

Report Summary

Social Security Administration Office of the Inspector General

September 2009



Objective

To determine whether the indirect costs claimed by the New Mexico Disability Determination Services (NM-DDS) for Federal Fiscal Years 2007 and 2008 were allowable and properly allocated.

Background

The Social Security Administration (SSA) is responsible for implementing policies for the development of claims under the Disability Insurance (DI) and Supplemental Security Income (SSI) programs. Disability determinations under both DI and SSI are performed by disability determination services (DDS) in each State or other responsible jurisdiction, in accordance with Federal regulations. SSA reimburses the DDS parent Agency for 100 percent of allowable direct and indirect costs.

To view the full report, visit
http://www.ssa.gov/oig/ADO_BEPDF/A-06-09-19122.pdf

Indirect Costs Claimed by the New Mexico Disability Determination Services (A-06-09-19122)

Our Findings

Indirect costs claimed for reimbursement under SSA's disability programs were generally allowable and paid in accordance with the cost rates approved by the cognizant agency. However, the New Mexico Division of Vocational Rehabilitation (NM-DVR) allocated costs to NM-DDS from three indirect cost pools in amounts that were not equitable considering the relative benefit received. NM-DVR used the single rate method to allocate more than \$1 million in indirect costs attributable to the three indirect cost pools and did not make any adjustments to reflect that many of the services provided by Information Services, General Expenditures and Procurement, and Human Resources were either already provided by SSA or were not used by NM-DDS. NM-DDS will continue to receive excess indirect cost allocations as long as NM-DVR continues to allocate these indirect cost pools using an unadjusted single rate method.

Our Recommendations

We recommended that SSA ensure NM-DDS bears no more than its fair share of indirect costs by working with NM-DVR and the cognizant agency to develop and implement a methodology that allows for downward adjustments to Information Services, General Expenditures and Procurement, and Human Resources indirect cost pool amounts to reflect the actual degree of support provided to NM-DDS.

SSA and NM-DVR agreed to work cooperatively to ensure NM-DDS bears no more than its fair share of indirect costs.