

Report Summary

Social Security Administration Office of the Inspector General

June 2012



Objectives

To determine whether administrative costs claimed were allowable, supported, and accurately reported; indirect costs were valid and allowable; and Puerto Rico Disability Determination Program's (PR-DDP) parent agency established a timeframe for resuming full responsibility for the issuance of administrative expense-related payments.

Background

To make proper disability determinations, the Social Security Administration (SSA) authorizes PR-DDP to purchase medical examinations and laboratory tests on a consultative basis to supplement evidence obtained from the claimants' physicians or other treating sources. SSA reimburses the PR-DDP for 100 percent of allowable expenditures.

We initiated this audit at SSA's request. SSA staff stated that in Fiscal Year 2008, PR-DDP's parent agency stopped paying medical consultants. To prevent the loss of these services, SSA assumed responsibility for paying these and other PR-DDP expenses.

To view the full report, visit <http://oig.ssa.gov/audits-and-investigations/audit-reports/A-06-11-01132>.

Puerto Rico Disability Determination Program (A-06-11-01132)

Our Findings

PR-DDP administrative costs were generally allowable. However, the parent agency, Puerto Rico Department of Family (PR-DF), could not provide documentation supporting the validity of approximately \$2 million in unliquidated obligations or reconcile approximately \$61,000 in reported disbursements. In addition, contradictory SSA policy allowed PR-DDP to charge about \$55,000 in indirect costs through inclusion of some medical-related costs in the indirect cost base.

In April 2012, SSA returned responsibility for processing some payments to PR-DF. If PR-DF demonstrates it can make timely and accurate payments for these services, SSA plans to return full payment responsibility by September 2012.

Our Recommendation

We recommended that that:

- PR-DDP review unliquidated obligations at least once each month and deobligate balances that are no longer valid or supported.
- PR-DDP and PR-DF maintain support of unliquidated obligations that describes the nature of each unliquidated obligation and supports the amounts recorded.
- PR-DDP work with SSA's Office of Finance to reconcile the disbursement details with PR-DDP fiscal ledgers used for reporting purposes and, if appropriate, reduce Form SSA-4513 disbursements by \$60,676.

SSA agreed with the recommendations. PR-DF also provided comments.