

Management Advisory Report

Single Audit of the State of
Minnesota for the Fiscal Year Ended
June 30, 2019

Single Audit of the State of Minnesota for the Fiscal Year Ended June 30, 2019 A-77-20-00007



May 2020

Office of Audit Report Summary

Objective

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

Background

A single audit is an organization-wide financial statement and Federal awards audit of a non-Federal entity that expends \$750,000 or more in Federal funds in 1 year. The audit is intended to assure the Government that a non-Federal entity has adequate internal controls in place and is generally complying with program requirements. Non-Federal entities typically include State and local governments, Indian tribes, universities, and nonprofit organizations.

The Minnesota Office of the Legislative Auditor conducted the single audit of the State of Minnesota. SSA is responsible for resolving single audit findings related to its disability programs. The Department of Employment and Economic Development is the Minnesota Disability Determination Services' parent agency.

Finding

The single audit reported back-up timesheet approvers did not document the reason for their approval, as required by State policy. The Department of Employment and Economic Development implemented internal controls to ensure it properly documents reasons for timesheet approval by back-up approvers.

Recommendation

We recommend SSA confirm the Department of Employment and Economic Development implemented adequate controls to ensure timesheet approvals comply with State policy.

MEMORANDUM

Date: May 12, 2020 **Refer To:**

To: Trae Sommer
Director
Audit Liaison Staff

From: Assistant Inspector General for Audit

Subject: Single Audit of the State of Minnesota for the Fiscal Year Ended June 30, 2019 (A-77-20-00007)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Minnesota for the Fiscal Year ended June 30, 2019.¹ The Minnesota Office of the Legislative Auditor conducted the audit. Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

BACKGROUND

A single audit is an organization-wide financial statement and Federal awards audit of a non-Federal entity that expends \$750,000 or more in Federal funds in 1 year. The audit is intended to assure the Government that a non-Federal entity has adequate internal controls in place and is generally complying with program requirements. Non-Federal entities typically include State and local governments, Indian tribes, universities, and nonprofit organizations.

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

The Minnesota Disability Determination Services performs disability determinations under SSA's Disability Insurance and Supplemental Security Income programs in accordance with Federal regulations. SSA reimburses the disability determination services for 100 percent of allowable costs. The Department of Employment and Economic Development is the Minnesota Disability Determination Services' parent agency.

¹ Financial and Compliance Report on Federally Assisted Programs For the Year Ended June 30, 2019 (March 13, 2020).

RESULTS

The single audit reported back-up timesheet approvers did not document the reason for their approval, as required by State policy.² According to State policy, “When backup approvers . . . approve timesheets, they should document the reason . . . and notify the primary supervisor/manager to ensure that the timesheet . . . approval was appropriate.”³

The Department of Employment and Economic Development implemented internal controls to ensure it properly documents reasons for timesheet approval by back-up approvers. We recommend SSA confirm the Department of Employment and Economic Development implemented adequate controls to ensure timesheet approvals comply with State policy.

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires that Federal awarding agencies issue a management decision on findings within 6 months of acceptance of the audit report by the Federal Audit Clearinghouse. The Federal Audit Clearinghouse accepted the single audit of the State of Minnesota on March 31, 2020.

Please send copies of the final Audit Clearance Document to OIG.Audit.Kansas.City@ssa.gov. If you have questions, contact OIG.Audit.Kansas.City@ssa.gov.



Rona Lawson

Attachment

² See Footnote 1, Finding 2019-049.

³ The single audit reported questioned costs of \$8,248 without confirming the payroll costs were inaccurate. Therefore, we are not recommending SSA seek recovery of these costs.

MISSION

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