

Report Summary

Social Security Administration Office of the Inspector General

October/November 2010



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 Montana Legislative Auditor performed the single audit of the State of Montana and the California State Auditor performed the single audit of the State of California. SSA is responsible for resolving single audit findings related to its Disability Insurance and Supplemental Security Income programs. The Department of Public Health and Human Services (DPHHS) is the Montana Disability Determination Services' (DDS) parent agency and the Department of Social Services (DSS) is the California DDS' parent agency.

To view the full reports, visit
http://www.ssa.gov/oig/ADO_BEPDF/A-77-11-00001.pdf

http://www.ssa.gov/oig/ADO_BEPDF/A-77-11-00002.pdf

Management Advisory Reports: Single Audits of the States of Montana for the 2-Year Period Ended June 30, 2009 (A-77-11-00001) and California for the Fiscal Year Ended June 30, 2009 (A-77-11-00002)

Our Findings

The single audit of the State of Montana reported that (1) the Montana Department of Administration did not bill central services costs to State agencies in accordance with the relative benefit received, as required by Federal regulations, (2) DPHHS did not have sufficient controls to ensure supervisory compliance with Federal cash management requirements, and (3) DPHHS improperly charged settlement payments to terminated employees to various Federal programs.

The single audit of the State of California reported that payroll costs distributed to the California DDS were not supported by personnel activity reports as required by the Office of Management and Budget (OMB) Circular A-87 "Cost Principles for State, Local, and Indian Tribal Governments."

Our Recommendations

For the State of Montana, we recommend that SSA (1) confirm that central service costs are billed to the Montana DDS in accordance with the Statewide Cost Allocation Plan, (2) ensure that DPHHS developed sufficient controls for supervisory compliance with cash management requirements, and (3) verify that any SSA funds used for settlement payments to terminated employees were returned to SSA.

For the State of California, we recommend that SSA ensure payroll costs distributed to the California DDS are supported by personnel activity reports when required by OMB Circular A-87.