

Management Advisory Report

Single Audit of the Hawaii
Department of Human Services for
the Fiscal Year Ended June 30, 2012

Single Audit of the Hawaii Department of Human Services for the Fiscal Year Ended June 30, 2012

A-77-14-00005



December 2013

Office of Audit Report Summary

Objective

To report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to Social Security Administration (SSA) for resolution action.

Background

N&K CPAs, Inc. conducted the single audit of the Hawaii Department of Human Services (DHS). SSA is responsible for resolving single audit findings related to its Disability programs. DHS is the Hawaii Disability Determination Branch's (DDB) parent agency.

Finding

The single audit reported total on-duty, holiday and leave, and overtime hours reported in the *Time Reports of Personnel Service for Disability Determination Services* (Form SSA-4514) were not accurately reported due to a mathematical error.

Recommendation

A finding related to the accuracy of the Form SSA-4514 was also reported in the prior single audit. In September 2013, SSA confirmed that the DDB had implemented an electronic process to ensure the Form SSA-4514 is accurately prepared. In addition, a review process was implemented. Therefore, we are not making a recommendation on this finding.

MEMORANDUM

Date: December 13, 2013 **Refer To:**

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

From: Inspector General

Subject: Single Audit of the Hawaii Department of Human Services for the Fiscal Year Ended June 30, 2012 (A-77-14-00005)

This report presents the Social Security Administration's (SSA) portion of the single audit of the Hawaii Department of Human Services (DHS) for the Fiscal Year ended June 30, 2012.¹ Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

The N&K CPAs, Inc. 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 N&K CPAs, Inc. 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 Hawaii Disability Determination Branch (DDB) performs disability determinations under SSA's DI and SSI programs in accordance with Federal regulations. The DDB is reimbursed for 100 percent of allowable costs. The DHS is the Hawaii DDB's parent agency.

The single audit reported total on-duty, holiday and leave, and overtime hours reported in the *Time Reports of Personnel Service for Disability Determination Services* (Form SSA-4514) were not accurately reported due to a mathematical error.² The corrective action plan indicated the DDB would implement procedures to ensure the accuracy of the Form SSA-4514 including

¹ Office of the Auditor, *Financial Audit of the Department of Human Services State of Hawaii, Fiscal Year Ended June 30, 2012*. http://www.state.hi.us/auditor/Reports/2012_Audit/DHS2012.pdf (last viewed October 17, 2013).

² Id. at finding 2012-06.

revising the worksheets used to compile data for the SSA-4514 and reviewing the accuracy of Form SSA-4514 before submission to SSA.

A finding related to the accuracy of the Form SSA-4514 was also reported in the prior single audit.³ In September 2013, SSA confirmed that the DDB had implemented an electronic process to ensure the Form SSA-4514 is accurately prepared. In addition, a review process was implemented. Therefore, we are not making a recommendation on this finding.

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.



Patrick P. O'Carroll, Jr.

Attachment

cc:

Lynn Bernstein

³ SSA OIG, *Management Advisory Report: Single Audit of the Hawaii Department of Human Services for the Fiscal Year Ended June 30, 2011* (A-77-13-00001), January 2013.

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