



SOCIAL SECURITY

MEMORANDUM

Date: December 18, 2008

Refer To:

To: Candace Skurnik
Director
Audit Management and Liaison Staff

From: Inspector General

Subject: Management Advisory Report: Single Audit of the Commonwealth of Virginia for the Fiscal Year Ended June 30, 2007 (A-77-09-00005)

This report presents the Social Security Administration's (SSA) portion of the single audit of the Commonwealth of Virginia for the Fiscal Year (FY) ended June 30, 2007. Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

The Auditor of Public Accounts performed the audit. We have not received the results of the desk review conducted by the Department of Health and Human Services (HHS). We will notify you when the results are received if HHS determines the audit did not meet Federal requirements. In reporting the results of the single audit, we relied entirely on the internal control and compliance work performed by the Auditor for Public Accounts, and the reviews performed by HHS. We conducted our review in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

For single audit purposes, the Office of Management and Budget (OMB) 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 Virginia Disability Determination Services (DDS) performs disability determinations under SSA's DI and SSI programs in accordance with Federal regulations. The Virginia DDS is reimbursed for 100 percent of allowable costs. The Department of Rehabilitative Services (DRS) is the Virginia DDS' parent agency.

The single audit reported that:

1. DRS does not provide employees training on information security. The corrective action plan indicated that DRS is in the process of updating its Security Awareness Training Program to include information security as well as physical security (Attachment A, page 1).
2. DRS data exchanged between two computer systems was not adequately protected (e.g., encrypted). The corrective action plan indicated that DRS is working with SSA to correct the deficiency (Attachment A, pages 1 and 2).
3. One DRS employee had the dual ability to create and approve payroll transactions. The corrective action plan indicated that DRS will remove this employee's ability to both create and approve transactions (Attachment A, page 3).

We recommend SSA:

1. Ensure DRS developed training that addressed information security.
2. Verify that controls have been put in place to protect DDS data exchanged between computer systems.
3. Confirm that DRS terminated the employee's ability to create and approve payroll transactions.

The single audit also identified concerns related to policies and procedures applicable to DRS' network administration and configuration; system and backup monitoring; and access and password controls (Attachment B). Although this finding was not specifically identified to SSA, it may have an impact on DDS operations. I am bringing this matter to your attention as it represents a potentially serious computer control problem for the Agency.

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



Patrick P. O'Carroll, Jr.