

Management Advisory Report

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

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

A-77-20-00008



June 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 Oklahoma State Auditor and Inspector conducted the single audit of the State of Oklahoma. SSA is responsible for resolving single audit findings related to its disability programs. The Oklahoma Department of Rehabilitation Services (ODRS) is the Oklahoma Disability Determination Services' parent agency.

Findings

The single audit reported ODRS

- incorrectly reported employee hours on the SSA-4514, *Time Report of Personnel Services for Disability Determination Services*;
- erroneously charged \$239,330 of 2018 payroll expenditures to the 2019 grant; and
- lacked internal controls over the verification and review of consultative examination providers' licenses and credentials.

Recommendations

We recommend that SSA:

1. Confirm that ODRS implemented an adequate process to ensure the accuracy of the SSA-4514.
2. Verify that ODRS transferred the questioned payroll expenditures to the correct fiscal year grant and established appropriate procedures to charge expenditures to the correct fiscal year grant.
3. Confirm that ODRS' consultative examination providers' licensure and credential verification procedures are in accordance with SSA policy.

MEMORANDUM

Date: June 15, 2020 **Refer To:**

To: Trae Sommer
Director
Audit Liaison Staff

From: Assistant Inspector General for Audit

Subject: Single Audit of the State of Oklahoma for the Fiscal Year Ended June 30, 2019 (A-77-20-00008)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Oklahoma for the Fiscal Year ended June 30, 2019.¹ The Oklahoma State Auditor and Inspector 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 Oklahoma 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 Oklahoma Department of Rehabilitation Services (ODRS) is the Oklahoma Disability Determination Services' parent agency.

¹ *State of Oklahoma 2019 Single Audit Report for the fiscal year ended June 30, 2019* (April 30, 2020).

RESULTS

The single audit identified the following issues.

- ODRS incorrectly reported employee hours on the SSA-4514, *Time Report of Personnel Services for Disability Determination Services*.² This occurred because ODRS did not have an adequate review process to ensure the reported hours were accurate. ODRS stated it updated internal procedures to ensure it accurately completes the SSA-4514.
- ODRS erroneously charged \$239,330 of 2018 payroll expenditures to the 2019 grant.³ This occurred because ODRS incorrectly coded the expenditures and did not detect the errors during its review process. ODRS stated it will work with SSA to determine appropriate corrective actions for the incorrect payroll charges.
- ODRS lacked internal controls over the verification and review of consultative examination providers' licenses and credentials.⁴ As stated in the report, "Without proper review and approval . . . DDS has no assurance the verifications are being performed in accordance to SSA requirements." ODRS stated it increased the number of reviews to ensure it conducts licensure verification and debarment checks for all vendors.

We recommend that SSA:

1. Confirm that ODRS implemented an adequate process to ensure the accuracy of the SSA-4514.
2. Verify that ODRS transferred the questioned payroll expenditures to the correct fiscal year grant and established appropriate procedures to charge expenditures to the correct fiscal year grant.
3. Confirm that ODRS' 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 Oklahoma on May 20, 2020.

² See Footnote 1, Finding 2019-037.

³ See Footnote 1, Finding 2019-038.

⁴ See Footnote 1, Finding 2019-040.

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Please send copies of the final Audit Clearance Document to OIG.Audit.Kansas.City@ssa.gov.
If you have questions, contact OIG.Audit.Kansas.City@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.

Rona Lawson

Attachment

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