

Bonus Payments Made to California Disability Determination Services' Employees

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Office of Audit Report Summary

Objective

To determine whether the California Disability Determination Services (CA-DDS) had adequate controls to ensure bonus payments made to CA-DDS employees were proper.

Background

Disability Determination Services in each State perform disability determinations under the Social Security Administration's (SSA) disability programs in accordance with Federal law and regulations. SSA reimburses State agencies for allowable expenditures to assist in making proper disability determinations. Medical consultants (MC) employed by CA-DDS are paid a salary for their review of the medical aspects of disability claims. CA-DDS also provides MCs an additional \$27 for each disability case reviewed that exceeds an established weekly threshold.

In a 2007 audit, we found that CA-DDS improperly paid MCs approximately \$47,000 in bonus payments. For our current audit, we identified 104 MCs whom CA-DDS paid approximately \$5 million in bonuses during Fiscal Years 2009 through 2011.

Our Findings

CA-DDS needs to improve controls to prevent and detect improper bonus payments made to MCs. Specifically, we found that CA-DDS

- improperly paid 20 MCs \$15,687 in bonuses;
- did not always comply with its bonus approval requirements or retain supporting documentation of bonus payments;
- improperly paid an estimated \$277,135 in bonuses for duplicate cases claimed; and
- needed to improve its oversight of MC performance.

Our Recommendations

We recommend that SSA:

1. Instruct CA-DDS to take appropriate corrective action for the \$15,687 in improper payments made to 20 MCs.
2. Instruct CA-DDS to improve controls to prevent and detect improper payments made to MCs.
3. Instruct CA-DDS to refund \$277,135 in improper bonus payments and benefits for duplicate cases claimed by MCs or provide documentation that the payments were proper.
4. Work with CA-DDS to determine whether there is a cost-effective method to identify and refund any improper bonus payments and benefits for duplicate cases claimed in Fiscal Years 2006 through 2008.
5. Work with CA-DDS to develop a cost-effective quality assurance program that ensures MCs who participate in the bonus program maintain program requirements regarding case accuracy.

SSA and CA-DDS generally agreed with our recommendations.