

Management Advisory Report

Single Audit of the Commonwealth
of Pennsylvania for the Fiscal Year
Ended June 30, 2013

Single Audit of the Commonwealth of Pennsylvania for the Fiscal Year Ended June 30, 2013

A-77-14-00010



June 2014

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 action.

Background

The Pennsylvania Auditor General and KPMG LLP conducted the single audit of the Commonwealth of Pennsylvania. SSA is responsible for resolving single audit findings related to its Disability programs. The Department of Labor and Industry (L&I) is the Pennsylvania Bureau of Disability Determination's (BDD) parent agency.

Findings

The single audit reported payroll costs totaling \$31,746 for one employee who worked on multiple L&I programs was inappropriately charged 100 percent to BDD. The inappropriate charges occurred because the employee did not complete a timesheet and by default, the automated time system charged all of the employee's time to BDD.

In addition, the single audit reported weaknesses in the cash management system that caused noncompliance with the Treasury-State Agreement.

Recommendations

We recommend that SSA confirm that the \$31,746 was retroactively charged to the correct programs.

The single audit identified multiple Federal programs, including SSA, responsible for resolving the cash management finding. However, the Department of Health and Human Services plans to resolve this finding on the Government's behalf. Therefore, we are bringing this matter to your attention, but we are not making a recommendation.

MEMORANDUM

Date: June 11, 2014 **Refer To:**

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

From: Inspector General

Subject: Single Audit of the Commonwealth of Pennsylvania for the Fiscal Year Ended June 30, 2013
(A-77-14-00010)

This report presents the Social Security Administration's (SSA) portion of the single audit of the Commonwealth of Pennsylvania for the Fiscal Year ended June 30, 2013.¹ Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

The Pennsylvania Auditor General and KPMG LLP 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 Pennsylvania Auditor General and KPMG LLP 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 Pennsylvania Bureau of Disability Determination (BDD) performs disability determinations under SSA's DI and SSI programs in accordance with Federal regulations. The BDD is reimbursed for 100 percent of allowable costs. The Department of Labor and Industry (L&I) is the Pennsylvania BDD's parent agency.

The single audit reported payroll costs totaling \$31,746 for one employee who worked on multiple L&I programs was inappropriately charged 100 percent to BDD. The inappropriate

¹ Commonwealth of Pennsylvania Single Audit Report for Fiscal Year Ended June 30, 2013
<http://www.portal.state.pa.us/portal/server.pt?open=512&objID=4574&&PageID=473561&mode=2> (last viewed May 16, 2014).

charges occurred because the employee did not complete a timesheet and, by default, the automated time system charged all of the employee's time to BDD.² The corrective action plan indicates the payroll costs were retroactively charged to the correct L&I programs, and a quarterly email will be sent to employees to remind them to submit timesheets timely. We recommend that SSA confirm that the \$31,746 was retroactively charged to the correct programs.

In addition, the single audit reported weaknesses in the cash management system that caused noncompliance with the Treasury-State Agreement.³ The single audit identified multiple Federal programs, including SSA, responsible for resolving this finding. However, HHS plans to resolve this finding on the Government's behalf. Therefore, we are bringing this matter to your attention, but we are not making a recommendation.

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

² Id. at finding 13-SW-02.

³ Id. at finding 13-SW-04.

MISSION

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