

*Management Advisory Report*

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

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

## A-77-16-00007



August 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

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. Family and Social Services Administration (FSSA) is the Indiana Disability Determination Services' (DDS) parent agency.

### Findings

The single audit reported FSSA did not have proper internal controls to ensure DDS expenditures were charged to the proper Fiscal Year (FY) grant award. Specifically, medical evidence of record (MER) and consultative examination (CE) expenses totaling \$11,264 were improperly charged to the FY 2015 grant award. In addition, MER and CE expenses totaling \$235,798 may have been improperly charged to the FY 2015 grant award.

In addition, the single audit reported FSSA did not maintain documentation to support the Form SSA-4514, *Time Report of Personnel Services for Disability Determination Services*, for the quarters ended September 30, 2014, December 31, 2014, and March 31, 2015. We made a recommendation for corrective action on this finding to SSA in a prior report. We confirmed that SSA had taken appropriate corrective action to address this finding. Therefore, we will not repeat the recommendation in this report.

### Recommendations

We recommend that SSA:

1. Verify FSSA established appropriate procedures to ensure expenditures are charged to the correct FY grant.
2. Ensure FSSA transferred the questioned MER and CE expenditures to the correct FY grant.

## MEMORANDUM

**Date:** August 4, 2016 **Refer To:**

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

**From:** Assistant Inspector General for Audit

**Subject:** Single Audit of the State of Indiana for the Fiscal Year Ended June 30, 2015 (A-77-16-00007)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Indiana for the Fiscal Year (FY) 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 Indiana State Board of Accounts conducted the audit. The Department of Health and Human Services' desk review concluded that the audit met Federal requirements. In reporting the results of the single audit, we relied entirely on the internal control and compliance work performed by the Indiana State Board of Accounts and the Department of Health and Human Services' 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 Indiana Disability Determination Services (DDS) performs disability determinations under SSA's Disability Insurance and Supplemental Security Income programs in accordance with Federal regulations. SSA reimburses the DDS for 100 percent of allowable costs. The Family and Social Services Administration (FSSA) is the Indiana DDS' parent agency.

The single audit reported FSSA did not have proper internal controls to ensure DDS expenditures were charged to the proper FY grant award. Specifically, medical evidence of record (MER) and consultative examination (CE) expenses totaling \$11,264 were improperly charged to the FY 2015 grant award. In addition, MER and CE expenses totaling \$235,798 may have been improperly charged to the FY 2015 grant award.<sup>2</sup> The corrective action plan indicated FSSA had

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<sup>1</sup> *Federal Single Audit Report of State of Indiana July 1, 2014 to June 30, 2015* (December 23, 2015).

<sup>2</sup> See Footnote #1, finding 2015-020.

established procedures to ensure expenditures are charged to the correct FY grant award. In addition, FSSA is transferring the questioned expenditures to the correct FY grant award.

We recommend that SSA:

1. Verify FSSA established appropriate procedures to ensure expenditures are charged to the correct FY grant.
2. Ensure FSSA transferred the questioned MER and CE expenditures to the correct FY grant.

In addition, the single audit reported FSSA did not maintain documentation to support the Form SSA-4514, *Time Report of Personnel Services for Disability Determination Services*, for the quarters ended September 30, 2014, December 31, 2014, and March 31, 2015.<sup>3</sup> The corrective action plan indicated FSSA updated reporting instructions to include the documentation of data sources used to complete the Form SSA-4514. We made a recommendation to SSA in a prior report for corrective action on this finding.<sup>4</sup> We confirmed that SSA had taken appropriate corrective action to address this finding. Therefore, we will not repeat the recommendation in this report.

Please send copies 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](mailto:Shannon.Agee@ssa.gov).



Rona Lawson

Attachment

cc:

Lynn Bernstein

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<sup>3</sup> See Footnote #1, finding 2015-019.

<sup>4</sup> SSA, OIG, *Management Advisory Report: Single Audit of the State of Indiana for the Fiscal Year Ended June 30, 2014* (A-77-15-00006), July 23, 2015.

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