

*Management Advisory Report*

Single Audit of the State of New  
Mexico Public Education Department  
for the Fiscal Year Ended June 30,  
2011

# **Single Audit of the State of New Mexico Public Education Department for the Fiscal Year Ended June 30, 2011 A-77-13-00013**



**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**

Moss Adams LLP conducted the single audit of the State of New Mexico Public Education Department. SSA is responsible for resolving single audit findings related to its Disability Insurance program. The Division of Vocational Rehabilitation (DVR) is the New Mexico Disability Determination Services' (DDS) parent agency.

## **Findings**

The single audit reported that DVR:

- Did not follow established policies and procedures to ensure vendors are not suspended or debarred.
- Did not consistently follow established internal control policies for reviewing and approving Federal cash draws.

## **Recommendations**

We recommend that SSA:

1. Confirm that DVR is following its established policies and procedures for ensuring vendors are not suspended or debarred.
2. Verify that DVR is following its established policies for reviewing and approving cash draws.

## MEMORANDUM

**Date:** December 23, 2013 **Refer To:**

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

**From:** Inspector General

**Subject:** Single Audit of the State of New Mexico Public Education Department for the Fiscal Year Ended June 30, 2011 (A-77-13-00013)

On August 7, 2013, we issued the Social Security Administration's (SSA) portion of the single audit of the State of the New Mexico Public Education Department for the Fiscal Year ended June 30, 2011. Subsequent to issuing the report, we received information from the New Mexico Division of Vocational Rehabilitation (DVR) and the auditor who performed the single audit, Moss Adams LLP. Based on the new information, we are issuing a revised report. Please disregard the prior report.

This revised report presents SSA's portion of the single audit of the State of New Mexico Public Education Department for the Fiscal Year ended June 30, 2011.<sup>1</sup> Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

We have not received the results of the desk review conducted by the Department of Education (ED). We will notify SSA when we receive the results if ED determines the audit did not meet Federal requirements. In reporting the results of the single audit, we relied entirely on the internal control and compliance work performed by the Moss Adams LLP and the reviews performed by ED. 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 New Mexico Disability Determination Services (DDS) performs disability determinations under SSA's DI and SSI programs in accordance with Federal regulations. The DDS is reimbursed for 100 percent of allowable costs. DVR is the New Mexico DDS' parent agency.

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<sup>1</sup> Moss Adams LLP, *State of New Mexico Public Education Department, Single Audit, June 30, 2011*.

The single audit reported that DVR:

- Did not follow established policies and procedures to ensure vendors are not suspended or debarred. The corrective action plan indicated that the contract manager will perform a verification of suspended or debarred contractors using the Excluded Parties List System and retain a copy of the verification in the Agencies contract file.<sup>2</sup>
- Did not consistently follow established internal control policies for reviewing and approving Federal cash draws. The corrective action plan indicated DVR staff will ensure all proper approval signatures are obtained before requesting cash draws of Federal funds.,<sup>3</sup>

We recommend that SSA:

1. Confirm that DVR is following its established policies and procedures for ensuring vendors are not suspended or debarred.
2. Verify that DVR is following its established policies for reviewing and approving cash draws.

The single audit disclosed that DVR did not have a process to reconcile the vocational rehabilitation grant (VR) expenditures to cash draws, resulting in over draws and over billings to the VR program.<sup>4</sup> This finding may impact the DDS's operations, although it was not specifically identified to SSA. I am bringing this matter to your attention as it represents a potentially serious service delivery and financial control problem for the Agency.

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](mailto:Shannon.agee@ssa.gov).



Patrick P. O'Carroll, Jr.

Attachment

cc:

Lynn Bernstein

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<sup>2</sup> Id at finding 11-04.

<sup>3</sup> Id at finding 11-05.

<sup>4</sup> Id. at finding 11-02.

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