

# Report Summary

Social Security Administration Office of the Inspector General

May 2012



## Objective

To (1) evaluate the North Carolina Disability Determination Services' (NC-DDS) internal controls over the accounting and reporting of administrative costs; (2) determine whether costs claimed by the NC-DDS were allowable and funds were properly drawn; and (3) assess limited areas of the general security controls environment.

## Background

Disability determinations under the Social Security Administration's (SSA) Disability Insurance and Supplemental Security Income programs are performed by each State or other responsible jurisdiction. SSA reimburses the disability determination services 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-04-11-01115>

## *Administrative Costs Claimed by the North Carolina Disability Determination Services (A-04-11-01115)*

### Our Findings

Overall, for Fiscal Years (FY) 2009 and 2010, NC-DDS had adequate internal controls over the accounting and reporting of administrative costs, which generally ensured it claimed allowable costs and accurately allocated and drew down funds. In addition, NC-DDS generally had adequate controls to protect claimant data and ensure the ongoing security of personnel and property.

However, we found NC-DDS no longer needed \$1,043,063 of unliquidated obligations; had excess office space costing about \$249,000, annually; and claimed overstated charges totaling \$7,692 on Forms SSA-4513. Additionally, NC-DDS did not have the fire alarm and sprinkler systems professionally tested annually and did not have a water (leakage) alarm system for the water pipes located above the computer room.

### Our Recommendations

We recommend SSA:

1. Instruct NC-DDS to deobligate \$1,043,063 of unliquidated obligations for occupancy costs from its FY 2009 operating fund account.
2. Determine how many new hires it expects to fund at the NC-DDS over the next several years. If the expected number of new hires will not increase to a level justifying the additional office space, SSA should evaluate options to modify the lease and mitigate the continuing costs of this excess space.
3. Instruct NC-DDS to revise costs claimed on the Forms SSA-4513 to account for the State credits; \$5,350 in FY 2009 and \$2,342 in FY 2010.
4. Instruct NC-DDS to have the fire alarm and sprinkler systems professionally tested annually.
5. Instruct NC-DDS to install a water (leakage) alarm system along the pipes or take other measures to mitigate the risk of water leaking from the pipes and damaging the computer system.

SSA's response indicated it agreed with the recommendations.