

# Single Audit of the State of Michigan for the Fiscal Year Ended September 30, 2013

## A-77-15-00001



June 2015

## Office of Audit Report Summary

Objective	Findings
<p>To report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to Social Security Administration (SSA) for resolution action.</p>	<p>The single audit reported DHS:</p> <ul style="list-style-type: none"><li>● Did not make cash draws within the number of days required by the <i>Cash Management Improvement Act</i> (CMIA) agreement.</li><li>● Did not annually review the List of Excluded Individuals and Entities (LEIE) for consultative examination (CE) provider's medical licenses.</li><li>● Inappropriately charged 100 percent of three employees' payroll expenditures for union representatives to the SSA programs although these employees also represented DHS employees working on non-SSA programs. The payroll expenditures totaled \$132,578.</li><li>● Made cash draws that exceeded SSA program expenditures resulting in \$164,502 in questioned costs.</li><li>● Did not have an effective process to track and verify each CE provider's license status every 2 years or at the license renewal date.</li></ul>
<p><b>Background</b></p> <p>Michigan Auditor General conducted the single audit of the State of Michigan. SSA is responsible for resolving single audit findings related to its Disability programs. Department of Human Services (DHS) is the Michigan Disability Determination Services' (DDS) parent agency.</p>	<p><b>Recommendations</b></p> <p>We recommend that SSA:</p> <ol style="list-style-type: none"><li>1. Verify that DHS is drawing funds for SSA's disability programs in accordance with the CMIA agreement.</li><li>2. Verify that DHS established an annual process to verify CE providers to the LEIE to ensure they are not excluded from participating in federally funded programs.</li><li>3. Determine the portion of the \$132,578 in payroll costs for union representatives inappropriately charged to SSA's disability programs and request a refund of the unallowable costs.</li><li>4. Ensure the \$164,502 related to excessive cash draws is returned to SSA.</li><li>5. Ensure DHS establishes appropriate procedures to verify CE provider license status.</li></ol>