

*Management Advisory Report*

Single Audit of the Commonwealth  
of Puerto Rico Department of the  
Family for the Fiscal Year Ended  
June 30, 2016

# **Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2016**

## **A-77-17-00010**



June 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**

Valdes, Garcia, Marin & Martinez LLP conducted the single audit of the Commonwealth of Puerto Rico Department of the Family (PRDF). SSA is responsible for resolving single audit findings related to its disability programs. The Department of the Family is the Puerto Rico Disability Determination Services' parent agency.

### **Findings**

The single audit reported PRDF did not have adequate procedures and controls over the timing of cash draws for SSA's disability program. Specifically, there was a delay ranging from 31 to 90 days between the cash draw request and disbursement of the funds. In addition, PRDF drew \$733,651 in excess of documented disbursements.

In addition, PRDF did not submit the Data Collection Form and single audit reporting package to the Federal Audit Clearinghouse within 9 months after the fiscal year-end. The single audit identified multiple Federal agencies, including SSA, responsible for resolving this finding. The U.S. Department of Agriculture, as the cognizant agency, is responsible for ensuring the single audit is properly submitted when due. Therefore, we are bringing this matter to your attention, but we are not making a recommendation.

### **Recommendations**

We recommend that SSA:

1. Verify that PRDF has appropriate procedures for cash draws and
2. Determine whether \$733,651 in cash draws was for allowable disbursements and, if not, request a refund.

## MEMORANDUM

**Date:** June 15, 2017 **Refer To:**

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

**From:** Assistant Inspector General for Audit

**Subject:** Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2016 (A-77-17-00010)

This report presents the Social Security Administration's (SSA) portion of the single audit of the Commonwealth of Puerto Rico Department of the Family (PRDF) for the Fiscal Year ended June 30, 2016.<sup>1</sup> Valdes, Garcia, Marin & Martinez 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 action.

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 Puerto Rico Disability Determination Services (DDS) performs disability determinations under SSA's Disability Insurance program in accordance with Federal regulations. SSA reimburses the DDS for 100 percent of allowable costs. The PRDF is the Puerto Rico DDS' parent agency.

The single audit reported PRDF did not have adequate procedures and controls over the timing of cash draws for SSA's disability program. There was a 31 to 90-day delay between the cash draw request and disbursement of funds. In addition, PRDF drew \$733,651 in excess of documented disbursements.<sup>2</sup> Based on our discussion with the auditor, PRDF drew \$1,594,952. However, documentary evidence only supported \$861,301 in expenditures. The corrective action plan indicated PRDF would establish and ensure the accuracy of cash draws.

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<sup>1</sup> *Commonwealth of Puerto Rico Department of the Family For the Fiscal Year Ended June 30, 2016* (March 21, 2017).

<sup>2</sup> See Footnote 1, finding 2016-022.

We recommend that SSA:

1. Verify that PRDF has appropriate procedures for cash draws.
2. Determine whether \$733,651 in cash draws was for allowable disbursements and, if not, request a refund.

In addition, PRDF did not submit the Data Collection Form and single audit reporting package to the Federal Audit Clearinghouse within 9 months after the fiscal year-end.<sup>3</sup> The single audit identified multiple Federal programs, including SSA, responsible for resolving this finding. The U.S. Department of Agriculture, as the cognizant agency, is responsible for ensuring that the single audit is properly submitted when due. Therefore, we are bringing this matter to your attention, but we are not making a recommendation.

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 Commonwealth of Puerto Rico Department of the Family on May 19, 2017.

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 or [Shannon.Agee@ssa.gov](mailto:Shannon.Agee@ssa.gov).



Rona Lawson

Attachment

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<sup>3</sup> See Footnote 1, finding 2016-023.

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