

*Management Advisory Report*

Single Audit of the State of  
Minnesota for the Fiscal Year Ended  
June 30, 2018

# Single Audit of the State of Minnesota for the Fiscal Year Ended June 30, 2018

## A-77-19-00007



May 2019

**Office of Audit Report Summary**

Objective
To report internal control weaknesses, non-compliance issues, and unallowable costs identified in the single audit to the Social Security Administration (SSA) for resolution action.
Background
A single audit is an organization-wide financial statement and Federal awards audit of a non-Federal entity that expends \$750,000 or more in Federal funds in 1 year. It is intended to assure the Government that a non-Federal entity has adequate internal controls in place and is generally in compliance with program requirements. Non-Federal entities typically include States, local governments, Indian tribes, universities, and non-profit organizations.
Minnesota Office of the Legislative Auditor conducted the single audit of the State of Minnesota. SSA is responsible for resolving single audit findings related to its disability programs. Department of Employment and Economic Development (DEED) is the Minnesota Disability Determination Services' (DDS) parent agency.

## Findings

The single audit reported DEED

- understated the hours reported on the Form SSA-4514 *Time Report of Personnel Services for Disability Determination Services* for the quarter ending March 2018 and
- did not submit vendor evaluation reports to its Department of Administration for four contracts over \$25,000 that expired during the fiscal year, as required by State statutes.

## Recommendations

We recommend that SSA verify DEED established appropriate procedures for:

- Preparing the Form SSA-4514.
- Submitting vendor evaluation reports.

**MEMORANDUM**

**Date:** May 20, 2019 **Refer To:**

**To:** Trae Sommer  
Acting Director  
Audit Liaison Staff

**From:** Assistant Inspector General for Audit

**Subject:** Single Audit of the State of Minnesota for the Fiscal Year Ended June 30, 2018 (A-77-19-00007)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Minnesota for the Fiscal Year ended June 30, 2018.<sup>1</sup> The Minnesota Office of the Legislative Auditor conducted the audit. Our objective was to report internal control weaknesses, non-compliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

## **BACKGROUND**

A single audit is an organization-wide financial statement and Federal awards audit of a non-Federal entity that expends \$750,000 or more in Federal funds in 1 year. It is intended to assure the Government that a non-Federal entity has adequate internal controls in place and is generally in compliance with program requirements. Non-Federal entities typically include States, local governments, Indian tribes, universities, and non-profit organizations.

For single audit purposes, the Office of Management and Budget assigns Federal programs a Catalog of Federal Domestic Assistance (CFDA) number. CFDA number 96 identifies SSA's Disability Insurance (DI) and Supplemental Security Income (SSI) programs. SSA is responsible for resolving single audit findings reported under this CFDA number.

The Minnesota Disability Determination Services (DDS) performs disability determinations under SSA's DI and SSI programs in accordance with Federal regulations. SSA reimburses the DDS for 100 percent of allowable costs. The Department of Employment and Economic Development (DEED) is the Minnesota DDS' parent agency.

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<sup>1</sup> *Financial and Compliance Report on Federally Assisted Programs For the Year Ended June 30, 2018* (March 1, 2019).

## RESULTS

The single audit reported DEED:

- Understated the hours reported on the Form SSA-4514, *Time Report of Personnel Services for Disability Determination Services*, for the quarter ended March 2018.<sup>2</sup> The corrective action plan indicated DEED trained staff members to ensure they accurately completed the Form SSA-4514 and it will submit a corrected Form SSA-4514 to SSA.
- Did not submit vendor evaluation reports to its Department of Administration for four contracts over \$25,000 that expired during the fiscal year, as required by State statutes.<sup>3</sup> The corrective action plan indicated DEED will submit the required vendor evaluation reports and adhere to the required statutes going forward.

We recommend that SSA verify DEED established appropriate procedures for:

1. Preparing the Form SSA-4514.
2. Submitting vendor evaluation reports.

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires that Federal awarding agencies issue a management decision on findings within 6 months of acceptance of the audit report by the Federal Audit Clearinghouse. The Federal Audit Clearinghouse accepted the single audit of the State of Minnesota on March 27, 2019.

Please send copies of the final Audit Clearance Document to [OIG.Audit.Kansas.City@ssa.gov](mailto:OIG.Audit.Kansas.City@ssa.gov).



Rona Lawson

Attachment

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<sup>2</sup> See Footnote 1, Finding 2018-005.

<sup>3</sup> See Footnote 1, Finding 2018-006.

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