

Management Advisory Report

Single Audit of the State of West
Virginia for the Fiscal Year Ended
June 30, 2015

**Single Audit of the State of West Virginia for the Fiscal Year
Ended June 30, 2015
A-77-16-00011**



August 2016

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 for resolution action.

Background

Ernst & Young LLP conducted the single audit of the State of West Virginia. The Social Security Administration is responsible for resolving single audit findings related to its disability programs. The Division of Rehabilitation Services within the Department of Education and the Arts is the West Virginia Disability Determination Services' parent agency.

Finding

The single audit reported payroll transactions for salaried employees did not have the appropriate supervisory approval.

Recommendation

We recommend that the Social Security Administration ensure the Department of Rehabilitation Services implemented appropriate policies and procedures for supervisory review of payroll and non-payroll transactions.

MEMORANDUM

Date: August 26, 2016 **Refer To:**

To: Gary S. Hatcher
Senior Advisor
Audit Liaison Staff

From: Assistant Inspector General for Audit

Subject: Single Audit of the State of West Virginia for the Fiscal Year Ended June 30, 2015
(A-77-16-00011)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of West Virginia for the Fiscal Year ended June 30, 2015.¹ Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

Ernst & Young LLP conducted the audit. The Department of Health and Human Services' desk review 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 Ernst & Young LLP performed and the Department of Health and Human Services' reviews. 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 and Supplemental Security Income programs are identified by CFDA number 96. SSA is responsible for resolving single audit findings reported under this CFDA number.

The West Virginia Disability Determination Services (DDS) performs disability determinations under SSA's Disability Insurance and Supplemental Security Income programs in accordance with Federal regulations. The DDS is reimbursed for 100 percent of allowable costs. The Division of Rehabilitation Services (DRS) within the Department of Education and the Arts (DEA) is the West Virginia DDS' parent agency.

The single audit reported payroll transactions for salaried employees did not have the appropriate supervisory approval. In addition, supervisory approval was not maintained in the accounting

¹ West Virginia *Single Audit For the Year Ended June 30, 2015* (May 26, 2016)

system or on source documents for non-payroll transactions.² The corrective action plan indicated new policies and procedures will be developed as needed.

We recommend that SSA ensure the DRS implemented appropriate policies and procedures for supervisory review of payroll and non-payroll transactions.

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.

A handwritten signature in black ink that reads "Rona Lawson". The signature is fluid and cursive, with "Rona" on top and "Lawson" below it.

Rona Lawson

Attachment

cc:

Lynn Bernstein

² See Footnote 1, finding 2015-020.

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