

Management Advisory Report

Single Audit of the State of
New York for the Fiscal Year Ended
March 31, 2017

Single Audit of the State of New York for the Fiscal Year Ended March 31, 2017

A-77-18-00001



March 2018

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

KPMG LLP conducted the single audit of the State of New York. SSA is responsible for resolving single audit findings related to its disability programs. The Office of Temporary and Disability Assistance (OTDA) is the New York Disability Determination Services' (DDS) parent agency.

Findings

The single audit reported OTDA did not have adequate procedures to ensure it did not use consultative examination providers barred from participation in Federal programs.

In addition, the single audit reported the Statewide Financial System did not have effective internal controls to ensure completeness and accuracy of cash draws. 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 the Government's behalf.

Recommendation

We recommend SSA verify OTDA established adequate procedures to verify consultative examination provider eligibility to participate in Federal programs.

MEMORANDUM

Date: March 27, 2018 **Refer To:**

To: Gary S. Hatcher
Senior Advisor
Audit Liaison Staff

From: Assistant Inspector General for Audit

Subject: Single Audit of the State of New York for the Fiscal Year Ended March 31, 2017
(A-77-18-00001)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of New York for the Fiscal Year ended March 31, 2017.¹ KPMG 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 New York 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 Office of Temporary and Disability Assistance (OTDA) is the New York DDS' parent agency.

The single audit reported OTDA did not have adequate procedures to ensure it did not use consultative examination providers barred from participation in Federal programs.² The corrective action plan indicated implementation of new procedures for annual consultative examination provider verifications. We recommend that SSA verify OTDA established adequate procedures to verify consultative examination provider eligibility to participate in Federal programs.

¹ *State of New York Single Audit for the Fiscal Year Ended March 31, 2017* (December 15, 2017).

² See Footnote 1, Finding 2017-008.

In addition, the single audit reported the Statewide Financial System did not have effective internal controls to ensure completeness and accuracy of cash draws.³ The corrective action plan indicated management implemented procedures to improve internal controls. 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 the Government's behalf. 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 State of New York on December 22, 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.



Rona Lawson

Attachment

³ See footnote 1, finding 2017-006.

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