

Management Advisory Report

Single Audit of the State of New Jersey for the Fiscal Year Ended June 30, 2011

Single Audit of the State of New Jersey for the Fiscal Year Ended June 30, 2011

A-77-13-00007



March 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

The New Jersey State Auditor and KPMG LLP conducted the single audit of the State of New Jersey. SSA is responsible for resolving single audit findings related to its Disability Insurance program. The Department of Labor and Workforce Development (LWD) is the New Jersey Disability Determination Services' (DDS) parent agency.

Findings

The single audit reported:

- The hours LWD submitted to SSA on Form SSA-4514 (*Time Report of Personnel Services for Disability Determination Services*) did not reconcile to supporting documentation.
- Consultative examination (CE) payments were not always calculated using the rates in the approved fee schedule for the type of services performed.

Recommendations

We recommend that SSA:

1. Verify that LWD submitted a corrected Form SSA-4514 to the Agency.
2. Confirm that DDS implemented appropriate procedures to ensure accurate CE payments.

MEMORANDUM

Date: March 21, 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 Jersey for the Fiscal Year Ended June 30, 2011
(A-77-13-00007)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of New Jersey for the Fiscal Year ended June 30, 2011.¹ Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

The New Jersey State Auditor and 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 New Jersey State Auditor and KPMG LLP and the reviews performed 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 Jersey 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 Department of Labor and Workforce Development (LWD) is the New Jersey DDS' parent agency.

¹ *State of New Jersey, Single Audit Report, Year Ended June 30, 2011*
http://www.state.nj.us/treasury/omb/finmgmt/Single_Audit/11Report.pdf (last viewed March 4, 2013).

The single audit reported:

- The hours LWD submitted to SSA on Form SSA-4514 (*Time Report of Personnel Services for Disability Determination Services*) did not reconcile to supporting documentation.² The corrective action plan indicates that the Form SSA-4514 submitted to SSA was not the final version.
- Consultative examination (CE) payments were not always calculated using the rates in the approved fee schedule for the type of services performed.³ The corrective action plan indicates steps were taken to ensure all changes made to the CE fee schedule are accurate.

We recommend that SSA:

1. Verify that LWD submitted a corrected Form SSA-4514 to the Agency.
2. Confirm that DDS implemented appropriate procedures to ensure accurate CE payments.

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.



Patrick P. O'Carroll, Jr.

Attachment

cc:

Lynn Bernstein

² Id. at finding 11-16.

³ Id. at finding 11-17.

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