

Single Audit of the State of Michigan for the Fiscal Year Ended September 30, 2016 A-77-17-00011



July 2017

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 Michigan Office of the Auditor General conducted the single audit of the State of Michigan. SSA is responsible for resolving single audit findings related to its disability programs. The Michigan Department of Health and Human Services (MDHHS) is the Michigan Disability Determination Services' (DDS) parent agency.

Findings

The single audit reported MDHHS did not have appropriate controls over its cost allocation system. Specifically, MDHHS did not

- ensure an accurate narrative was included in its amended Public Assistance Cost Allocation Plan (PACAP);
- use appropriate data and account codes to allocate expenditures to Federal programs;
- ensure only allowable expenditures were charged to PACAP;
- allocate Federal expenditures in accordance with PACAP or ensure its contractor fully allocated expenditures based on allocation methods described in the PACAP; and
- maintain effective general controls for the vendor hosting its cost allocation plan.

The single audit identified multiple Federal programs, including SSA, responsible for resolving these findings. However, the Department of Health and Human Services will resolve these findings on the Government's behalf. Therefore, we are bringing these issues to your attention, but we are not making recommendations.