

Interagency Agreements with the Office of Personnel Management for Administrative Law Judge Services

A-05-12-22144



February 2013

Office of Audit Report Summary

Objectives

To determine (1) whether the Office of Personnel Management (OPM) provided the Social Security Administration (SSA) with performance reports related to administrative law judge (ALJ) services for Fiscal Year (FY) 2011 before SSA paid for those services; (2) how OPM calculated the charges for ALJ-related services; and (3) whether available accounting and performance detail adequately supported the amount SSA paid for these services. We also reviewed the status of the FY 2012 ALJ interagency agreement (IAA) process.

Background

In a July 19, 2012 letter, Representative Sam Johnson, Chairman of the Subcommittee on Social Security, House Committee on Ways and Means, expressed concerns about the increasing costs associated with SSA's IAAs with OPM for services related to ALJs given the fiscal constraints limiting SSA's administrative funding.

Our Findings

In FY 2011, OPM provided SSA with an annual billing letter and accompanying statement describing the ALJ work it performed before SSA paid for those services. OPM calculated SSA's costs for ALJ Program services on a pro rata basis after dividing all Federal ALJs into the Program's estimated annual costs. As a result, SSA's costs were based on the number of ALJs the Agency employed. OPM acknowledged ALJ Program costs had increased and attributed these rising costs to (1) developing and administering the previous examination, (2) developing a new examination, and (3) serving a growing ALJ population.

After SSA reviewed the FY 2011 annual billing letter and accompanying statement as well as the additional detail provided by OPM, SSA continued requesting more detailed cost information from OPM. While we found OPM's annual billing letter and accompanying statement did not provide adequate cost detail to support the amount SSA paid for these services, OPM provided SSA with sufficient cost detail later in FY 2011. We did not determine the accuracy and completeness of OPM's information and cost data. OPM's Office of the Inspector General has expressed concerns about its lack of resources to provide oversight of all of OPM's funds, including funding mechanisms involving ALJ Program costs. We believe periodic audits of OPM's ALJ Program would alleviate some of SSA's cost-related concerns.

In March 2012, OPM concluded that it was not necessary to continue entering into IAAs with SSA, given OPM's legal obligation to perform ALJ work and SSA's legal obligation to reimburse its pro rata share of the cost of that work. As of January 2013, SSA and OPM had not signed a FY 2012 IAA, and SSA had not reimbursed OPM for ALJ services because they did not agree on the need for an IAA for SSA to obligate funds. We consulted with the Office of Management and Budget (OMB) to ascertain its understanding regarding SSA's need for an IAA to reimburse OPM for ALJ services. While OMB did not specifically state an IAA is required, OMB indicated that, as a general policy and good practice, IAAs can effectively manage work one Federal agency performs for another Federal agency. SSA and OPM still need to address the FY 2012 incurred costs and their future working relationship in the area of ALJ services.