

Report Summary

Social Security Administration Office of the Inspector General

May 2012



Objective

To determine whether indirect costs claimed by the New York State Office of Temporary and Disability Assistance (OTDA) for Federal Fiscal Years (FFY) 2008 and 2009 were allowable and properly allocated.

Background

Disability determinations under the Social Security Administration's (SSA) Disability Insurance and Supplemental Security Income programs are performed by disability determination services (DDS) in each State or other responsible jurisdiction.

SSA reimburses the DDS for 100 percent of allowable expenditures up to their approved funding authorization. At the end of each quarter of the fiscal year, each DDS submits a *State Agency Report of Obligations for SSA Disability Programs* (Form SSA-4513) to account for program disbursements and unliquidated obligations.

To view the full report, visit <http://oig.ssa.gov/audits-and-investigations/audit-reports/A-02-11-11135>

New York State Disability Determination Program

Indirect Costs

(A-02-11-11135)

Our Findings

In New York State, the Disability Determination Division (DDD) oversees four DDS processing centers. The New York State OTDA is DDD's parent agency. OTDA claimed \$201,391 in unallowable, not properly allocated, or inaccurate costs in FFYs 2008 and 2009. We found that OTDA claimed the salary of a non-DDD employee as part of the costs claimed for the DDD Support Component. Additionally, OTDA was unable to provide adequate evidence to support \$81,215 in indirect costs in FFYs 2008 and 2009. Without adequate evidence, we were unable to determine whether the indirect costs were allowable or properly allocated. We also found that OTDA did not accurately calculate the funding year costs of the DDD Support Component.

Our Recommendations

We recommend that SSA:

1. Instruct OTDA to refund the \$201,391 in unallowable, not properly allocated, or inaccurate costs we identified.
2. Work with OTDA to determine whether it claimed additional unallowable costs related to the non-DDD employee salary included as part of the DDD Support Component's claimed costs.
3. Instruct OTDA to refund the \$81,215 in unsupported costs if it cannot provide evidence to support them.
4. Determine whether the salaries of the DDD Support Component employees should be claimed as a direct cost and instruct OTDA accordingly.
5. Work with OTDA to establish a written set of mutually agreed upon procedures for the accounting, reporting, and drawing down of attributable funds claimed on the SSA-4513s.

SSA agreed with the recommendations.