

Administrative Costs Claimed by the Arkansas Disability Determination Services

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Office of Audit Report Summary

Objectives

To evaluate the Arkansas Disability Determination Services' (AR-DDS) internal controls over the accounting and reporting of administrative costs; determine whether costs AR-DDS claimed were allowable and funds were properly drawn; and 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. DDSs must perform such determinations in accordance with 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 each DDS for 100 percent of allowable reported expenditures up to its approved funding authorization.

Our Findings

AR-DDS' internal controls over the accounting and reporting of administrative costs were effective. Costs claimed were allowable, and funds were properly drawn. Our limited review of AR-DDS' security controls environment showed controls were generally adequate. However, we identified two areas where AR-DDS could better protect claimant data and office facilities.

During our review of security controls, we determined AR-DDS did not secure an annex building in accordance with SSA policy. We communicated specific concerns to AR-DDS and SSA. During the audit, AR-DDS corrected the discrepancies.

AR-DDS' custodial contractor cleaned offices during non-business hours. During our review, we observed facsimile machines used to receive claims-related documents operating after normal business hours. Documents containing personally identifiable information could be faxed to AR-DDS and sit unattended until DDS personnel returned to work the following day. While in the facsimile trays, these documents were accessible to cleaning service personnel.

Our Recommendation

We recommend that SSA consider requiring that AR-DDS contract for custodial service during business hours or ensure claimant information is properly secured from unauthorized personnel if cleaning continues during non-business hours.

SSA and AR-DDS agreed with the recommendation and stated that AR-DDS had taken corrective action.