
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**SINGLE AUDIT OF THE
STATE OF WEST VIRGINIA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2002**

March 2004

A-77-04-00011

**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: March 25, 2004

Refer To:

To: Candace Skurnik
Director
Audit Management and Liaison Staff

From: Assistant Inspector General
for Audit

Subject: Management Advisory Report: Single Audit of the State of West Virginia for the Fiscal Year Ended June 30, 2002 (A-77-04-00011)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of West Virginia for the Fiscal Year ended June 30, 2002. Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

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

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

The West Virginia Disability Determination Services (DDS) performs disability determinations under SSA's DI and SSI programs in accordance with Federal regulations. The DDS is reimbursed for 100 percent of allowable costs. The West Virginia Division of Rehabilitation Services (DRS), Department of Education, is the West Virginia DDS' parent agency.

The single audit reported that funding techniques used for determining cash draws were not consistent with actual cash flow activity resulting in an inaccurate calculation of interest liability. The corrective action plan indicates that the State Treasurer's Office has worked with all agencies to identify funding methods and incorporate them into the Treasury State Agreement (Attachment A, pages 1, 2, and 5).

We recommend that SSA ensure the proper funding technique is used to determine cash draws for the West Virginia DDS.

The single audit also reported the following findings related to the West Virginia DDS's indirect costs. However, these findings were addressed in our OIG indirect cost audit of the West Virginia DDS and corrective actions were recommended as appropriate.¹ Accordingly, we are not making recommendations related to these findings.

1. DRS did not adequately maintain records to support that the approved indirect cost rate was applied to the proper base amount. Therefore, the auditors were not able to determine if the indirect cost rate was applied to the correct indirect cost base. The corrective action plan indicates that DRS is in the process of hiring an accountant to develop a system to track and identify indirect costs (Attachment A, pages 3 and 6). Our OIG audit determined that DRS' failure to use an accounting code in the State's accounting system to identify indirect cost items did not result in unallowable indirect costs being charged to SSA.
2. DRS used an incorrect indirect cost rate to charge indirect costs to the disability program, resulting in questioned costs of \$67,137. The corrective action plan indicates that the Chief Fiscal Officer will review the quarterly DDS cost report to ensure the correct indirect cost rate is being used (Attachment A, pages 4 and 6). Our OIG audit determined that the correct approved indirect rate was being used.

The single audit also disclosed the following findings that may impact DDS operations, although they were not specifically identified to SSA. I am bringing these matters to your attention, as they represent potentially serious service delivery and financial control problems for the Agency.

- Changes to the electronic payroll system were not developed and tested in a segregated environment (Attachment B, page 1).
- Duties over the program receipts process were not properly segregated (Attachment B, page 2).
- Procedures were not in place to identify, verify and report uncashed checks within the required 180 day period (Attachment B, page 3).

¹ Indirect Costs Claimed by the West Virginia Disability Determination Services (A-07-03-23072), December 2003.

- Procedures were not adequate to ensure salaries were appropriately charged to Federal programs (Attachment B, page 4).
- Funds were not requested in accordance with authorized funding techniques (Attachment B, pages 5 through 7).

Please send copies of the final Audit Clearance Document to Shannon Agee and Rona Rustigian. If you have questions contact Shannon Agee at (816) 936-5590.

Gale V. Stone for
Steven L. Schaeffer

Attachments

STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2002-17 INCORRECT FUNDING TECHNIQUES ASSIGNED TO PROGRAMS OR COMPONENT CASH FLOWS

Federal program information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Agriculture	
	National School Breakfast Program	10.553
	National School Lunch Program	10.555
	Child and Adult Care Food Program	10.558
	U.S. Department of Education	
	Title I Grants to Local Education Agencies	84.010
	Special Education - State Grants	84.027
	Vocational Education - Basic Grants to States	84.048
	Rehabilitation Services - Basic Support	84.126
	U.S. Department of Housing and Urban Development	
	Community Development Block Grant	14.228
	U.S. Department of Labor	
	Job Training Partnership Act	17.250
	U.S. Department of Health and Human Services	
	Child Care Mandatory and Matching Fund	93.596
	Low-Income Home Energy Assistance	93.568
	Block Grants for Prevention and Treatment of Substance Abuse	93.959
	Social Security - Disability Insurance	96.001

Criteria: Programs and program component cash flows should be assigned funding techniques that are consistent with the actual cash flow activity of the program or component cash flow.

