

# Costs Claimed by the Puerto Rico Disability Determination Services

## A-55-20-00002



September 2021

Office of Audit Report Summary

### Objective

To (1) evaluate internal controls over the accounting and reporting of administrative costs by the Puerto Rico Disability Determination Services (PR-DDS) for Fiscal Years (FY) 2017 and 2018; (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

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

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 PR-DDS' controls over the accounting and reporting of administrative costs for FYs 2017 and 2018 as well as its access review controls could be strengthened to ensure compliance with applicable criteria. In addition, Grant Thornton noted that projected administrative cost totals of \$2,758,969 as claimed on the Forms SSA-4513 of \$1,768,835 and \$990,134 for FYs 2017 and 2018, respectively that did not meet the criteria for allowability. Additionally, cumulative drawdowns exceeded cumulative disbursements for FY 2017 by \$674,239.

### Recommendations

Grant Thornton outlined 15 recommendations for the PR-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 PR-DDS did not agree with the recommendations. In addition, SSA did not provide comments on the recommendations or the PR-DDS' response.