

Management Advisory Report

Single Audit of the Government of
the District of Columbia for the Fiscal
Year Ended September 30, 2016

Single Audit of the Government of the District of Columbia for the Fiscal Year Ended September 30, 2016

A-77-17-00012



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 audit firm of BDO USA LLP conducted the single audit of the Government of the District of Columbia. SSA is responsible for resolving single audit findings related to its disability programs. The Department of Disability Services is the District of Columbia's Disability Determination Services' (DDS) parent agency.

Finding

The single audit reported the DDS did not have adequate controls in place to ensure unliquidated obligations were supported. Specifically, for 6 of 40 items tested, evidence provided was insufficient to determine whether \$160,225 in unliquidated obligations were reasonable.

Recommendation

We recommend that SSA determine whether the DDS has appropriate policies and procedures to ensure unliquidated obligations are supported.

MEMORANDUM

Date: July 24, 2017 **Refer To:**

To: Gary S. Hatcher
Senior Advisor
Audit Liaison Staff

From: Assistant Inspector General for Audit

Subject: Single Audit of the Government of the District of Columbia for the Fiscal Year Ended September 30, 2016 (A-77-17-00012)

This report presents the Social Security Administration's (SSA) portion of the single audit of the Government of the District of Columbia for the Fiscal Year ended September 30, 2016.¹ The audit firm of BDO USA 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 (DI) and Supplemental Security Income (SSI) programs. SSA is responsible for resolving single audit findings reported under this CFDA number.

The District of Columbia Disability Determination Services (DDS) performs disability determinations under SSA's DI and SSI programs in accordance with Federal regulations. SSA reimburses the DDS for 100 percent of allowable costs. The Department of Disability Services is the District of Columbia DDS' parent agency.

The single audit reported the DDS did not have adequate controls in place to ensure unliquidated obligations were supported.² Specifically, for 6 of 40 DDS items tested, evidence provided was insufficient to determine whether \$160,225 in unliquidated obligations were reasonable. According to the corrective action plan, the DDS stated an accrual is a reasonable estimate of costs and it provided the auditor with supporting evidence.

¹ Government of the District of Columbia, *Schedules of Expenditures of Federal Awards and Reports Required by the Uniform Guidance Year Ended September 30, 2016* (June 29, 2017).

² See Footnote 1, finding 2016-025. In the single audit, the auditor refers to an unliquidated obligation as an accrual. The DDS commonly refers to an accrual as an unliquidated obligation, which is an expense incurred in a period for which payment has not been made.

We recommend that SSA determine whether the DDS has appropriate policies and procedures to ensure unliquidated obligations are supported.

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 Government of the District of Columbia on June 29, 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.

A handwritten signature in black ink, appearing to read "Rona Lawson".

Rona Lawson

Attachment

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