Since receiving a draft of this finding, the Department has made changes to the procedures for drawing down funds and is now drawing funds by grant year. Our previous procedure was to draw funds on a first in first out basis in order to manage the volume of drawdown activity and to adjust accounts based on final financial status reports so that the correct appropriation was charged prior to the grant being closed

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out. This method of using book entry adjustments based on final reports has been accepted practice and passed previous audits. However, we understand that this resulted in the SSA being unable to reduce the FFY authorization levels in some cases prior to the Department Making the adjustments.

**General Security Controls**

**Safeguarding PII**

We agree with the OIG audit finding and recommendation regarding the use of claimant social security numbers on payment for service letters and on consultative examination correspondence. The SSNs have been removed on this correspondence. The DDS will continue to use the claimant social security numbers on MER requests pending SSA ODD and ODP policy discussions.

**Relocating Fire Extinguishers and Sign Indicators**

We agree with this finding and recommendation. The DDS has relocated the fire extinguishers and signage to more prominent locations.

**Securing Basement Floor Communications/Electrical Closet**

We agree with this finding and recommendation. The DDS has worked out logistics with HFD and has secured the closet with a deadbolt lock.

Thank you for the opportunity to comment on the draft report, *Administrative Costs Claimed by the Connecticut Disability Determination Services (A-15-07-27176)*. If you have any questions, please feel free to contact Ms. Brenda Moore, Director of the Bureau of Rehabilitation Services, at (860) 424-4848.

Sincerely,



Michael P. Starkowski  
Commissioner

cc: Claudette Beaulieu, Deputy Commissioner  
Amalia Vazquez Bzdyra, Deputy Commissioner  
Lee Voghel, Director, Financial Management and Analysis  
Brenda Moore, Director, Bureau of Rehabilitation Services  
Linda Hyatt, DSS Administrator  
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## **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

Kristen Schnatterly, Acting Director, Financial Audit Division, (410) 965-0433

Mark Meehan, Acting Audit Manager, (410) 966-7147

### ***Acknowledgments***

In addition to those named above:

Sig Wisowaty, Auditor-in-Charge

Rick Wilson, Senior Auditor

Florence Wolford, Senior Auditor

Brennan Kraje, Statistician

For additional copies of this report, please visit our web site at [www.ssa.gov/oig](http://www.ssa.gov/oig) or contact the Office of the Inspector General's Public Affairs Specialist at (410) 965-3218. Refer to Common Identification Number A-15-07-27176.

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Chief of Staff, Committee on Ways and Means

Chairman and Ranking Minority Member, Subcommittee on Social Security

Majority and Minority Staff Director, Subcommittee on Social Security

Chairman and Ranking Minority Member, Subcommittee on Human Resources

Chairman and Ranking Minority Member, Committee on Budget, House of Representatives

Chairman and Ranking Minority Member, Committee on Government Reform and Oversight

Chairman and Ranking Minority Member, Committee on Governmental Affairs

Chairman and Ranking Minority Member, Committee on Appropriations, House of Representatives

Chairman and Ranking Minority, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives

Chairman and Ranking Minority Member, Committee on Appropriations, U.S. Senate

Chairman and Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate

Chairman and Ranking Minority Member, Committee on Finance

Chairman and Ranking Minority Member, Subcommittee on Social Security and Family Policy

Chairman and Ranking Minority Member, Senate Special Committee on Aging

Social Security Advisory Board

# **Overview of the Office of the Inspector General**

The Office of the Inspector General (OIG) is comprised of our Office of Investigations (OI), Office of Audit (OA), Office of the Chief Counsel to the Inspector General (OCCIG), and Office of Resource Management (ORM). To ensure compliance with policies and procedures, internal controls, and professional standards, we also have a comprehensive Professional Responsibility and Quality Assurance program.

## **Office of Audit**

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.

## **Office of Investigations**

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

## **Office of the Chief Counsel to the Inspector General**

OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Finally, OCCIG administers the Civil Monetary Penalty program.

## **Office of Resource Management**

ORM supports OIG by providing information resource management and systems security. ORM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, ORM is the focal point for OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act of 1993.