

Management Advisory Report

Single Audit of the State of Colorado
for the Fiscal Year Ended
June 30, 2017

Single Audit of the State of Colorado for the Fiscal Year Ended June 30, 2017 A-77-18-00004



April 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

The Office of the State Auditor conducted the single audit of the State of Colorado. SSA is responsible for resolving single audit findings related to its disability programs. The Colorado Department of Human Services (DHS) is the Colorado Disability Determination Services' parent agency.

Finding

The single audit reported DHS did not make cash draws for SSA disability programs within the timeframe required by Federal Transfer Rules.

Recommendation

We recommend that SSA verify DHS is drawing funds for SSA's disability programs in accordance with Federal Transfer Rules.

MEMORANDUM

Date: April 9, 2018 **Refer To:**

To: Trae Sommer
Director
Audit Liaison Staff

From: Assistant Inspector General for Audit

Subject: Single Audit of the State of Colorado for the Fiscal Year Ended June 30, 2017 (A-77-18-00004)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Colorado for the Fiscal Year ended June 30, 2017.¹ The Office of the 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.

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 Colorado 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 Colorado Department of Human Services (DHS) is the Colorado DDS' parent agency.

The single audit reported DHS did not make cash draws for SSA disability programs within the timeframe required by Federal Transfer Rules.² The corrective action plan indicated DHS would update procedures to ensure compliance with Federal Transfer Rules. We recommend that SSA verify DHS is drawing funds for SSA's disability programs in accordance with Federal Transfer Rules.

¹ *State of Colorado Statewide Single Audit Fiscal Year Ended June 30, 2017* (February 6, 2018).

² See Footnote 1, Finding 2017-068.

The single audit also found DHS did not have adequate internal controls to ensure supporting documentation used to prepare the State's *Schedule of Expenditures of Federal Awards* was accurate.³ This finding may impact DDS operations, although it did not specifically identify concerns related to SSA's programs. This matter represents potentially serious service delivery and financial control problems for SSA.

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 Colorado on March 22, 2018.

Please send a copy 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.

A handwritten signature in black ink that reads "Rona Lawson". The signature is fluid and cursive, with "Rona" on top and "Lawson" below it, both starting with a capital letter.

Rona Lawson

Attachment

³ See Footnote 1, Finding 2017-069.

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