

# Report Summary

Social Security Administration Office of the Inspector General

April 2012



## Objective

To evaluate the Iowa Disability Determination Services' (IA-DDS) internal controls over the accounting and reporting of administrative costs, determine whether costs IA-DDS claimed were allowable and properly allocated and funds were properly drawn, and assess limited areas of the general security controls environment.

## Background

Disability determinations under both the Disability Insurance and Supplemental Security Income programs are performed by disability determination services (DDS) in each State and other responsible jurisdictions. The Social Security Administration (SSA) reimburses the DDS for 100 percent of allowable reported expenditures up to its approved funding authorization.

To view the full report, visit <http://oig.ssa.gov/audits-and-investigations/audit-reports/A-07-11-11184>

## *Administrative Costs Claimed by the Iowa Disability Determination Services (A-07-11-11184)*

## Our Findings

In general, IA-DDS' internal controls over the accounting and reporting of administrative costs were adequate to ensure costs claimed were allowable and properly allocated and funds were properly drawn. However, we found that SSA was charged unallowable indirect costs totaling \$85,556 because of an error in the indirect cost rate calculation. This occurred because the State Fiscal Year (FY) 2010 indirect cost rate, approved by the Department of Education (ED) and used by Iowa Vocational Rehabilitation Services to charge indirect costs to SSA, was incorrectly calculated. Specifically, ED did not include an adjustment of \$175,582 in unallowable costs when calculating the State FY 2010 indirect cost rate. We also found IA-DDS disclosed disability claimants' personally identifiable information (PII) on forms where it was not necessary. Regarding general security controls, we found IA-DDS did not have water leakage alarms in the computer server room.

## Our Recommendations

We recommend the SSA Regional Commissioner:

1. Ensure the \$175,582 adjustment for unallowable costs is included in the State FY 2014 indirect cost rate approved by ED.
2. Remind the IA-DDS to limit the disclosure of PII in third-party correspondence, where possible.
3. Instruct IA-DDS to install water leakage alarms in the computer server room to meet SSA's requirement.

SSA and the Iowa Vocational Rehabilitation Services agreed with our recommendations.