

**Single Audit of the State of North Carolina for the Fiscal Year
Ended June 30, 2011
A-77-13-00003**



February 2013

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

The North Carolina State Auditor performed the single audit of the State of North Carolina. SSA is responsible for resolving single audit findings related to its Disability Insurance program. The State Department of Health and Human Services is the North Carolina Disability Determination Services' (DDS) parent agency.

Findings

The single audit reported:

- Internal controls over payment for provider consultative examinations (CE) did not effectively ensure the DDS only paid for medically necessary services and that invoices for services were accurate.
- The DDS did not have a process in place to verify and document that all CE providers, including hospitals, were eligible to participate in the program.
- The DDS did not have a review and approval process to ensure the accuracy of the information reported on the Form SSA-4514, *Time Report of Personnel Services for Disability Determination Services*.

Recommendations

We recommend that SSA ensure the DDS has:

1. Established procedures to minimize the risk of payments for unauthorized or unallowable CE services.
2. Established procedures to verify and document all providers of CE services are eligible to participate in the program.
3. Strengthened procedures to ensure the accuracy of the information reported on Form SSA-4514.