

Report Summary

Social Security Administration Office of the Inspector General

February 2009



Objectives

Our objectives were to (1) evaluate the Kentucky Cabinet for Health and Family Services' (KY-CHFS) and Kentucky Disability Determination Services' (KY-DDS) internal controls over the accounting and reporting of administrative costs; (2) determine whether costs claimed by the KY-DDS were allowable and funds were properly drawn; and (3) assess limited areas of the general security controls environment.

Background

The Social Security Administration's (SSA) Disability Insurance and Supplemental Security Income programs allow disability determination services (DDS) in each State or other responsible jurisdiction to perform disability determinations, including purchasing claimants' medical records to make proper disability determinations. SSA pays 100 percent of allowable expenditures.

To view the full report, visit
<http://www.ssa.gov/oig/ADO/BEPDF/A-08-08-18059.pdf>

Administrative Costs Claimed by the Kentucky Disability Determination Services (A-08-08-18059)

Our Findings

KY-CHFS' and KY-DDS' internal controls over the accounting and reporting of administrative costs for Federal Fiscal years 2005 and 2006 were generally effective to ensure costs claimed were allowable and funds were properly drawn. However, we determined that KY-DDS' inventory controls were not sufficient. We also determined that KY-DDS' general security controls and practices did not adequately protect claimant data or ensure the ongoing security of personnel and property. In addition, KY-DDS' Security Plan did not meet SSA requirements. Moreover, SSA policy for DDSs did not always provide sufficient guidance.

Our Recommendations

SSA's Atlanta Regional Office needs to ensure:

1. KY-DDS establishes adequate internal controls over inventory to ensure that inventory records are reliable and maintained in accordance with SSA policy.
2. Louisville and Frankfort offices' security weakness are reduced or eliminated, which included establishing a Security Plan and developing Risk Assessment Plans that meet SSA requirements.
3. Work with SSA's Office of Disability Determinations to revise and/or establish Agency policy related to equipment rentals, DDS staff travel and federally sanctioned medical consultants.

SSA agreed with the recommendations.