

Management Advisory Report

Single Audit of the Commonwealth
of Puerto Rico Department of the
Family for the Fiscal Year Ended
June 30, 2018

Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2018

A-77-20-00001



March 2020

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

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 and local governments, Indian tribes, universities, and nonprofit organizations.

The audit firm of Aquino, De Córdova, Alfaro & Co., LLP conducted the single audit of the Commonwealth of Puerto Rico Department of the Family (PRDF). PRDF is the Puerto Rico Disability Determination Services' parent agency. SSA is responsible for resolving single audit findings related to its disability programs.

Finding

The PRDF's personnel files were neither up-to-date nor complete. The corrective action plan indicated PRDF would review the employee personnel files for compliance with Federal standards.

Recommendation

We recommend SSA ensure PRDF completed the personnel file updates for employees working on its programs.

MEMORANDUM

Date: March 17, 2020 **Refer To:**

To: Trae Sommer
Director
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, 2018 (A-77-20-00001)

This report presents the Social Security Administration's (SSA) portion of the single audit of the Commonwealth of Puerto Rico for the Fiscal Year ended June 30, 2018.¹ The audit firm of Aquino, De Córdova, Alfaro & Co., 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.

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 and 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 Puerto Rico Disability Determination Services performs disability determinations under SSA's Disability Insurance program in accordance with Federal regulations. SSA reimburses the disability determination services for 100 percent of allowable costs. The Commonwealth of

¹ *Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2018* (January 15, 2020).

Puerto Rico Department of the Family (PRDF) is the Puerto Rico Disability Determination Services' parent agency.

RESULTS

The PRDF's personnel files were neither up-to-date nor complete.² As stated in the report, "Incomplete files may result in inadequate documentation to support compliance with ... management and administration of personnel files. Also, in the case of employees paid with federal funds, it may result in cost disallowances for personnel that do not meet the requirements to be employed by the corresponding federal program."

The corrective action plan indicated PRDF would review the employee personnel files for compliance with Federal standards. We recommend SSA ensure PRDF completed the personnel file updates for employees working on its programs.

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 PRDF on February 14, 2020.

Please send copies of the final Audit Clearance Document to OIG.Audit.Kansas.City@ssa.gov. If you have questions, contact OIG.Audit.Kansas.City@ssa.gov.



Rona Lawson

Attachment

² See footnote 1, Finding 2018-002.

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