

Report Summary

Social Security Administration Office of the Inspector General

April 2012



Objective

To evaluate North Dakota Disability Determination Services (ND-DDS) internal controls over the accounting and reporting of administrative costs; determine whether costs claimed were allowable and funds were properly drawn; and assess limited areas of the general security controls environment.

Background

Disability determination services (DDS) in each State or other responsible jurisdiction perform disability determinations under the Social Security Administration's (SSA) Disability Insurance and Supplemental Security Income programs according to Federal law and regulations. SSA reimburses the DDS for 100 percent of allowable reported expenditures up to its approved funding authorization, based on a *State Agency Report of Obligations for SSA Disability Programs* (Form SSA-4513).

To view the full report, visit <http://oig.ssa.gov/audits-and-investigations/audit-reports/A-06-11-11159>

Administrative Costs Claimed by the North Dakota Disability Determination Services (A-06-11-11159)

Our Findings

ND-DDS' internal controls over the accounting and reporting of administrative costs ensured costs claimed were allowable and funds were properly drawn. However, ND-DDS obligated funds in excess of its approved authority. SSA places cumulative limits on the amount of obligation authority made available to State agencies. States may not make expenditures for items of cost not approved by SSA or in excess of the amount SSA makes available to the State. However, our review of Forms SSA-4513 ND-DDS submitted during Fiscal Years (FY) 2009 and 2010 indicated that ND-DDS exceeded its approved obligation authority by as much as \$591,768.

The DDS legacy accounting system did not provide a precise report of obligations; therefore, the DDS reported some obligations based on manual calculations. As a result, ND-DDS did not record all obligations in the month or, in some cases, the FY they were incurred. Consequently, ND-DDS based monthly obligations reported to SSA on expenditures instead of obligations. This resulted in SSA establishing obligation authority in amounts lower than needed to cover all administrative expenses.

ND-DDS officials stated they were examining the expense reporting process and planned to implement changes to improve obligation reporting timeliness.

Our Recommendations

We recommend that SSA instruct ND-DDS to continue working to improve obligation reporting timeliness and accuracy.

Both SSA and ND-DDS agreed with the recommendation.