

Management Advisory Report

Single Audit of the State of
Washington for the Fiscal Year
Ended June 30, 2014

Single Audit of the State of Washington for the Fiscal Year Ended June 30, 2014 A-77-15-00002



June 2015

Office of Audit Report Summary

Objective

To report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to Social Security Administration (SSA) for resolution action.

Background

The Washington State Auditor conducted the single audit of the State of Washington. SSA is responsible for resolving single audit findings related to its disability programs. The Department of Social and Health Services (DSHS) is the Washington Division of Disability Determination Services' (DDDS) parent agency.

Findings

The single audit reported DSHS did not

- procure contracts for consultative examinations (CE) in accordance with State law or
- have adequate procedures to ensure only qualified providers were performing CEs.

Recommendations

We recommend that SSA:

1. Verify that appropriate procedures were implemented to ensure contracts for CEs are in accordance with State law.
2. Confirm that appropriate procedures were implemented to ensure only qualified providers are performing CEs.

MEMORANDUM

Date: June 4, 2015 **Refer To:**

To: Gary S. Hatcher
Senior Advisor
Records Management and Audit Liaison Staff

From: Inspector General

Subject: Single Audit of the State of Washington for the Fiscal Year Ended June 30, 2014
(A-77-15-00002)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Washington for the Fiscal Year ended June 30, 2014.¹ Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

The Washington State Auditor performed the audit. The results of the desk review conducted by the Department of Health and Human Services (HHS) concluded that the audit met Federal requirements. In reporting the results of the single audit, we relied entirely on the internal control and compliance work performed by the Washington State Auditor and the reviews performed by HHS. We conducted our review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

For single audit purposes, the Office of Management and Budget assigns Federal programs a Catalog of Federal Domestic Assistance (CFDA) number. SSA's Disability Insurance (DI) and Supplemental Security Income (SSI) programs are identified by CFDA number 96. SSA is responsible for resolving single audit findings reported under this CFDA number.

The Washington Division of Disability Determination Services (DDDS) performs disability determinations under SSA's DI and SSI programs in accordance with Federal regulations. The DDS is reimbursed for 100 percent of allowable costs. The Department of Social and Health Services (DSHS) is the Washington DDS's parent agency.

¹ State of Washington *Single Audit Report For the Fiscal Year Ended June 30, 2014* <http://www.ofm.wa.gov/singleaudit/2014/default.asp> (last viewed May 26, 2015).

The single audit reported DSHS:

- Did not procure contracts for consultative examinations (CE) in accordance with State law.² The corrective action plan indicates the DDDS will work with DSHS' Central Contract Services unit to ensure State procurement laws are followed for future CE contracts.
- Did not have adequate procedures to ensure only qualified providers were performing CEs. Specifically, DSHS did not verify with the Department of Health that 20 of the 26 medical providers reviewed had a current license. In addition, DSHS did not check 25 of the 26 CE providers against the List of Excluded Individuals and Entities (LEIE) annually to ensure providers are not barred from participating in Federal programs.³ The corrective action plan indicates DSHS created a list of contracts and their license expiration date to ensure contractor renew their licenses timely and now reviews the LEIE twice a year.

We recommend that SSA:

1. Verify that appropriate procedures were implemented to ensure contracts for CEs were in accordance with State law.
2. Confirm that appropriate procedures were implemented to ensure only qualified providers are performing CEs.

Please send copies of the final Audit Clearance Document to Shannon Agee. If you have questions, contact Shannon Agee at (877) 405-7694, extension 18802 or Shannon.Agee@ssa.gov.



Patrick P. O'Carroll, Jr.

Attachment

cc:

Lynn Bernstein

² Id. at finding 2014-053.

³ Id. at Finding 2014-054.

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