

Costs Claimed by the Texas Disability Determination Services

A-55-20-00001



September 2021

Office of Audit Report Summary

Objective

To (1) evaluate internal controls over the accounting and reporting of administrative costs by the Texas Disability Determination Services (TX-DDS) for Fiscal Years (FY) 2018 and 2019, as well as indirect costs for FY 2017; (2) determine whether the administrative costs claimed on the most recently submitted Form SSA-4513 were allowable and properly allocated; (3) reconcile funds drawn down with claimed costs; and (4) assess the general security controls environment.

Background

TX-DDS performs disability determinations under the Social Security Administration's (SSA) Disability Insurance and Supplemental Security Income programs in accordance with Federal regulations. TX-DDS is responsible for determining claimants' disabilities and ensuring adequate evidence is available to support its determinations. SSA reimburses TX-DDS for 100 percent of allowable expenditures, including direct and indirect costs. The TX-DDS' parent agency is the Texas Health and Human Services Commission.

SSA contracted with Grant Thornton LLP (Grant Thornton) to conduct this audit. The Office of the Inspector General was responsible for technical and administrative oversight of Grant Thornton's performance under the contract terms.

Findings

Grant Thornton found the TX-DDS' controls over the accounting and reporting of administrative costs for FYs 2018 and 2019 (and indirect costs for FY 2017), as well as its general security controls, could be strengthened to ensure compliance with applicable criteria.

As of March 31, 2020, TX-DDS was unable to provide documentation to support indirect costs with projected totals of \$5,053,472, \$3,343,538, and \$74,437 for FYs 2017, 2018, and 2019, respectively. Additionally, the auditors found that as of March 31, 2020, cumulative drawdowns exceeded cumulative disbursements for FYs 2018 and 2019 by \$1,558,648 and \$309,111, respectively.

Recommendations

Grant Thornton outlined eight recommendations for the TX-DDS to enhance its internal control environment for control gaps and other findings noted during its audit. Grant Thornton outlined recommendations in a separate memorandum for general security controls.

The full text of the TX-DDS' response is included in Appendix C. SSA was provided the report for comment and, although not required, did not provide comments on the recommendations.