

*Management Advisory Report*

Single Audit of the State of  
Connecticut for the Fiscal Year  
Ended June 30, 2014

# **Single Audit of the State of Connecticut for the Fiscal Year Ended June 30, 2014**

**A-77-15-00007**



**July 2015**

**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 Connecticut Auditors of Public Accounts conducted the single audit of the State of Connecticut. SSA is responsible for resolving single audit findings related to its Disability programs.

The Connecticut Disability Determination Services (DDS) performs disability determinations under SSA's Disability Insurance and Supplemental Security Income programs in accordance with Federal regulations. The Department of Social Services (DSS) is the DDS' parent agency.

The Connecticut Department of Rehabilitation Services (DORS) contracts with Community Rehabilitation Providers on a fee-for-service basis to provide employment rehabilitative services to disabled residents. SSA reimburses DORS for indirect costs related to rehabilitative services provided to disabled beneficiaries.

## **Findings**

The single audit reported the DSS charged salaries and wages to the disability program that were not supported by semi-annual certifications indicating the employees worked solely on the disability program.

In addition, the single audit reported that the costs charged to SSA for rehabilitative services provided to disabled beneficiaries were understated because of the misclassification of expenditures in the accounting system.

## **Recommendations**

We recommend that SSA

- 1.** Verify that procedures were implemented to ensure employees who solely work on the disability program have semi-annual certifications.
- 2.** Verify that appropriate changes were made to the accounting system to ensure accurate costs are charged to its disability programs.

## MEMORANDUM

**Date:** July 27, 2015 **Refer To:**

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

**From:** Inspector General

**Subject:** Single Audit of the State of Connecticut for the Fiscal Year Ended June 30, 2014  
(A-77-15-00007)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Connecticut for the Fiscal Year ended June 30, 2014.<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 Connecticut Auditors of Public Accounts 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 Connecticut Auditors of Public Accounts 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 Connecticut 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 Social Services (DSS) is the Connecticut DDS' parent agency.

The single audit reported the DSS charged salaries and wages to the disability program that were not supported by semi-annual certifications indicating the employees worked solely on the

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<sup>1</sup> *State of Connecticut Single Audit Report For the Fiscal Year Ended June 30, 2014*  
[http://www.cga.ct.gov/apa/reports/statewide/STATEWIDE\\_20150330\\_FY2014.pdf](http://www.cga.ct.gov/apa/reports/statewide/STATEWIDE_20150330_FY2014.pdf) (last viewed July 9, 2015).

disability program.<sup>2</sup> The corrective action plan indicated DSS will implement semi-annual certifications. We recommend that SSA verify that procedures were implemented to ensure employees who solely work on the disability program have semi-annual certifications.

The single audit also reported that the costs charged to SSA for rehabilitative services provided to disabled beneficiaries were understated. Specifically, the misclassification of expenditures in the accounting system resulted in the indirect costs charged to SSA's disability programs to be understated for the quarters ending September 30, 2013 and March 31, 2014.<sup>3</sup> The corrective action plan indicated changes were made to the accounting system to ensure accurate classification of expenditures. We recommend that SSA verify that appropriate changes were made to the accounting system to ensure accurate costs are charged to its disability programs.

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).



Patrick P. O'Carroll, Jr.

Attachment

cc:

Lynn Bernstein

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<sup>2</sup> Id. at finding 2014-400.

<sup>3</sup> Id. at finding 2014-401.

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