

Indirect Costs and Applicant Travel Expenses Claimed by the Louisiana Disability Determination Services

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Office of Audit Report Summary

Objective

We initiated this review at the Dallas Regional Commissioner's request. Our objectives were to determine whether (1) indirect costs claimed for Federal Fiscal Years (FY) 2011 and 2012 were allowable and properly allocated and (2) applicant travel expenses were reasonable, properly authorized, and adequately supported.

Background

The Louisiana Disability Determination Services (LA-DDS) is a component of the Louisiana Department of Children and Family Services (LA-DCFS). Each year, LA-DCFS prepares a Public Assistance Cost Allocation Plan that provides the cost allocation methodology for the distribution of support costs to the program components.

During FYs 2011 and 2012, SSA reimbursed LA-DDS approximately \$76 million for administrative costs, including \$8.5 million for LA-DCFS' indirect costs and about \$1 million for applicant travel expenses.

Our Findings

LA-DCFS' accounting system could not provide detailed information identifying specific indirect costs it allocated to LA-DDS from its various components. Because of this limitation, we could not determine whether indirect costs were allowable or properly allocated.

LA-DDS incorrectly charged approximately \$170,000 in lump-sum leave paid to terminating employees in FYs 2011 and 2012 as direct administrative expense. These costs should have been allocated as general administrative expenses across all activities of the governmental unit or component.

LA-DDS properly authorized and adequately supported payments to claimants for ordinary travel costs incurred to attend medical examinations or disability hearings. However, LA-DDS did not always properly authorize or adequately support unusual travel expenses (taxi fares).

Our Recommendations

We recommend that SSA:

1. Work with LA-DCFS to either simplify its cost allocation methodology or modify its accounting system so it allows for identification of indirect costs allocated from each LA-DCFS component.
2. Ensure LA-DDS correctly charges terminal leave payments.
3. Work with LA-DDS to remind employees of proper procedures for authorizing and supporting unusual travel expenses and determine whether it is cost-beneficial to pursue recovery of questionable taxi expenses.

SSA agreed with our recommendations. LA-DCFS agreed with Recommendation 3. Also, while it concurred in-part with Recommendation 2, its described actions taken and planned are fully responsive to Recommendation 2. However, LA-DCFS disagreed with Recommendation 1.