

*Management Advisory Report*

Single Audit of the State of New  
Hampshire for the Fiscal Year Ended  
June 30, 2013

# **Single Audit of the State of New Hampshire for the Fiscal Year Ended June 30, 2013**

## **A-77-14-00015**



**August 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**

KPMG, LLP conducted the single audit of the State of New Hampshire. SSA is responsible for resolving single audit findings related to its Disability programs. The Department of Education is the New Hampshire Disability Determination Services' (DDS) parent agency.

### **Findings**

The single audit reported:

- Invoices did not always specify which grant year the expenditures were charged. As a result, the auditor could not verify the proper charging of expenditures.
- Verifications of consultative examination (CE) providers' licensure, credentials, and certifications were not always documented including the required match of medical licenses with the Department of Health and Human Services' List of Excluded Individuals and Entities.

### **Recommendations**

We recommend that SSA:

1. Confirm the DDS has a process in place to charge expenditures to the correct grant identification number.
2. Verify the DDS has appropriate procedures to document the reviews of CE provider licensure, credentials, and certifications.

## MEMORANDUM

**Date:** August 5, 2014 **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 Hampshire for the Fiscal Year Ended June 30, 2013  
(A-77-14-00015)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of New Hampshire for the Fiscal Year ended June 30, 2013.<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.

KPMG, LLP conducted 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 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 New Hampshire 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. The Department of Education is the New Hampshire DDS' parent agency.

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<sup>1</sup> State of New Hampshire, *Single Audit of Federal Financial Assistance Programs for the Year Ended June 30, 2013*, [http://www.admin.state.nh.us/accounting/annual\\_financial\\_reports.asp](http://www.admin.state.nh.us/accounting/annual_financial_reports.asp) (last viewed July 17, 2014).

The single audit reported:

- Invoices did not always specify which grant year the expenditures were charged.<sup>2</sup> As a result, the auditor could not verify the proper charging of expenditures. The corrective action plan indicates all invoices now have the grant identification number.
- Verifications of consultative examination (CE) providers' licensure, credentials, and certifications were not always documented including the required match of medical licenses with HHS' List of Excluded Individuals and Entities.<sup>3</sup> The corrective action plan indicates the DDS now maintains time-stamped files to document all reviews of CE provider's licensure, credentials, and certifications.

We recommend that SSA:

1. Confirm the DDS has a process in place to charge expenditures to the correct grant identification number.
2. Verify the DDS has appropriate procedures to document the reviews of CE provider's licensure, credentials, and certifications.

In addition, the single audit reported ineffective general information technology controls related to the payroll system.<sup>4</sup> Specifically, privileged access was granted to users that did not properly align with their assigned roles, system enforced password parameters were not in place, terminated user access was not removed from the system timely, documentation of formal testing and authorization of changes was not maintained, and documentation of the backup process was not available. The corrective action plan outlines several changes designed to strengthen controls. The single audit identified multiple Federal programs, including SSA, responsible for resolving this finding. However, HHS will resolve this finding on the Government's behalf. Therefore, we are bringing this matter to your attention, but we are not making a recommendation.

Finally, the single audit reported that NH-DE did not consistently maintain detailed documentation to support cash draws for DDS administrative expenses.<sup>5</sup> We made a recommendation to SSA in a prior report for corrective action on this finding.<sup>6</sup> We confirmed that SSA took the appropriate corrective action to address this finding. The corrective action occurred subsequent to the auditor reporting the finding in the current single audit. Therefore, we will not repeat the recommendation.

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<sup>2</sup> Id. at finding 2013-055.

<sup>3</sup> Id. at finding 2013-056.

<sup>4</sup> Id. at finding 2013-002.

<sup>5</sup> Id. at finding 2013-049.

<sup>6</sup> SSA OIG, Management Advisory Report, *Single Audit of the State of New Hampshire for the Fiscal Year Ended June 30, 2012* (A-77-14-00001) November 2013.

Please send copies of the final Audit Clearance Document to Shannon Agee. If you have questions, please 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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