

*Summary of Administrative Costs Claimed by the Texas
Disability Determination Services
(A-06-12-11283)*



February 2013

Office of Audit

Objectives

To (1) evaluate the internal controls over the accounting and reporting of administrative costs claimed by the Texas Disability Determination Services (TX-DDS) for Federal Fiscal Years (FFY) 2010 and 2011; (2) determine whether the costs claimed were allowable and funds were properly drawn; and (3) assess, on a limited basis, 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. Each DDS is responsible for determining claimants' disabilities and ensuring adequate evidence is available to support its determinations.

To make proper disability determinations, SSA authorizes each DDS to purchase medical examinations, X rays, and laboratory tests on a consultative basis to supplement evidence obtained from the claimants' physicians or other treating sources. SSA reimburses the DDS for 100 percent of allowable expenditures up to its approved funding authorization. In FFYs 2010 and 2011, TX-DDS claimed administrative costs totaling approximately \$302 million.

Our Conclusions

TX-DDS' controls over the accounting and reporting of administrative costs for FFYs 2010 and 2011 were effective to ensure costs claimed were allowable and funds were properly drawn. Cumulative drawdowns did not exceed cumulative disbursements during our audit period. Our limited review of TX-DDS' security controls environment indicated the controls were generally effective. We identified no reportable conditions. As such, we made no recommendations.

TX-DDS reduced the amount of occupied leased space, which is expected to lower administrative costs by approximately \$664,000 over the next 3 years. A total of 94 TX-DDS employees occupied 16,380 square feet of leased space in a facility adjacent to its main office building. As a result of recent decreases in staff levels, TX-DDS relocated the employees into the main office building and terminated the remaining 3 years on the adjacent facility's lease. We commend SSA and TX-DDS' combined initiative to reduce the DDS' physical footprint and reduce overall costs.

Our Recommendations

We identified no reportable conditions. As such, we made no recommendations.