

# Single Audit of the State of Michigan for the Fiscal Year Ended September 30, 2014

**A-77-15-00014**



September 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

The Michigan 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' parent agency.

## Findings

The single audit reported MDHHS:

- Did not timely complete semi-annual certifications for some employees who worked solely on SSA's disability programs.
- Understated the total hours reported on the Fiscal Year 2014 fourth quarter Form SSA-4514, *Time Report of Personnel Services for Disability Determination Services*.

The single audit also reported MDHHS did not make cash draws within the number of days required by the funding technique specified in its *Cash Management Improvement Act* agreement. We recommended corrective action to SSA on this finding in a June 2015 report, which is pending completion. Therefore, we will not repeat the recommendation in this report.

In addition, the single audit reported MDHHS did not ensure that it had a complete and accurate description of the procedures used to identify, measure, and allocate all costs in its new and amended cost allocation plan. 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 behalf of the Federal Government. Therefore, we are bringing this matter to your attention, but we are not making a recommendation.

## Recommendations

We recommend SSA:

1. Confirm that procedures were implemented to ensure employees who solely work on SSA's disability programs have semi-annual certifications.
2. Verify that procedures are in place to ensure the accuracy of the Form SSA-4514.