

Management Advisory Report

Single Audit of the Commonwealth
of Massachusetts for the Fiscal Year
Ended June 30, 2018

Single Audit of the Commonwealth of Massachusetts for the Fiscal Year Ended June 30, 2018

A-77-19-00002



April 2019

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. It is intended to assure the Government that a non-Federal entity has adequate internal controls in place, and is generally in compliance with program requirements. Non-Federal entities typically include States, local governments, Indian tribes, universities, and non-profit organizations.
KPMG LLP conducted the single audit of the Commonwealth of Massachusetts. SSA is responsible for resolving single audit findings related to its disability programs. Massachusetts Rehabilitation Commission (MRC) is the Massachusetts Disability Determination Services' (DDS) parent agency.

Findings

The single audit reported the following.

- DDS charged expenditures totaling \$2,276 to the incorrect fiscal year grant award.
- MRC did not document its cash reconciliations between its internal system and the Federal payment system.
- DDS did not maintain documentation to support unliquidated obligations, which are the monies it planned to expend after the close of the fiscal year grant award period.

Recommendations

We recommend that SSA verify:

1. DDS established appropriate procedures for charging expenditures to fiscal year grant awards.
2. MRC implemented appropriate procedures for maintaining cash reconciliations between its internal systems and the Federal payment system.
3. DDS established appropriate procedures to support reported unliquidated obligations.

MEMORANDUM

Date: April 29, 2019 **Refer To:**

To: Trae Sommer
Director
Audit Liaison Staff

From: Assistant Inspector General for Audit

Subject: Single Audit of the Commonwealth of Massachusetts for the Fiscal Year Ended June 30, 2018
(A-77-19-00002)

This report presents the Social Security Administration's (SSA) portion of the single audit of the Commonwealth of Massachusetts for the Fiscal Year ended June 30, 2018.¹ KPMG LLP 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. It is intended to assure the Government that a non-Federal entity has adequate internal controls in place and is generally in compliance with program requirements. Non-Federal entities typically include States, local governments, Indian tribes, universities, and non-profit 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 (DI) and Supplemental Security Income (SSI) programs. SSA is responsible for resolving single audit findings reported under this CFDA number.

The Massachusetts 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 Massachusetts Rehabilitation Commission (MRC) is the Massachusetts DDS' parent agency.

¹ Commonwealth of Massachusetts Year Ended June 30, 2018 (March 29, 2019).

RESULTS

The single audit reported the following.

- DDS charged expenditures totaling \$2,276 to the incorrect fiscal year grant award.² The corrective action plan indicated DDS will implement a process to ensure expenditures are charged to the correct fiscal year grant award.
- MRC did not document its cash reconciliations between its internal system and the Federal payment system.³ The corrective action plan indicated the MRC will implement a process to ensure cash reconciliations between its internal system and the Federal payment system are performed and maintained.
- DDS did not maintain documentation to support unliquidated obligations, which are the monies it planned to expend after the close of the fiscal year grant award period.⁴ The corrective action plan indicated the DDS will improve its procedures for supporting unliquidated obligations.

We recommend that SSA verify:

1. DDS established appropriate procedures for charging expenditures to fiscal year grant awards.
2. MRC implemented appropriate procedures for maintaining cash reconciliations between its internal systems and the Federal payment system.
3. DDS established appropriate procedures to support reported unliquidated obligations.

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 Commonwealth of Massachusetts on March 29, 2019.

Please send copies of the final Audit Clearance Document to OIG.Audit.Kansas.City@ssa.gov.



Rona Lawson

Attachment

² See Footnote 1, Finding 2018-014.

³ See Footnote 1, Finding 2018-015.

⁴ See Footnote 1, Finding 2018-016.

MISSION

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