

*Management Advisory Report*

Single Audit of the State of  
Oklahoma for the Fiscal Year  
Ended June 30, 2011

# **Summary of Single Audit of the State of Oklahoma for the Fiscal Year Ended June 30, 2011**

## **A-77-13-00002**



**February 2013**

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### **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 Oklahoma State Auditor and Inspector conducted the single audit of the State of Oklahoma. SSA is responsible for resolving single audit findings related to its Disability Insurance program. The Department of Rehabilitation Services (DRS) is the Oklahoma Disability Determination Division's (DDD) parent agency.

### **Findings**

The single audit reported DRS:

- Did not have a review and approval process to ensure the accuracy of information reported on the Form SSA-4514, *Time Report of Personnel Services for Disability Determination Services*.
- Did not always maintain documentation that vendors and contractors were checked against the *Excluded Parties List System* before awarding contracts.
- Did not have an effective method of reviewing the *Schedule of Expenditures of Federal Awards* (SEFA), therefore the risk of misstatement was increased.

### **Recommendations**

We recommend that SSA ensure DRS:

1. Creates procedures that will ensure the accuracy of the information reported on Form SSA-4514.
2. Has adequate procedures to verify and document that each vendor or contractor has not been debarred or suspended.
3. Has an appropriate review process in place to ensure accurate information is reported on the SEFA.

## MEMORANDUM

**Date:** February 7, 2013 **Refer To:**

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

**From:** Inspector General

**Subject:** Single Audit of the State of Oklahoma for the Fiscal Year Ended June 30, 2011 (A-77-13-00002)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Oklahoma for the Fiscal Year ended June 30, 2011.<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.

The Oklahoma State Auditor and Inspector 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 the Oklahoma State Auditor and Inspector 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 Oklahoma Disability Determination Division (DDD) performs disability determinations under SSA's DI and SSI programs in accordance with Federal regulations. The DDD is reimbursed for 100 percent of allowable costs. The Department of Rehabilitation Services (DRS) is the Oklahoma DDD's parent agency.

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<sup>1</sup> *Single Audit Report, State of Oklahoma 2011, For the year ended June 30, 2011.*  
<http://www.sai.ok.gov/Search%20Reports/database/OKSingle11FINAL.pdf>, (last viewed January 8, 2013).

The single audit reported DRS:

- Did not have a review and approval process to ensure the accuracy of information reported on the Form SSA-4514, *Time Report of Personnel Services for Disability Determination Services*.<sup>2</sup> The corrective action plan indicates that procedures for preparation and review of the Form SSA-4514 have been completed.
- Did not always maintain documentation that vendors and contractors were checked against the *Excluded Parties List System* (EPLS) before awarding contracts.<sup>3</sup> The corrective action plan indicates that training will be held on how to look up vendors and contractors in EPLS and how to document the results.
- Did not have an effective method of reviewing the *Schedule of Expenditures of Federal Awards* (SEFA), therefore the risk of misstatement was increased.<sup>4</sup> The corrective action plan indicates the DRS is developing procedures for a detailed review.

We recommend that SSA ensure DRS:

1. Creates procedures that will ensure the accuracy of the information reported on Form SSA-4514.
2. Has adequate procedures to verify and document that each vendor or contractor has not been debarred or suspended.
3. Has an appropriate review process in place to ensure accurate information is reported on the SEFA.

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.



Patrick P. O'Carroll, Jr.

Attachment

cc:

Lynn Bernstein

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<sup>2</sup> Id. at finding 11-805-001.

<sup>3</sup> Id. at finding 11-805-009.

<sup>4</sup> Id. at finding 11-805-011.

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