Report Summary

Social Security Administration Office of the Inspector General

October 2011

Objective

In response to a request of Representative Sam Johnson, Chairman, Subcommittee on Social Security, Committee on Ways and Means, we reviewed information on the Social Security Administration's (SSA) Limitation on Administrative Expenses (LAE) appropriation's transfer of unobligated annual LAE funds to the no-year account for information technology (IT) investment.

Background

Since Fiscal Year (FY) 1996, public law has required that the unobligated balances provided for annual LAE at the end of each FY remain available until expended to invest in IT. This provision has allowed SSA to transfer millions of dollars for a computing network, IT, telecommunications hardware and software infrastructure, and non-payroll administrative expenses associated solely with these costs.

To view the full report, visit http://oig.ssa.gov/audits-and-investigations/audit-reports/A-15-11-01117

Congressional Response Report: The Social Security Administration's Limitation on Administrative Expenses Appropriation's Transfer Authority

(A-15-11-01117)

Our Findings

We determined that the Agency funded its IT investment from a combined budget of the annual LAE and no-year LAE funds. As a result, the transfer process required that SSA monitor the IT spending closely and report the balances of prior year funds for transfer availability.

During our review, we obtained information on the (1) the original intent of SSA's LAE transfer authority, amounts initially transferred, and whether SSA's transfer process has changed; (2) the Office of Management and Budget's role in SSA's LAE transfer process; (3) SSA's IT expenses over the past 2 years; (4) year-end IT account balances for past 5 years; (5) SSA's basis for needing $196 million as an unobligated balance in the LAE at the end of FY 2011; (6) IT account structure and financing process; and (7) SSA's basis for transferring money to the IT fund rather than using such funds to find and prevent wasteful spending for erroneous benefits.

Our Recommendations

The Agency stated that leaving approximately 1 percent in the annual LAE appropriation per year is reasonable to avoid an *Anti-Deficiency Act* violation. We understand it is neither sound nor prudent practice to obligate an entire FY appropriation; however, our review of historical trends would indicate that a lower percentage is supportable by actual experience. This would then allow SSA to increase its funding to other Agency workloads such as disability and program integrity workloads.

Additionally, we believe the transparency of the process could be improved if, before making the LAE transfer, the Agency notified Congress of its intentions and its reasons for leaving certain amounts unobligated in annual LAE accounts.