

Management Advisory Report

Single Audit of the State of
Nebraska for the Fiscal Year Ended
June 30, 2011

**Single Audit of the State of Nebraska for the Fiscal Year
Ended June 30, 2011
A-77-13-00004**



February 2013

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

The Nebraska Auditor of Public Accounts performed the single audit of the State of Nebraska. SSA is responsible for resolving single audit findings related to its Disability Insurance program. The Nebraska Department of Education is the Nebraska Disability Determination Section's (DDS) parent agency.

Findings

The single audit reported the following.

- The DDS does not check the *Excluded Parties List System* (EPLS) to verify that consultative examination (CE) vendors were not suspended or debarred from receiving Federal funds.
- The tone of the DDS managements' attitude toward encouraging employees to report suspected fraud, waste, or violations of law was unacceptable.

Recommendations

We recommend that SSA:

1. Advise the DDS as to whether it is required to check the EPLS to verify that CE vendors are not suspended or debarred from receiving Federal funds.
2. Determine whether the DDS' procedures for encouraging employees to report fraud, waste, and violations of law are sufficient.

MEMORANDUM

Date: February 26, 2013 **Refer To:**

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

From: Inspector General

Subject: Single Audit of the State of Nebraska for the Fiscal Year Ended June 30, 2011 (A-77-13-00004)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Nebraska for the Fiscal Year ended June 30, 2011.¹ Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

The Nebraska Auditor of Public Accounts conducted the audit. The results of the reviews conducted by the Department of Health and Human Services (HHS) concluded that the audit generally met Federal requirements. In reporting the results of the single audit, we relied entirely on the internal control and compliance work performed by the Nebraska Auditor of Public Accounts 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 Nebraska Disability Determination Section (DDS) conducts 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 Nebraska Department of Education is the Nebraska DDS' parent agency.

¹ *State of Nebraska Statewide Single Audit Year Ended June 30, 2011.*

http://www.auditors.nebraska.gov/APA_Reports/2012/SA200-03272012-July_1_2010_through_June_30_2011_Statewide_Single_Report.pdf (last viewed February 12, 2013).

The single audit reported the following.

- The DDS does not check the *Excluded Parties List System* (EPLS) to verify that consultative examination (CE) vendors were not suspended or debarred from receiving Federal funds.² In response to the finding, DDS stated it was not required by SSA regulations to verify through EPLS whether CE vendors were suspended or debarred from receiving Federal funds. Instead, the DDS stated that it adhered to SSA regulations requiring that the DDS check the HHS Office of Inspector General's *List of Excluded Individuals and Entities* to determine whether vendors were suspended or debarred.
- The tone of the DDS management's attitude toward encouraging employees to report suspected fraud, waste, or violations of law was unacceptable.³ In response to the finding, DDS indicated that it had a policy that encouraged employees to report fraud, waste, or violation of law, and agency employees received annual reminders.

We recommend that SSA:

1. Advise the DDS as to whether it is required to check the EPLS to verify that CE vendors are not suspended or debarred from receiving Federal funds.
2. Determine whether the DDS' procedures for encouraging employees to report fraud, waste, and violations of law are sufficient.

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.



Patrick P. O'Carroll, Jr.

Attachment

cc:

Lynn Bernstein

² Id. at finding 11-13-05.

³ Id. at finding 11-13-06.

MISSION

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