

Management Advisory Report

Single Audit of the State of New Jersey for the Fiscal Year Ended June 30, 2012

**Single Audit of the State of New Jersey for the Fiscal Year
Ended June 30, 2012
A-77-14-00003**



November 2013

Office of Audit Report Summary

Objective

To report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to Social Security Administration (SSA) for resolution action.

Background

The New Jersey State Auditor and KPMG LLP conducted the single audit of the State of New Jersey. SSA is responsible for resolving single audit findings related to its Disability Insurance program. The Department of Labor and Workforce Development (LWD) is the New Jersey Disability Determination Services' (DDS) parent agency.

Findings

The single audit reported LWD did not:

- Provide documentation to support that two DDS non-payroll expenses were reviewed and approved before disbursement. LWD did provide documentation to support the expenses were allowable costs of the SSA program.
- Submit the *State Agency Report of Obligations for SSA Disability Programs* (Form SSA-4513) for the quarter ended June 30, 2012 timely.

Recommendations

We recommend that SSA verify that LWD established appropriate procedures to:

1. Maintain documentation supporting DDS expenses.
2. Ensure timely submission of the Form SSA-4513.

MEMORANDUM

Date: November 27, 2013

Refer To:

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

From: Inspector General

Subject: Single Audit of the State of New Jersey for the Fiscal Year Ended June 30, 2012
(A-77-14-00003)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of New Jersey for the Fiscal Year ended June 30, 2012.¹ Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

The New Jersey State Auditor and KPMG LLP performed the audit. The results of the desk review conducted by the Department of Health and Human Services (HHS) 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 New Jersey State Auditor and KPMG LLP and the reviews performed by HHS. 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 (DI) and Supplemental Security Income (SSI) programs are identified by CFDA number 96. SSA is responsible for resolving single audit findings reported under this CFDA number.

The New Jersey Disability Determination Services (DDS) performs disability determinations under SSA's DI and SSI programs in accordance with Federal regulations. The DDS is reimbursed for 100 percent of allowable costs. The Department of Labor and Workforce Development (LWD) is the New Jersey DDS' parent agency.

¹ *State of New Jersey, Single Audit Report, Year Ended June 30, 2012*
http://www.state.nj.us/treasury/omb/finmgmt/Single_Audit/12Report.pdf (last viewed October 24, 2013).

The single audit reported LWD did not:

- Provide documentation to support that two DDS non-payroll expenses were reviewed and approved before disbursement.² LWD did provide documentation to support the expenses were allowable costs of the SSA program. The corrective action plan indicated certain documents could not be located because of a transition of personnel in the Division of Finance and Accounting (DFA) and that DFA will strengthen its controls over the filing of supporting documents.
- Submit the *State Agency Report of Obligations for SSA Disability Programs* (Form SSA-4513) for the quarter ended June 30, 2012 timely.³ The corrective action plan indicated DFA filed the delinquent Form SSA-4513 in February 2013 and that it will strengthen its control over the filing of Government reports.

We recommend that SSA verify that LWD established appropriate procedures to:

1. Maintain documentation supporting DDS expenses.
2. Ensure timely submission of the Form SSA-4513.

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.



Patrick P. O'Carroll, Jr.

Attachment

cc:

Lynn Bernstein

² Id. at finding 12-33.

³ Id. at finding 12-34.

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