

*Management Advisory Report*

Single Audit of the State of Arizona  
for the Fiscal Year Ended  
June 30, 2015

**Single Audit of the State of Arizona for the Fiscal Year Ended  
June 30, 2015  
A-77-16-00012**



**September 2016**

**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 Arizona Auditor General conducted the single audit of the State of Arizona. SSA is responsible for resolving single audit findings related to its disability programs. The Department of Economic Security (DES) is the Arizona Disability Determination Services' (DDS) parent agency.

**Finding**

The single audit reported that DES did not evaluate, test, or update its disaster recovery plan annually. A 2015 review reported a similar finding. In response to our recommendation, SSA stated DES maintained the system for all DES programs and therefore the DDS was not responsible for the DES system. Furthermore, SSA stated the DDS had met all Federal requirements for testing and providing its annual Disaster Recovery Plan according to SSA policy. Therefore, we are bringing this matter to your attention, but we are not making a recommendation.

## MEMORANDUM

**Date:** September 2, 2016 **Refer To:**

**To:** Gary S. Hatcher  
Senior Advisor  
Audit Liaison Staff

**From:** Assistant Inspector General for Audit

**Subject:** Single Audit of the State of Arizona for the Fiscal Year Ended June 30, 2015 (A-77-16-00012)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Arizona for the Fiscal Year ended June 30, 2015.<sup>1</sup> Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

The Arizona Auditor General conducted the audit. As of the date of this report, we had not received the results of the Department of Health and Human Services' (HHS) desk review. We will notify you if HHS determines the audit did not meet Federal requirements. In reporting the results of the single audit, we rely entirely on the internal control and compliance work performed by the Arizona Auditor General and HHS' reviews. 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 and Supplemental Security Income programs are identified by CFDA number 96. SSA is responsible for resolving single audit findings reported under this CFDA number.

The Arizona Disability Determination Services (DDS) performs disability determinations under SSA's Disability Insurance and Supplemental Security Income programs in accordance with Federal regulations. The DDS is reimbursed for 100 percent of allowable costs. The Department of Economic Security (DES) is the Arizona DDS' parent agency.

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<sup>1</sup> A Report to the Arizona Legislature, *Single Audit, State of Arizona Year Ended June 30, 2015* (June 20, 2016).

The single audit reported that DES did not evaluate, test, or update its disaster recovery plan annually.<sup>2</sup> The corrective action plan indicated DES will review and modify its recovery plan and perform annual testing, including documenting testing strategies, testing frequencies, and test results. We previously reported a similar finding and recommendation.<sup>3</sup> In response to our recommendation, SSA stated that the DES maintained the system for all DES programs and therefore the DDS was not responsible for the DES system. Furthermore, the DDS had met all Federal requirements for testing and providing their annual Disaster Recovery Plan according to SSA policy. Therefore, we are bringing this matter to your attention, but we are not making a recommendation.

If you have questions, contact Shannon Agee at (877) 405-7694, extension 18802 or [Shannon.Agee@ssa.gov](mailto: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.

Rona Lawson

Attachment

cc:  
Lynn Bernstein

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<sup>2</sup> See Footnote 1, finding 2015-115.

<sup>3</sup> SSA OIG, *Management Advisory Report, Single Audit of the State of Arizona for the Fiscal Year Ended June 30, 2014* (A-77-15-00004), July 8, 2015.

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