

# Report Summary

Social Security Administration Office of the Inspector General

September 2009



## Objectives

To evaluate the Michigan Disability Determination Services' (MI-DDS) internal controls over the accounting and reporting of administrative costs; determine whether costs claimed by the MI-DDS were allowable and properly allocated, and funds were properly drawn; and assess limited areas of the general security controls environment. Our audit included the administrative costs claimed by the MI-DDS during Federal Fiscal Years (FY) 2006 and 2007.

## Background

The Disability Insurance (DI) program provides benefits to wage earners and their families in the event the wage earner becomes disabled. The Supplemental Security Income (SSI) program provides benefits to financially needy individuals who are aged, blind, and/or disabled. Disability determinations under both DI and SSI are performed by DDSs in each State and other responsible jurisdiction.

To view the full report, visit <http://www.ssa.gov/oig/ADO/BEPDF/A-05-08-18017.pdf>

## **Administrative Costs Claimed by the Michigan Disability Determination Services (A-05-08-18017)**

### Our Findings

Generally, MI-DDS had effective controls over the accounting and reporting of administrative costs. The costs MI-DDS claimed on Forms SSA-4513 for FYs 2006 and 2007—totaling \$142,796,032—were allowable and properly allocated, and funds were properly drawn. However, we found the general security control environment could be improved. Specifically, MI-DDS' security plan did not cover all the required parts outlined in SSA policy. In addition, MI-DDS did not maintain complete inventory records of computer equipment. Moreover, one retired contractor's computer access was not properly terminated. Finally, SSA did not rescind excess funding authorization balances from FYs 1999 and 2001 of \$16,588 and \$6,985, respectively.

### Our Recommendations

We recommend the SSA Regional Commissioner:

1. Work with MI-DDS to ensure it timely updates and submits a security plan that meets SSA requirements.
2. Instruct MI-DDS to ensure all SSA-purchased laptop computer equipment is encrypted with software that complies with SSA's policies.
3. Instruct MI-DDS to ensure all SSA-purchased computer equipment is tracked in an inventory system that complies with SSA's policies.
4. Once MI-DDS has provided an updated inventory list of all SSA-purchased computer equipment, verify the completeness of the updated inventory list.

SSA and the Michigan Department of Human Services agreed with the recommendations.