
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**SINGLE AUDIT OF THE
STATE OF NEW HAMPSHIRE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2001**

November 2002 A-77-03-00002

**MANAGEMENT
ADVISORY REPORT**



Mission

We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

Vision

By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.



SOCIAL SECURITY

MEMORANDUM

Date: November 12, 2002

Refer To:

To: Candace Skurnik
Acting Director
Management Analysis and Audit Program Support Staff

From: Assistant Inspector General
for Audit

Subject: Management Advisory Report on the Single Audit of the State of New Hampshire for the Fiscal Year Ended June 30, 2001 (A-77-03-00002)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of New Hampshire for the Fiscal Year ended June 30, 2001. Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

KPMG LLP performed the audit. The Department of Health and Human Services' (HHS) desk review 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 KPMG LLP and the reviews performed by HHS.

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 New Hampshire Disability Determination Services (DDS) 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 New Hampshire Department of Education is the New Hampshire DDS' parent agency.

The State did not adhere to the clearance method timetable in the Cash Management Improvement Act (CMIA) agreement when drawing Federal funds (see Attachment). The corrective action plan indicates that they will work to ensure the efficient transfer of funds and will continue to monitor agency draw downs of funds.

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We recommend SSA ensure that the State has implemented procedures for drawing Federal funds in accordance with the clearance pattern timetable in the CMIA agreement.

Please send copies of the final Audit Clearance Document to Mark Bailey in Kansas City and Paul Wood in Baltimore. If you have questions contact Mark Bailey at (816) 936-5591.



Steven L. Schaeffer

Attachment

STATE OF NEW HAMPSHIRE - FISCAL YEAR 2001 SINGLE AUDIT

**SCHEDULE OF COMPLIANCE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2001 (CONTINUED)**

**NHDepartment of Treasury
US Department of Treasury**

Finding 2001-10

CFDA # 12.401

National Guard Military Operations & Maintenance Projects

CFDA # 96.001

Social Security Cluster

Finding:

The Cash Management Improvement Act of 1990 (CMIA) is intended to improve the transfer of federal funds between the federal government and the states, territories and the District of Columbia by minimizing the time between the transfer of funds to the states and the payout for the program purposes and ensuring the federal funds are available when requested.

The State of New Hampshire uses the dollar-weighted-average clearance method to determine the date federal funds are requested from the awarding agencies. The requirement under Treasury Regulation 31 CFR part 205.7(c)(3) states that a state shall request funds one business day prior to the dollar-weighted-average number of days required for funds to be paid out after a disbursement, and a federal agency shall deposit funds in a state account the next business day after receiving a request for funds.

Certain New Hampshire State agencies have been requesting funds from the federal agencies later than required, sometimes up to ten days late. We noted that 6 of 30 (20%) cash draws tested were initiated two to ten days later than required. Deviation from the agreed upon average clearance patterns results in the disruption of the efficient transfer of funds between the federal government and the State. Late drawdowns are also an inefficient way to manage cash.

A similar finding was noted in the fiscal year 2000 Single Audit report.

Questioned Costs: None

Recommendation:

We recommend that State agencies adhere to the timetable under the average clearance method when requesting reimbursement from its federal awarding agencies.

Auditee Corrective Action Plan:

Treasury concurs and understands the importance of efficient transfer of funds from federal awarding agencies to State agencies. The NH Integrated Financial System CMIA module provides the basis for agency drawdown guidance in terms of date on which to request funds based on expenditures. Treasury will continue to monitor agency drawdowns and work with those agencies that consistently draw funds later than required. The contact person is Rachel Miller, Deputy State Treasurer. The anticipated completion date is December 31, 2002.

Overview of the Office of the Inspector General

Office of Audit

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers' Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations and cash flow. Performance audits review the economy, efficiency and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency, rather than detecting problems after they occur.

Office of Executive Operations

The Office of Executive Operations (OEO) supports the Office of the Inspector General (OIG) by providing information resource management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the *Government Performance and Results Act*. OEO is also responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from SSA, as well as conducting investigations of OIG employees, when necessary. Finally, OEO administers OIG's public affairs, media, and interagency activities, coordinates responses to Congressional requests for information, and also communicates OIG's planned and current activities and their results to the Commissioner and Congress.

Office of Investigations

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Counsel to the Inspector General

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.