Condition: Based on a review of the data provided by State agencies for the calculation of State interest liabilities, the programs or program component cash flows listed below appear to have been assigned funding techniques that are not consistent with actual cash flow activity.

Questioned Costs: Unknown

Context: Total federal expenditures for these programs can be located in the Schedule of Expenditures of Federal Awards.

Effect: The State may be unable to comply with their Treasury State Agreement (TSA) with the U.S. Department of the Treasury Financial Management Service assigned funding techniques. Further, for the Rehabilitation Services and Social Security Disability programs, the interest liability is understated, since the interest liability calculation was prepared using calculation methods that are applicable to the modified zero balance funding technique as opposed to the preissuance funding technique that they were authorized to use.

STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2002-17 INCORRECT FUNDING TECHNIQUES ASSIGNED TO PROGRAMS OR COMPONENT CASH FLOWS (continued)

Federal program information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Agriculture	
	National School Breakfast Program	10.553
	National School Lunch Program	10.555
	Child and Adult Care Food Program	
	U.S. Department of Education	
	Title I Grants to Local Education Agencies	84.010
	Special Education - State Grants	84.027
	Vocational Education - Basic Grants to States	84.048
	Rehabilitation Services - Basic Support	84.126
	U.S. Department of Housing and Urban Development	
	Community Development Block Grant	14.228
	U.S. Department of Labor	
	Job Training Partnership Act	17.250
	U.S. Department of Health and Human Services	
	Child Care Mandatory and Matching Fund	93.596
	Low-Income Home Energy Assistance	93.568
	Block Grants for Prevention and Treatment of Substance Abuse	93.959
	Social Security - Disability Insurance	96.001

Cause: The responsible agencies, in conjunction with State Treasurer's Office, have selected funding techniques that may not be consistent, or are no longer consistent, with the actual cash flow activity of the programs or component cash flows. It is also possible that information reported to the Treasurer's Office by the agencies indicates that there are inconsistencies between the assigned funding technique and actual cash flow activity when in fact there aren't.

- Recommendation:**
1. The staff of the Treasurer's Office should contact the responsible agencies for each of the programs listed above to determine the proper funding techniques that should be assigned to programs or program component cash flows. The TSA should be amended for any modifications made to the assigned funding techniques.
 2. Treasurer's Office staff should recalculate the fiscal year 2001 interest liabilities for the Rehabilitation Services and Social Security Disability programs using interest calculation methodologies that are consistent with the actual cash flow activity. Any differences between the reported and recalculated liabilities should be reported on the fiscal year 2002 *CMIA Annual Report* as adjustments.

STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2002-75 INDIRECT COSTS (Prior Year Finding 2001-52)

Federal program information:	Federal Agency and Program Name	CFDA#
	Social Security Administration Disability Insurance Cluster	96.001

Criteria: The West Virginia Division of Rehabilitation Services (the Division) is required to maintain records that demonstrate that indirect cost rates were applied in accordance with approved rate agreements and that associated billings were the result of applying the approved rate to the proper base amount.

Condition: The Division is not identifying indirect costs separately from direct costs within WV FIMS (accounting system). The current negotiated rate is not being multiplied by the appropriate base as a result of indirect costs being inappropriately included in the base amount utilized.

Questioned Costs: Unknown.

Context: The amount of indirect costs reimbursed for the year ended June 30, 2002, approximated \$1,619,000. Total federal expenditures for the Disability Insurance Cluster were \$18,256,434 for the year ended June 30, 2002.

Effect: The Division is being reimbursed for indirect costs in excess of the negotiated amount.

Cause: The base amount used to calculate the indirect cost reimbursement included both direct and indirect costs.

Recommendation: The Division should ensure that the base amount used to compute reimbursable indirect costs only includes direct costs. For consistency among State of West Virginia agencies, we recommend that the Division use FIMS' object code 125 in identifying indirect costs charged directly to grant awards.

STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2002-76 INDIRECT COSTS (Prior Year Finding 2001-53)

Federal program information:	Federal Agency and Program Name	CFDA#
	Social Security Administration Disability Insurance Cluster	96.001

Criteria: The West Virginia Division of Rehabilitation Services (the Division) is required to maintain records that demonstrate that indirect cost rates were applied in accordance with approved rate agreements and that associated billings were the result of applying the approved rate to the proper base amount.

Condition: The Division used the wrong indirect cost rate to charge indirect costs to the federal program.

Questioned Costs: \$67,137

Context: The total amount overcharged for indirect costs was \$67,137. Total federal expenditures for the Disability Insurance Cluster were \$18,256,434 for the year ended June 30, 2002.

Effect: The amount charged to the federal grantor for indirect costs exceeded the allowable amount as identified in the indirect cost rate agreement.

Cause: The indirect cost rate for the year ended June 30, 2000, was incorrectly used to charge indirect costs for part of the year ended June 30, 2002.

Recommendation: The Division should ensure that current and accurate indirect rates are used to charge indirect costs.

**STATE OF WEST VIRGINIA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**2002-17 INCORRECT FUNDING TECHNIQUES ASSIGNED TO
PROGRAMS OR COMPONENT CASH FLOWS**

Office of the State Treasurer

**CFDA Number 10.553, 10.555, 10.558, 84.010, 84.027, 84.048,
84.126, 14.228, 17.250, 93.596, 93.568, 93.959, and 96.001**

During FY 2002, the Treasurer's Office issued letters to all agencies to confirm their funding method as part of revisions to the Treasury State Agreement (TSA). This process required agencies to review their current operating procedures and grant agreements to ensure they were in compliance with their funding technique. These changes were incorporated in the TSA as a final document. As part of internal procedures, the Treasurer's Office also reviews assigned funding methods for agencies on a yearly basis.

2002-18 FEDERAL REPORTING

Department of Education (DOE)

CFDA Number 10.553, 10.555, 10.556, 10.559

The DOE will add a review process in the preparation of this report before it is filed.

2002-19 SUBRECIPIENT MONITORING - PROGRAMMATIC

Department of Education

CFDA Number 10.553, 10.555, 10.556, 10.559

The DOE has implemented an Access database tracking log to assist in monitoring the administrative review process. The newly implemented procedures help ensure that all monitoring files and logs contain complete documentation and are updated routinely. Additionally, this computerized system will help identify and target

**STATE OF WEST VIRGINIA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

2002-75 INDIRECT COSTS

**Division of Rehabilitation Services
CFDA Number 96.001 and 96.006**

The DRS is in the process of hiring an accountant who will oversee the agency's indirect cost plan. This person will develop a system to track and identify indirect costs on an individual and aggregate basis. This person should be on board no later than April 1, 2003. Once the system to track the indirect costs is in place, the DRS will begin using the WVFIMS object code 125. The expected completion date is July 1, 2003.

2002-76 INDIRECT COSTS

**Division of Rehabilitation Services
CFDA Number 96.001 and 96.006**

The Chief Fiscal Officer or his designee will review the quarterly DDS federal cost report to ensure that the proper indirect cost rate is being used. This is currently being performed.

STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2002-2 IT PROCESS CONTROLS REVIEW (Prior Year Finding 2001-1)

Federal program information: Federal Agency and Program Name
Not Applicable

CFDA#
Not Applicable

Criteria: Management of the State is responsible for establishing and maintaining adequate controls over changes to its information systems.

Condition: The State processes payroll for all of the State agencies on the EPICS payroll system administered by the Office of the State Auditor. Currently, most changes are being implemented directly into production by the programmer rather than being developed and tested in a segregated environment.

Questioned Costs: N/A.

Context: EPICS change management controls at the Office of the State Auditor can potentially affect the payroll processing for all State agencies.

Cause: Management indicated that the lack of segregation of duties regarding the EPICS change management process is due to limited staffing available to support the application.

