

Management Advisory Report

Single Audit of the State of Ohio for
the Fiscal Year Ended June 30, 2018

Single Audit of the State of Ohio for the Fiscal Year Ended June 30, 2018

A-77-19-00001



April 2019

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 provide assurance to the Federal 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 states, local governments, Indian tribes, universities, and non-profit organizations.
The Ohio State Auditor conducted the single audit of the State of Ohio. SSA is responsible for resolving single audit findings related to its disability programs. The Opportunities for Ohioans with Disabilities (OOD) is the Ohio Disability Determination Services' parent agency. The Ohio Department of Administrative Services (DAS) provides services to OOD such as delivering information technology and mail, recruiting personnel, leasing and managing office space and processing payroll.

Findings

The single audit reported DAS needed procedures to ensure all vendors were not suspended or debarred from participating in Federal programs.

In addition, the single audit reported OOD did not always reconcile monthly expenditures between its internal systems.

Recommendations

We recommend that SSA:

1. Confirm DAS established appropriate procedures to ensure vendors were not suspended or debarred from Federal program participation before entering into contracts.
2. Verify OOD established appropriate procedures for reconciliation of expenditures between its systems.

MEMORANDUM

Date: April 22, 2019 **Refer To:**

To: Trae Sommer
Director
Audit Liaison Staff

From: Assistant Inspector General for Audit

Subject: Single Audit of the State of Ohio for the Fiscal Year Ended June 30, 2018 (A-77-19-00001)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Ohio for the Fiscal Year ended June 30, 2018.¹ The Ohio State Auditor 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 provide assurance to the Federal 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 states, local governments, Indian tribes, universities, and non-profit 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 (DI) and Supplemental Security Income (SSI) programs. SSA is responsible for resolving single audit findings reported under this CFDA number.

The Ohio 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 Opportunities for Ohioans with Disabilities (OOD) is the Ohio DDS' parent agency.

¹ *State of Ohio Single Audit For the Year Ended June 30, 2018* (March 7, 2019).

RESULTS

The single audit reported the Ohio Department of Administrative Services (DAS) lacked procedures to ensure all vendors were not suspended or debarred from participating in Federal programs.² The corrective action plan indicated DAS will include the required verification of vendor suspension and debarment in all future vendor contracts. We recommend SSA confirm that DAS established appropriate procedures to ensure vendors were not suspended or debarred from Federal program participation before entering into contracts.

In addition, the single audit reported OOD did not always reconcile monthly expenditures between its internal systems.³ The corrective action plan indicated OOD revised the reconciliation process so it is cumulative in nature and ensures all expenditures reconcile between systems. We recommend SSA verify OOD established appropriate procedures for reconciliation of expenditures between its systems.

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards require 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 State of Ohio on March 7, 2019.

Please send copies of the final Audit Clearance Document to OIG.Audit.Kansas.City@ssa.gov.



Rona Lawson

Attachment

² See Footnote 1, Finding 2018-032. The DAS provides centralized services to state agencies, including OOD, to procure goods and services, deliver information technology and mail, recruit and train personnel, promote equal access to the state workforce, lease and manage office space, process payroll, print publications and a variety of other services.

³ See Footnote 1, Finding 2018-033.

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