

Management Advisory Report

Single Audit of the State of Texas for
the Fiscal Year Ended
August 31, 2018

Single Audit of the State of Texas for the Fiscal Year Ended August 31, 2018 A-77-19-00003



May 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.
The Texas State Auditor and KPMG LLP conducted the single audit of the State of Texas. SSA is responsible for resolving single audit findings related to its disability programs. Texas Health and Human Services Commission (HHSC) is the Texas Disability Determination Services' parent agency.

Finding

The single audit reported that HHSC did not accurately complete the Fiscal Year 2018 Schedule of Expenditures of Federal Awards.

Recommendation

We recommend that SSA verify HHSC developed appropriate procedures to ensure an accurate Schedule of Expenditures of Federal Awards.

MEMORANDUM

Date: May 2, 2019 **Refer To:**

To: Trae Sommer
Director
Audit Liaison Staff

From: Assistant Inspector General for Audit

Subject: Single Audit of the State of Texas for the Fiscal Year Ended August 31, 2018 (A-77-19-00003)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Texas for the Fiscal Year ended August 31, 2018.¹ The Texas State Auditor and 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 Texas 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 Texas Health and Human Services Commission (HHSC) is the Texas DDS' parent agency.

¹ *Statewide Single Audit Report for the Year Ended August 31, 2018* (February 21, 2019).

RESULTS

The single audit reported that HHSC did not accurately complete the Fiscal Year 2018 Schedule of Expenditures of Federal Awards (SEFA).² The corrective action plan indicated that, in the future, HHSC will use an automated application to maintain financial information used to prepare the SEFA.

We recommend that SSA verify HHSC developed appropriate procedures to ensure an accurate SEFA.

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 State of Texas on March 19, 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 2018-005.

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