

*Management Advisory Report*

Single Audit of the Commonwealth  
of Pennsylvania for the Fiscal Year  
Ended June 30, 2012

# **Single Audit of the Commonwealth of Pennsylvania for the Fiscal Year Ended June 30, 2012**

## **A-77-14-00004**



**December 2013**

**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 Pennsylvania Auditor General and KPMG LLP conducted the single audit of the Commonwealth of Pennsylvania. SSA is responsible for resolving single audit findings related to its Disability programs. The Department of Labor and Industry (L&I) is the Pennsylvania Bureau of Disability Determination's (BDD) parent agency.

### **Finding**

The single audit reported the Pennsylvania BDD understated the hours submitted on the *Time Report of Personnel Services for Disability Determination Services* (Form SSA-4514) for two quarters ending December 31, 2011 and June 30, 2012. The errors occurred due to weaknesses in internal controls related to the preparation, review, and approval of the reports.

### **Recommendation**

We recommend that SSA verify that appropriate procedures are in place to ensure the accuracy of Form SSA-4514.



**Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION**

## MEMORANDUM

This report presents the Social Security Administration's (SSA) portion of the single audit of the Commonwealth of Pennsylvania for the Fiscal Year ended June 30, 2012.<sup>1</sup> Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

The Pennsylvania Auditor General and KPMG LLP 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 Pennsylvania Auditor General and KPMG LLP 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 Pennsylvania Bureau of Disability Determination (BDD) performs disability determinations under SSA's DI and SSI programs in accordance with Federal regulations. The BDD is reimbursed for 100 percent of allowable costs. The Department of Labor and Industry (L&I) is the Pennsylvania BDD's parent agency.

<sup>1</sup> Commonwealth of Pennsylvania Single Audit Report for the Fiscal Year Ended June 30, 2012  
<http://www.portal.state.pa.us/portal/server.pt?open=512&objID=4574&&PageID=473561&mode=2> (last viewed November 8, 2013).

The single audit reported the Pennsylvania BDD understated the hours submitted on the *Time Report of Personnel Services for Disability Determination Services* (Form SSA-4514) for two quarters ending December 31, 2011 and June 30, 2012.<sup>2</sup> The errors occurred due to weaknesses in internal controls related to the preparation, review, and approval of the reports. The corrective action plan indicated BDD resubmitted corrected Forms SSA-4514 and enhanced existing procedures to review and approve the Form SSA-4514. We recommend that SSA verify that appropriate procedures are in place to ensure the accuracy of Form SSA-4514.

The single audit also disclosed the following finding that may impact BDD operations although it was not specifically identified to SSA. I am bringing this matter to your attention as it represents a potentially serious service delivery and financial control problem for the Agency. Specifically, L&I had deficient general computer controls including a lack of written policies and procedures, a lack of segregation of duties, and inadequate physical security.<sup>3</sup>

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](mailto:Shannon.Agee@ssa.gov).



Patrick P. O'Carroll, Jr.

Attachment

cc:

Lynn Bernstein

---

<sup>2</sup> Id. at finding 12-L&I-06.

<sup>3</sup> Id. at finding 12-08.

## MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

## CONNECT WITH US

The OIG Website (<http://oig.ssa.gov/>) gives you access to a wealth of information about OIG. On our Website, you can report fraud as well as find the following.

- OIG news
- audit reports
- investigative summaries
- Semiannual Reports to Congress
- fraud advisories
- press releases
- congressional testimony
- an interactive blog, “[Beyond The Numbers](#)” where we welcome your comments

In addition, we provide these avenues of communication through our social media channels.



[Watch us on YouTube](#)



[Like us on Facebook](#)



[Follow us on Twitter](#)



[Subscribe to our RSS feeds or email updates](#)

## OBTAIN COPIES OF AUDIT REPORTS

To obtain copies of our reports, visit our Website at <http://oig.ssa.gov/audits-and-investigations/audit-reports/all>. For notification of newly released reports, sign up for e-updates at <http://oig.ssa.gov/e-updates>.

## REPORT FRAUD, WASTE, AND ABUSE

To report fraud, waste, and abuse, contact the Office of the Inspector General via

**Website:** <http://oig.ssa.gov/report-fraud-waste-or-abuse>

**Mail:** Social Security Fraud Hotline  
P.O. Box 17785  
Baltimore, Maryland 21235

**FAX:** 410-597-0118

**Telephone:** 1-800-269-0271 from 10:00 a.m. to 4:00 p.m. Eastern Standard Time

**TTY:** 1-866-501-2101 for the deaf or hard of hearing