

Summary of Administrative Costs Claimed by the Virginia Disability Determination Services

A-03-12-11207



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Social Security Administration Office of the Inspector General

Objective

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

Background

The Social Security Administration (SSA) implements policy for the development of disability claims under the Disability Insurance and Supplemental Security Income programs. Disability determinations are performed by disability determination services in each State. SSA reimburses the DDS for 100 percent of allowable costs up to its approved funding. VA-DDS is a component of the Virginia Department of Aging and Rehabilitative Services. In FYs 2009 and 2010, VA-DDS claimed costs of about \$39 and \$43 million, respectively.

To view the full report, visit
<http://oig.ssa.gov/audits-and-investigations/audit-reports/A-03-12-11207>.

Our Findings

Generally, VA-DDS had effective controls over the accounting and reporting of administrative costs. The costs VA-DDS claimed on Forms SSA-4513, *State Agency Report of Obligations for SSA Disability Programs*, as of April 2012 for FYs 2009 and 2010 were allowable and properly allocated, and funds were properly drawn. However, we found that VA-DDS had been operating under a Memorandum of Understanding (MoU) that had been issued in January 1991 (over 20 years ago) and did not have a specified period of performance or expiration date. Although SSA issued instructions to all Regional Commissioners in February 2009 to update any existing MoUs that did not have an expiration date, we found, as of May 2012, the regional office had not finalized and signed a new MoU with VA-DDS. Finally, our limited review of VA-DDS' physical security controls generally showed that controls were in place. Although the VA-DDS employees received the security awareness training online, the disability determination services needs to ensure its staff also signs the required security awareness acknowledgment statements.

Our Recommendations

We recommend the SSA Regional Commissioner:

1. Finalize and sign a new MoU that complies with the current guidance.
2. Instruct VA-DDS to conduct security awareness training annually and maintain the signed annual security acknowledgement statements on file for a minimum of 1 year and validate to the regional office that all employees and contractors received the training and signed the acknowledgment statement.

SSA and the VA-DRS agreed with our recommendations.