

*Management Advisory Report*

Single Audit of the State of Indiana  
for the Fiscal Year Ended  
June 30, 2019

# Single Audit of the State of Indiana for the Fiscal Year Ended June 30, 2019 A-77-20-00004



April 2020

**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. The audit is intended to assure the Government that a non-Federal entity has adequate internal controls in place and is generally complying with program requirements. Non-Federal entities typically include State and local governments, Indian tribes, universities, and nonprofit organizations.
The Indiana State Board of Accounts conducted the single audit of the State of Indiana. SSA is responsible for resolving single audit findings related to its disability programs. The Family and Social Services Administration is the Indiana Disability Determination Services' parent agency.

## Findings

The single audit reported the Family and Social Services Administration

- understated employees' reportable time on the SSA-4514, *Time Report of Personnel Services for Disability Determination Services*, by 4,993 hours and
- did not document management's confirmation that staff verified consultative examination providers' licenses and credentials.

## Recommendations

We recommend SSA confirm the Family and Social Services Administration:

- Implemented an adequate process to ensure the accuracy of the SSA-4514.
- Ensured consultative examination providers' licensure and credential verification procedures are in accordance with SSA policy.

**MEMORANDUM**

**Date:** April 30, 2020 **Refer To:**

**To:** Trae Sommer  
Director  
Audit Liaison Staff

**From:** Assistant Inspector General for Audit

**Subject:** Single Audit of the State of Indiana for the Fiscal Year Ended June 30, 2019 (A-77-20-00004)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Indiana for the Fiscal Year ended June 30, 2019.<sup>1</sup> The Indiana State Board of Accounts 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. The audit is intended to assure the Government that a non-Federal entity has adequate internal controls in place and is generally complying with program requirements. Non-Federal entities typically include State and local governments, Indian tribes, universities, and nonprofit 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 and Supplemental Security Income programs. SSA is responsible for resolving single audit findings reported under this CFDA number.

The Indiana Disability Determination Services performs disability determinations under SSA's Disability Insurance and Supplemental Security Income programs in accordance with Federal regulations. SSA reimburses the disability determination services for 100 percent of allowable costs. The Family and Social Services Administration (FSSA) is the Indiana Disability Determination Services' parent agency.

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<sup>1</sup> Indiana State Board of Accounts, Federal Single Audit Report of State of Indiana July 1, 2018 to June 30, 2019 (March 25, 2020).

## RESULTS

The single audit reported FSSA:

- understated employees' reportable time on the SSA-4514, *Time Report of Personnel Services for Disability Determination Services*, by 4,993 hours.<sup>2</sup> FSSA plans to implement new processes to ensure it uses accurate data to complete the SSA-4514.
- did not document management's confirmation that staff verified consultative examination providers' required licenses and credentials.<sup>3</sup> FSSA indicated it updated procedures for performing licensure and credential checks of consultative examination providers.

As the report states, “... failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the FSSA.”

We recommend SSA confirm that FSSA:

- Implemented an adequate process to ensure the accuracy of the SSA-4514.
- Ensured consultative examination providers' licensure and credential verification procedures are in accordance with SSA policy.

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 Indiana on March 25, 2020.

Please send copies of the final Audit Clearance Document to [OIG.Audit.Kansas.City@ssa.gov](mailto:OIG.Audit.Kansas.City@ssa.gov). If you have questions, contact [OIG.Audit.Kansas.City@ssa.gov](mailto:OIG.Audit.Kansas.City@ssa.gov).



Rona Lawson

Attachment

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<sup>2</sup> See Footnote 1, Finding 2019-020.

<sup>3</sup> See Footnote 1, Finding 2019-021.

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