

The Social Security Administration's Oversight of Disability Determination Services' Financial Management

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Office of Audit Report Summary

Objectives

Our objectives were to summarize the results of prior audits and provide the Social Security Administration (SSA) recommendations to improve its financial management oversight of states' disability determination services (DDS).

Background

The Disability Insurance program provides benefits to wage earners and their families in the event the wage earner becomes disabled.

The Supplemental Security Income program provides benefits to individuals who are aged, blind, and/or disabled and meet certain financial eligibility criteria. Disability determinations under both programs are performed by State DDSs.

The *Social Security Act* authorizes SSA to establish administrative, performance, fiscal, and reporting regulations to ensure states effectively perform disability determinations. SSA reimburses DDSs for 100 percent of allowable direct and indirect costs.

SSA provides funds to states for each Federal Fiscal Year (FY), which begins on October 1 and ends on September 30. Each quarter, DDSs submit to SSA the Form SSA-4513, *State Agency Report of Obligations for SSA Disability Programs*, to report the status of cumulative liquidated and unliquidated obligations for the FY.

Results

Prior audits of DDSs found several recurring findings. These include instances where DDSs:

- could not provide supporting documentation for payments;
- lacked evidence that they verified medical consultants' qualifications and credentials;
- drew down excessive funds;
- did not timely liquidate obligations; and
- incorrectly and/or improperly allocated indirect costs.

Many audit findings recurred because they had often gone uncorrected.

We found the following:

- SSA relies on Code of Federal Regulations guidance, but that guidance does not provide sufficient detail regarding specific steps to be performed related to: (1) SSA's financial oversight responsibilities; and (2) the state's financial management responsibilities.
- The Code of Federal Regulations does not specify the actions SSA will take to remedy a state's recurring financial management deficiencies and lack of fiscal control procedures.
- SSA's unclear and inadequate internal policies on oversight of DDSs results in inconsistent interpretations of the policy.

Recommendations

We made several recommendations to help SSA improve its oversight of DDS' financial management. SSA agreed with the recommendations.