

Report Summary

Social Security Administration Office of the Inspector General

April/May 2011



Objective

To report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to the Social Security Administration (SSA) for resolution action.

Background

The Department of Labor and Industry (L&I) is the Pennsylvania Bureau of Disability Determination's (BDD) parent agency and the Office of Temporary and Disability Assistance is the New York Disability Determinations Services' parent agency.

The Office of Vocational Rehabilitation (OVR) in L&I for the Commonwealth of Pennsylvania provides vocational rehabilitation services to Social Security beneficiaries.

To view the full reports, visit
http://www.ssa.gov/oig/ADO_BEPDF/A-77-11-00010.pdf

http://www.ssa.gov/oig/ADO_BEPDF/A-77-11-00011.pdf

Management Advisory Reports: Single Audits of the Commonwealth of Pennsylvania for the Fiscal Year Ended June 30, 2009 (A-77-11-00010) and the State of New York for the Fiscal Year Ended March 31, 2009 (A-77-11-00011)

Our Findings

The single audit of the Commonwealth of Pennsylvania reported that OVR could not provide complete documentation to support SSA reimbursements totaling \$9,722 for vocational rehabilitation services. In addition, the Commonwealth of Pennsylvania was not in compliance with the *Cash Management Improvement Act* (CMIA) regulations and procedures for clearance pattern requirements and interest calculations. As a result, the CMIA Annual Report submitted to the Department of the Treasury misstated the interest liability by a minimum of \$3.4 million.

The single audit of the State of New York reported that indirect costs were charged to various Federal agencies, including SSA, based on cost allocation plan methodologies that were pending approval by the Department of Health and Human Services' Division of Cost Allocation.

Our Recommendations

For the Commonwealth of Pennsylvania, we recommend that SSA (1) determine whether the reimbursements to OVR totaling \$9,722 were appropriate and, if not, request a refund of the unallowable costs, (2) ensure OVR is maintaining adequate documentation to support SSA reimbursements for vocational rehabilitation services, and (3) ensure that BDD cash draws are based on the CMIA.

For the State of New York, we recommended corrective action to SSA on this finding in a March 2010 report. However, SSA has not provided documentation of any corrective action taken on the prior finding. Further, we are currently conducting an audit of the New York DDS indirect costs, which covers the same period as the single audit. The current audit will review the allowability of indirect costs claimed by the New York DDS. Accordingly, we are not making any recommendations.