

Management Advisory Report

Single Audit of the State of
Minnesota for the Fiscal Year Ended
June 30, 2020

Single Audit of the State of Minnesota for the Fiscal Year Ended June 30, 2020

A-77-21-00004



July 2021

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.
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 assures the Government that a non-Federal entity maintains adequate internal controls and generally complies with program requirements. Non-Federal entities typically include State and local governments, Indian tribes, universities, and nonprofit organizations.
The Minnesota Office of the Legislative Auditor conducted the single audit of the State of Minnesota. SSA is responsible for resolving single audit findings related to its disability programs. The Department of Employment and Economic Development (DEED) is the Minnesota Disability Determination Services' parent agency.

Findings

The single audit reported the following.

- DEED did not receive SSA regional office approval to incur charges, totaling \$75, that were not included in the approved fee schedule.
- Back-up timesheet approvers did not document the reason for their approval, as required.

SSA's Disability Program Administrator for Minnesota confirmed the Minnesota Disability Determination Service and DEED implemented internal controls to address these findings. Therefore, we did not make recommendations in this report.

MEMORANDUM

Date: July 21, 2021 **Refer To:** A-77-21-00004

To: Trae Sommer
Director
Audit Liaison Staff

From: Assistant Inspector General for Audit

Subject: Single Audit of the State of Minnesota for the Fiscal Year Ended June 30, 2020

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Minnesota for the Fiscal Year ended June 30, 2020.¹ The Minnesota Office of the Legislative Auditor 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.

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 assures the Government that a non-Federal entity maintains adequate internal controls and generally complies with program requirements. Non-Federal entities typically include State and local governments, Indian tribes, universities, and nonprofit 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 and Supplemental Security Income programs. SSA is responsible for resolving single audit findings reported under this CFDA number.

The Minnesota Disability Determination Services (DDS) performs disability determinations under SSA's Disability Insurance and Supplemental Security Income programs in accordance with Federal regulations. SSA reimburses the DDS for 100 percent of allowable costs. The Department of Employment and Economic Development (DEED) is the Minnesota DDS' parent agency.

¹ Minnesota Management and Budget, *Financial and Compliance Report on Federally Assisted Programs For the Year Ended June 30, 2020* (April 30, 2021).

RESULTS

The single audit reported DEED did not receive SSA regional office approval to incur charges, totaling \$75, that were not included in the approved fee schedule because DEED management did not have controls to ensure it obtained approval for these charges.² DEED stated the Minnesota DDS planned to improve internal controls by implementing a documented approval process for charges not included in the fee schedule. We confirmed with SSA's Disability Program Administrator that the Minnesota DDS had updated its internal controls to address this finding. Therefore, we will not make a recommendation.

The single audit also reported back-up timesheet approvers did not document the reason for their approval, as required.³ We have made a recommendation to SSA in a prior report for corrective action on this finding.⁴ SSA's Disability Program Administrator stated the Minnesota DDS confirmed DEED implemented internal controls to address this finding. Therefore, we will not repeat the recommendation in this report.

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 Minnesota on May 13, 2021.

Please send copies of the final Audit Clearance Document to OIG.Audit.Kansas.City@ssa.gov. If you have questions, contact OIG.Audit.Kansas.City@ssa.gov.



Michelle L. Anderson

Attachment

² See Footnote 1, Finding 2020-055. The single audit identified questioned costs based on a sample that was not statistically valid. Therefore, we are not recommending SSA seek recovery of these costs.

³ See Footnote 1, Finding 2020-056. The single audit identified questioned costs of \$6,389 without confirming the payroll costs were inaccurate. Therefore, we are not recommending SSA seek recovery of these costs.

⁴ SSA, OIG, *Single Audit of the State of Minnesota for the Fiscal Year Ended June 30, 2019, A-77-20-00007* (May 12, 2020).



Mission:

The Social Security Office of the Inspector General (OIG) serves the public through independent oversight of SSA's programs and operations.

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Social Security-related scams and Social Security fraud, waste, abuse, and mismanagement, at oig.ssa.gov/report.

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