

# Report Summary

Social Security Administration Office of the Inspector General

May 2011



## Objective

To evaluate the South Carolina Disability Determination Services' (SC-DDS) internal controls over the accounting and reporting of administrative costs; determine whether costs SC-DDS claimed 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 SC-DDS during Federal Fiscal Years (FY) 2008 and 2009.

## Background

Disability determinations under the Social Security Administration's (SSA) Disability Insurance and Supplemental Security Income programs are performed by DDSs in each State or other responsible jurisdiction. 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://www.ssa.gov/oig/ADO/BEPDF/A-04-10-10178.pdf>

## **Administrative Costs Claimed by the South Carolina Disability Determination Services (A-04-10-10178)**

### Our Findings

For FYs 2008 and 2009, the SC-DDS had adequate internal controls over the accounting and reporting of administrative costs. However, we noted limited exceptions in which the SC-DDS claimed excess personnel service costs of \$985,267 in FY 2009. Most of the excess costs (\$983,502) resulted from one transaction that occurred during the State's implementation of a new accounting system. We believe this is an anomalous incident that did not affect our overall assessment of the SC-DDS' internal controls. We also determined the SC-DDS accurately allocated and properly drew down funds and had sufficient controls to protect claimant data and ensure the ongoing security of personnel and property.

### Our Recommendations

We recommend the SSA Regional Commissioner:

1. Ensure SC-DDS revises the appropriate Form SSA-4513s to reduce \$983,502 in overstated personnel service costs claimed in FY 2009.
2. Continue with plans to rescind \$983,502 from the SC-DDS' FY 2009 operating fund.
3. Ensure SC-DDS revises the appropriate Form SSA-4513s to reduce \$2,774 in personnel costs claimed for incorrect wages in FYs 2009 and 2010.

SSA and the SC-DDS agreed with our recommendations.