

# Report Summary

Social Security Administration Office of the Inspector General

October 2011



## Objective

To (1) evaluate the Maine Disability Determination Services' (ME-DDS) internal controls over the accounting and reporting of administrative costs; (2) determine whether costs claimed by the ME-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-01-11-11109>

## **Administrative Costs Claimed by the Maine Disability Determination Services (A-01-11-11109)**

### **Our Findings**

#### INDIRECT COSTS – INFORMATION TECHNOLOGY

ME-DDS claimed unallowable information technology (IT) costs of \$5,857 for Fiscal Years 2008 through 2009. SSA incurred these unallowable costs because Maine's Department of Administrative and Financial Services (ME-DAFS) billed ME-DDS for IT staff services it did not provide.

We found that ME-DAFS did not provide ME-DDS or SSA detailed IT billings, as required by the Memorandum of Understanding. Despite this, SSA reimbursed ME-DDS for these charges.

ME-DAFS was planning to post an adjusting entry to correct these erroneous charges.

#### EQUIPMENT INVENTORY CONTROLS

ME-DDS did not maintain an inventory of equipment, as required by SSA. ME-DDS completed an inventory while we were conducting our audit; however, the inventory records did not contain all the elements required by SSA policy.

#### SECURITY PLAN COMPLETENESS

ME-DDS' Security Plan did not contain all the information required by SSA policy. In addition, ME-DDS did not annually review its Security Plan as required.

### **Our Recommendations**

We recommended SSA: (1) follow up with ME-DAFS to ensure it processes the \$5,857 correction entry for erroneous indirect IT charges and returns these funds to SSA; (2) work with ME-DAFS to implement procedures to provide documentation for indirect IT charges on an ongoing basis, as required by the Memorandum of Understanding; (3) maintain an updated equipment inventory in accordance with SSA requirements; and (4) maintain a Security Plan in accordance with SSA requirements. SSA agreed with the recommendations.