

Management Advisory Report

Single Audit of the State of New
Hampshire for the Fiscal Year Ended
June 30, 2012

**Single Audit of the State of New Hampshire for the Fiscal Year
Ended June 30, 2012
A-77-14-00001**



November 2013

Office of Audit Report Summary

Objective

To report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to Social Security Administration (SSA) for resolution action.

Background

KPMG, LLP conducted the single audit of the State of New Hampshire. SSA is responsible for resolving single audit findings related to its Disability Insurance program. The Department of Education (NH-DE) is the New Hampshire Disability Determination Services' (DDS) parent agency.

Finding

The single audit reported that NH-DE did not consistently maintain detailed documentation to support cash draws for DDS administrative expenses. Therefore, the audit could not determine if NH-DE minimized the time between the cash draws and the actual cash outlay for the expenses as required by Federal regulation.

Recommendation

We recommend SSA verify NH-DE established appropriate procedures to document cash draws.

MEMORANDUM

Date: November 1, 2013 **Refer To:**

To: Gary S. Hatcher
Senior Advisor
Records Management and Audit Liaison Staff

From: Inspector General

Subject: Single Audit of the State of New Hampshire for the Fiscal Year Ended June 30, 2012
(A-77-14-00001)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of New Hampshire for the Fiscal Year ended June 30, 2012.¹ Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

KPMG, LLP conducted the audit. The results of the desk review conducted by the Department of Health and Human Services (HHS) concluded that the audit met Federal requirements. In reporting the results of the single audit, we relied entirely on the internal control and compliance work performed by the KPMG, LLP and the reviews conducted by HHS. We conducted our review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

For single audit purposes, the Office of Management and Budget assigns Federal programs a Catalog of Federal Domestic Assistance (CFDA) number. SSA's Disability Insurance (DI) and Supplemental Security Income (SSI) programs are identified by CFDA number 96. SSA is responsible for resolving single audit findings reported under this CFDA number.

The New Hampshire Disability Determination Services (DDS) performs disability determinations under SSA's DI and SSI programs in accordance with Federal regulations. The DDS is reimbursed for 100 percent of allowable costs. The New Hampshire Department of Education (NH-DE) is the New Hampshire DDS' parent agency.

The single audit reported that NH-DE did not consistently maintain detailed documentation to support cash draws for DDS administrative expenses.² Therefore, the audit could not determine

¹ State of New Hampshire, *Single Audit of Federal Financial Assistance Programs for the Year Ended June 30, 2012*, <http://admin.state.nh.us/accounting/FY%202012/Single%20Audit%20for%20web%20posting.pdf> (last viewed July 2, 2013).

² Id. at finding 2012-57.

if NH-DE minimized the time between the cash draws and the actual cash outlay for the expenses as required by Federal regulation. The corrective action plan indicated NH-DE will review its policies and accounting system options to find an effective and efficient way to ensure timely cash draws and maintain supporting documentation.

We recommend SSA verify NH-DE established appropriate procedures to document cash draws.

The single audit also disclosed the timeliness of NH-DE's cash draws did not comply with the Treasury-State Agreement.³ This finding may impact DDS operations although it was not specifically identified to SSA. I am bringing this matter to your attention as it represents a potentially serious service delivery and financial control problem for the Agency.

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.



Patrick P. O'Carroll, Jr.

Attachment

cc:

Lynn Bernstein

³ Id. at finding 2012-58.

MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

CONNECT WITH US

The OIG Website (<http://oig.ssa.gov/>) gives you access to a wealth of information about OIG. On our Website, you can report fraud as well as find the following.

- OIG news
- audit reports
- investigative summaries
- Semiannual Reports to Congress
- fraud advisories
- press releases
- congressional testimony
- an interactive blog, “[Beyond The Numbers](#)” where we welcome your comments

In addition, we provide these avenues of communication through our social media channels.



[Watch us on YouTube](#)



[Like us on Facebook](#)



[Follow us on Twitter](#)



[Subscribe to our RSS feeds or email updates](#)

OBTAIN COPIES OF AUDIT REPORTS

To obtain copies of our reports, visit our Website at <http://oig.ssa.gov/audits-and-investigations/audit-reports/all>. For notification of newly released reports, sign up for e-updates at <http://oig.ssa.gov/e-updates>.

REPORT FRAUD, WASTE, AND ABUSE

To report fraud, waste, and abuse, contact the Office of the Inspector General via

Website: <http://oig.ssa.gov/report-fraud-waste-or-abuse>

Mail: Social Security Fraud Hotline
P.O. Box 17785
Baltimore, Maryland 21235

FAX: 410-597-0118

Telephone: 1-800-269-0271 from 10:00 a.m. to 4:00 p.m. Eastern Standard Time

TTY: 1-866-501-2101 for the deaf or hard of hearing