

Report Summary

Social Security Administration Office of the Inspector General

August 2009



Objective

For our audit of Fiscal Year (FY) 2006 and 2007 administrative costs claimed by the Massachusetts Disability Determination Services (MA-DDS), our objectives were to (1) evaluate MA-DDS' internal controls over the accounting and reporting of administrative costs; (2) determine whether costs claimed by MA-DDS were allowable and properly allocated and funds were properly drawn; and (3) assess limited areas of the general security controls environment.

Background

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

SSA reimburses the DDS for 100 percent of allowable reported expenditures up to its approved funding authorization, based on a State Agency Report of Obligations for SSA Disability Programs (Form SSA-4513).

To view the full report, visit
http://www.ssa.gov/oig/ADO_BEPDF/A-01-09-19035.pdf

Administrative Costs Claimed by the Massachusetts Disability Determination Services (A-01-09-19035)

Our Findings

INDIRECT COST ALLOCATION

We calculated variances on indirect costs of \$148,275 in FY 2006 and \$162,217 in FY 2007. The variances were due to MA-DDS' use of an indirect cost rate that was lower than the approved rate. Therefore, MA-DDS underreported the amount of indirect charges on Form SSA-4513 for FYs 2006 and 2007.

We also calculated the indirect costs for FY 2008 to determine whether the variances were corrected in the subsequent year. The variances for the 3-year period netted an underreported indirect cost amount of \$146,919.

As of June 2009, MA-DDS had planned to post an adjusting entry to Form SSA-4513 for FY 2008 to correctly reflect the actual indirect costs incurred by MA-DDS for FYs 2006 through 2008.

EXPENDITURE CLASSIFICATION

Based on our samples, we found that some expenditures were misclassified during the period audited. For example, we found eight invoices, totaling \$9,780, for the same vendor were classified as Applicant Travel; however, they should have been coded as Contracted Costs. Also, we found a \$5,450 invoice that was classified as Equipment Rental, yet it was related to Equipment Purchase.

Our Recommendations

1. Reconcile the amounts for indirect cost allocations and record an adjusting entry as necessary.
2. Review expenses to ensure they are classified correctly on Form SSA-4513.

SSA agreed with the recommendations.