

Management Advisory Report

Single Audit of the State of California
for the Fiscal Year Ended
June 30, 2018

Single Audit of the State of California for the Fiscal Year Ended June 30, 2018

A-77-19-00010



August 2019

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.

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. It is intended to assure the Government that a non-Federal entity has adequate internal controls in place and is generally in compliance with program requirements. Non-Federal entities typically include State governments, local governments, Indian tribes, universities, and nonprofit organizations.

Macias Gini and O'Connell LLP conducted the single audit of the State of California. SSA is responsible for resolving single audit findings related to its disability programs. The California Department of Social Services is the California Disability Determination Services' (DDS) parent agency.

Finding

The single audit reported the California DDS did not always document in its case files the dates and names of the individuals who performed credential verifications for out-of-State medical providers.

Recommendation

We recommend SSA verify the California DDS established an appropriate process to document credential verifications for out-of-State medical providers.

MEMORANDUM

Date: August 2, 2019 **Refer To:**

To: Trae Sommer
Acting Director
Audit Liaison Staff

From: Assistant Inspector General for Audit

Subject: Single Audit of the State of California for the Fiscal Year Ended June 30, 2018 (A-77-19-00010)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of California for the Fiscal Year ended June 30, 2018.¹ Macias Gini and O'Connell LLP 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.

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. It is intended to assure the Government that a non-Federal entity has adequate internal controls in place and is generally in compliance with program requirements. Non-Federal entities typically include State governments, 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 California Disability Determination Services (DDS) performs disability determinations under SSA's Disability Insurance and Supplemental Security Income programs in accordance with Federal regulations. SSA reimburses DDSs for 100 percent of allowable costs. The California Department of Social Services is the California DDS' parent agency.

¹ 2017-18 Single Audit Report State of California (May 29, 2019).

RESULTS

The single audit reported the California DDS did not always document in its case files the dates and names of the individuals who performed credential verifications for out-of-State medical providers.² The corrective action plan indicated that staff was reminded to annotate medical provider files with the dates and names of the individuals who performed the credential verifications.

We recommend SSA verify the California DDS established an appropriate process to document credential verifications for out-of-State medical providers.

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 California on July 19, 2019.

Please send copies of the final Audit Clearance Document to OIG.Audit.Kansas.City@ssa.gov



Rona Lawson

Attachment

² See footnote 1, Finding 2018-017.

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