

Summary of Management Advisory Report: Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2010

A-77-12-00009.



July 2012

Social Security Administration Office of the Inspector General

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

KPMG, LLP performed the single audit of the State of Illinois. SSA is responsible for resolving single audit findings related to its Disability Insurance and Supplemental Security Income programs. The Department of Human Service is the Illinois Disability Determination Services' (DDS) parent agency.

To view the full report, visit
<http://oig.ssa.gov/audits-and-investigations/audit-reports/A-77-12-00009>.

Our Findings

The single audit reported weaknesses in the State's allocation of internal service fund charges to various Federal programs, including SSA. Specifically, procedures were not adequate to identify internal service fund balances that exceeded the maximum amount allowable. A similar finding was included in the Fiscal Year 2009 single audit.

Our Recommendations

SSA's resolution of the prior recommendation determined that the Department of Health and Human Services (HHS) routinely reviews potential charges to the DDS from the internal service funds as part of its indirect cost negotiations. Further, HHS reports that its Division of Cost Allocation will work with the State to confirm that procedures are strengthened to ensure internal service fund balances comply with Federal requirements. Therefore, we are bringing this matter to SSA's attention, but are not making a recommendation.