Effect: When programmers have direct access to production, the controls in place to ensure that all changes are properly authorized and approved are compromised, since a programmer has the ability to implement changes that may go undetected. Additionally, by implementing changes directly into production, even if in edit mode, the effect that the change will have on the application's processing and interfacing applications has not been fully tested and the State increases the risk that the change could negatively impact daily routine processing. Without effective change controls, management must rely on mitigating manual/user controls to be assured that application program and data integrity are maintained.

Recommendation: Implementing policies and procedures that require all changes to be developed and tested in an environment independent of production should decrease the risk of application changes disrupting daily processing. Programmers' direct access to the production environment should be restricted to provide additional assurance that only authorized changes are migrated into production. In addition, the State should continue training the current development staff regarding application logic so that a sufficient number of individuals have knowledge to support these applications.

STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2002-13 PROGRAM INCOME – INTERNAL CONTROL (Prior Year Finding 2001-8)

Federal program information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Education Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126

Criteria: An integral part of an entity's accounting function is the establishment of internal control, including assigning the responsibilities for authorizing transactions, recording transactions and maintaining custody of assets, and establishing various control steps to assist in monitoring the financial reporting process, thus reducing the risk of irregularities or defalcations occurring and not being detected.

Condition: Because one employee of the West Virginia Division of Rehabilitation Services (the Division) is responsible for the collecting, recording, and reconciling of program income cash receipts, adequate segregation of duties does not exist for the receipts process of program income at the rehabilitation center.

Questioned Costs: N/A

Context: Total program income receipts at the rehabilitation center for the Vocational Rehabilitation Grants to States program were approximately \$750,000 for the year ended June 30, 2002. Total federal expenditures for the Vocational Rehabilitation Grants to States program were \$23,491,598 for the year ended June 30, 2002.

Effect: Adequate segregation of duties does not exist for the receipt function; therefore, there is a risk that irregularities or defalcations could occur and not be detected in a timely manner.

Cause: Due to staff limitations, management indicated that the Division has not segregated these duties.

Recommendation: We recommend that management review the segregation of duties as it relates to the program income receipts and ensure that either duties are adequately segregated or mitigating controls are put in place to reduce the risk of irregularities or defalcations.

STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2002-14 UNCASHED STALE-DATED STATE CHECKS (Prior Year Finding 2001-9)

Federal program information: Federal Agency and Program Name Overall State - Various Programs CFDA# Undeterminable

Criteria: Each state department and agency that receives and disburses federal awards is required by OMB Circular A-102 to have a "grantee financial management system which shall provide accurate, current, and complete disclosure of the financial results of each grant program." Further, OMB Circular A-87 states for costs to be allowable under Federal awards, they must be net of all applicable credits. Additionally, 45 CFR 201.67 and 42 CFR 433.40 indicate that disbursements that are not cashed within 180 days must be credited to the Assistance and Medicaid Programs.

Condition: The Office of the State Treasurer (the "Treasurer") does not have sufficient reporting procedures to enable various state departments and agencies to identify, verify, and report uncashed stale-dated State checks by grant to the federal grantor within the required 180 days. Further, the State of West Virginia does not have procedures in place to identify and resolve uncashed stale-dated State checks issued through bank accounts outside the Treasurer's office.

Questioned Costs: Unknown.

Context: As of the date of our fieldwork, the total uncashed stale-dated state checks through the Treasurer's office for the State was \$18,705,311.
The amount of uncashed stale-dated checks through outside bank accounts is unknown.

Effect: Federal programs are not receiving credit for the amount, of uncashed stale-dated State checks related to federal awards.

Cause: Management has indicated that due to limitations and time constraints, the process of identifying the federal portion of the uncashed stale-dated checks cannot be completed within the 180-day period.

In addition, the State of West Virginia does not have a system in place to identify the federal portion of the uncashed stale-dated State checks for bank accounts outside the Treasurer's office.

Recommendation: The recipient State agencies should report and credit the amount of uncashed stale-dated State checks to their respective federal grantor(s) within the required time period.

Additionally, the State of West Virginia should develop sufficient procedures to enable verification of uncashed stale-dated State checks relative to federal awards through outside bank accounts.

STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2002-49 ALLOCATED COST - TIME AND EFFORT

Federal program information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Education	
	Title I - Grants to Local Education Agencies	84.010
	Title VI - Innovative Education Program Strategies	84.298

Criteria: OMB Circular A-87 establishes principles for determining the allowable administrative costs incurred by State, local and other governments under grants and sets forth the principles for claiming those costs for federal reimbursement. Furthermore, Section C, subpart 1 (j) of OMB Circular A-87 requires that all costs be adequately documented.

Condition: The West Virginia Department of Education (DOE) does not have procedures in place to ensure that allocated salaries charged to Title I and Title VI grants are appropriate.

Questioned Costs: Unknown

Context: Total federal expenditures for personnel charged in part to the Title I and VI programs were approximately \$88,000 and \$132,000, respectively, for the year ended June 30, 2002. Total federal expenditures for the Title I and VI programs were \$76,503,047 and \$1,949,672, respectively, for the year ended June 30, 2002.

Effect: Federal funds may be charged for time and effort of a separate federal fund.

Cause: Management does not require time and effort reports to be prepared by applicable personnel to determine the amount of cost to be allocated to each federal grant.

Recommendation: DOE should ensure policies and procedures are in place to ensure that time and effort reports are maintained and utilized in charging federal awards for allocated charges.

STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2002-51 NON-COMPLIANCE WITH AUTHORIZED FUNDING TECHNIQUES
(Prior Year Finding 2001-54)

Federal program information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Education	
	Special Education – State Grants	84.027
	U.S. Department of the Interior	
	Regulation of Surface Coal Mining and Surface	
	Effects of Underground Coal Mining	15.250
	Abandoned Mine Lands Reclamation	15.252
	U.S. Department of Labor	
	Unemployment Insurance – State Administration	17.225
	U.S. Department of Health and Human Services	
	Temporary Assistance for Needy Families	93.558
	Child Support Enforcement	93.563
	Child Care and Development Block Grant	93.575
	Foster Care – Title IV-E	93.658
	Grants to States for Medicaid	93.778
	U.S. Federal Emergency Management Agency	
	Mitigation Assistance	83.535
	Public Assistance Grants	83.544

Criteria:

Section 6.1.1 of the amended Treasury State Agreement (TSA) states in part that: “The State shall request funds in accordance with the appropriate cut-off times....to ensure that the funds will be received and credited to a State account by the times specified in the funding techniques.” All but one of the above programs or component cash flows are required by 6.3.s of the TSA to use the Pre-issuance funding technique. This technique requires that the State request funds such that they are deposited in a State account not more than two days before the day the State makes a disbursement. The remaining program component cash flow has been assigned the in-advance-of-issuance funding technique. This technique requires that the State request funds such that they are deposited in the State’s accounts not more than one day before the transaction is completed in the Statewide accounting system. This is generally three to six days prior to day the State makes a disbursement. The following explains the instances of possible non-compliance noted:

- (a) Funds not disbursed in a timely manner - More than two days elapsed between the day of receipt of Federal funds and the day those funds were disbursed. In the cases where the program is assigned the in-advance-of-issuance funding technique, more than six days elapsed between the day of receipt and the day of disbursement.
- (b) Reimbursement funding used - State funds were paid out of (debited to) the State’s account before the receipt of the related Federal funds. Per 31 CFR 205 Subpart A, §205.6(e): “After June 30, 1994 reimbursable funding is prohibited, except where mandated by Federal law.”

STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2002-51 NON-COMPLIANCE WITH AUTHORIZED FUNDING TECHNIQUES (continued)

Federal program information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Education	
	Special Education – State Grants	84.027
	U.S. Department of the Interior	
	Regulation of Surface Coal Mining and Surface	
	Effects of Underground Coal Mining	15.250
	Abandoned Mine Lands Reclamation	15.252
	U.S. Department of Labor	
	Unemployment Insurance – State Administration	17.225
	U.S. Department of Health and Human Services	
	Temporary Assistance for Needy Families	93.558
	Child Support Enforcement	93.563
	Child Care and Development Block Grant	93.575
	Foster Care – Title IV-E	93.658
	Grants to States for Medicaid	93.778
	U.S. Federal Emergency Management Agency	
	Mitigation Assistance	83.535
	Public Assistance Grants	83.544

Condition: Based on information provided to the Treasurer's Office by State agencies for the calculation of State interest liabilities, the above programs appear to have repeatedly failed to request funds in accordance with their authorized funding techniques.

