

# Costs Claimed by the New York Division of Disability Determinations

## A-55-20-00004



September 2021

Office of Audit Report Summary

### Objective

To (1) evaluate internal controls over the accounting and reporting of administrative costs by the New York Division of Disability Determinations (NY-DDS) for Fiscal Years (FY) 2017 and 2018, as well as indirect costs for FYs 2015 and 2016; (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

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

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 that the NY-DDS' controls over accounting and reporting of administrative costs for FYs 2017 and 2018 (and indirect costs for FYs 2015 and 2016) as well as general security controls could be strengthened to ensure compliance with applicable criteria.

As of March 31, 2020, Grant Thornton noted that projected administrative costs of \$15,003,063; \$13,122,711; \$68,679,838 and \$71,441,860 as claimed on the Form SSA-4513 for FYs 2015, 2016, 2017 and 2018, respectively did not meet SSA's criteria for allowability.

### Recommendations

Grant Thornton outlined 19 recommendations for the NY-DDS to enhance its internal control environment for control gaps and other findings during its audit. Grant Thornton outlined recommendations in a separate memorandum for general security controls.

The full text of the NY-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.