

Management Advisory Report

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

**Single Audit of the State of New Hampshire for the Fiscal Year
Ended June 30, 2014
A-77-15-00009**



August 2015

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

KPMG, LLP conducted the single audit of the State of New Hampshire. SSA is responsible for resolving single audit findings related to its Disability programs. The New Hampshire Department of Education (NHDE) is the New Hampshire Disability Determination Services' parent agency.

Finding

The single audit reported that NHDE had ineffective general information technology controls related to the payroll system. The single audit identified multiple Federal programs, including SSA, responsible for resolving this finding. However, the Department of Health and Human Services will resolve this finding on the Government's behalf. Therefore, we are bringing this matter to your attention, but we are not making a recommendation.

MEMORANDUM

Date: August 14, 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 New Hampshire for the Fiscal Year Ended June 30, 2014
(A-77-15-00009)

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, 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.

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 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 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 (NHDE) is the New Hampshire DDS' parent agency.

The single audit reported that NHDE had ineffective general information technology controls related to the payroll system.² Specifically, privileged access was granted to users that did not

¹ State of New Hampshire *Single Audit of Federal Financial Assistance Programs for the Year Ended June 30, 2014* <http://admin.state.nh.us/accounting/FY%2014/Single%20Audit%20Report%20-%20FINAL.pdf> (Last viewed August 4, 2015).

² Id. at finding 2014-003.

properly align with their assigned roles, system enforced password parameters were not in place, terminated user access was not removed from the system timely, documentation of formal testing and authorization of changes was not maintained, and documentation of the backup process was not available. The corrective action plan outlines several changes designed to strengthen controls. The single audit identified multiple Federal programs, including SSA, responsible for resolving this finding. However, HHS will resolve this finding on the Government's behalf. Therefore, we are bringing this matter to your attention, but we are not making a recommendation.

If you have questions, please contact Shannon Agee at (877) 405-7694, extension 18802 or Shannon.Agee@ssa.gov.



Patrick P. O'Carroll, Jr.

Attachment

cc:

Lynn Bernstein

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