Questioned Costs: Unknown

Context: Total federal expenditures for these programs can be located in the Schedule of Expenditures of Federal Awards.

Effect: If a State materially fails to comply with 31 CFR 205 Subpart A, *Rules and Procedures for Fund Transfers*, the Financial Management Service of the United States Department of the Treasury (the FMS) may take one or more of the following actions, as appropriate:

- (a) Request a Federal Agency or the General Accounting Office to conduct an audit of the State to determine interest owed to the Federal Government, and implement procedures to recover such interest.
- (b) Deny the reimbursement of all or a part of the State's direct cost claim.
- (c) Take any other remedies legally available.

Additionally, where programs are using the reimbursement funding technique, the State is losing the opportunity to earn interest. Since the State is advancing its own funds to cover expenditures for program purposes, such funds are not available to be invested.

Cause: The specific causes for the possible noncompliance are not known. It is possible that information reported to the Treasurer's Office by the agencies indicates that there are instances of noncompliance occurring when, in fact, none exist. It is also possible that the agencies have selected or been assigned a funding technique that does not reflect the actual activity of the program.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

2002-51 NON-COMPLIANCE WITH AUTHORIZED FUNDING TECHNIQUES (continued)

Federal program information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Education	
	Special Education – State Grants	84.027
	U.S. Department of the Interior	
	Regulation of Surface Coal Mining and Surface	
	Effects of Underground Coal Mining	15.250
	Abandoned Mine Lands Reclamation	15.252
	U.S. Department of Labor	
	Unemployment Insurance – State Administration	17.225
	U.S. Department of Health and Human Services	
	Temporary Assistance for Needy Families	93.558
	Child Support Enforcement	93.563
	Child Care and Development Block Grant	93.575
	Foster Care – Title IV-E	93.658
	Grants to States for Medicaid	93.778
	U.S. Federal Emergency Management Agency	
	Mitigation Assistance	83.535
	Public Assistance Grants	83.544

- Recommendation:**
1. Cash Management staff should continue to work with agencies to determine whether the funding techniques assigned to covered programs are appropriate. Amendments to the TSA should be made as appropriate to reflect changes in the funding technique. In cases where the funds are not disbursed in a timely manner, the Cash Management staff may be able to use the actual cash flow activity of the program or program component cash flow as basis for defining and negotiating an acceptable funding technique. In cases where the reimbursement funding technique is used, Cash Management staff should work with the agency to eliminate the use of this technique.
 2. Where agencies have selected or been assigned the appropriate funding techniques, the Treasurer's Office staff should continue working with State agencies to assist them in complying with the provisions of the amended TSA and 31 CFR Part 205.
 3. In cases where a State agency indicates that they have received authorization from a grantor agency to use a funding technique that is contrary to the authorized funding technique per the amended TSA or is contrary to the provisions of the 31 CFR Part 205, Treasurer's Office staff should obtain copies of the authorization and work with the FMS to determine whether the technique is allowable and whether the TSA should be amended to authorize the State agency to use it.

Overview of the Office of the Inspector General

Office of Audit

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers' Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations and cash flow. Performance audits review the economy, efficiency and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency, rather than detecting problems after they occur.

Office of Executive Operations

The Office of Executive Operations (OEO) supports the Office of the Inspector General (OIG) by providing information resource management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the *Government Performance and Results Act*. OEO is also responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from SSA, as well as conducting investigations of OIG employees, when necessary. Finally, OEO administers OIG's public affairs, media, and interagency activities, coordinates responses to Congressional requests for information, and also communicates OIG's planned and current activities and their results to the Commissioner and Congress.

Office of Investigations

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Counsel to the Inspector General

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.