

*Management Advisory Report*

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

**Single Audit of the State of Iowa for the Fiscal Year Ended  
June 30, 2011  
A-77-13-00006**



**March 2013**

**Office of Audit Report Summary**

**Objective**

To report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to Social Security Administration (SSA) for resolution action.

**Background**

The Iowa State Auditor conducted the single audit of the State of Iowa. SSA is responsible for resolving single audit findings related to its Disability Insurance program. The Department of Education, Division of Vocational Rehabilitation Services (DVRS) is the Iowa Disability Determination Services' (DDS) parent agency.

**Findings**

The single audit reported that in anticipation of a potential Government shutdown, the DVRS drew down approximately \$1,230,000 in excess of current needs for the DDS.

**Recommendations**

We recommend that SSA remind DVRS that it is not authorized to draw Federal funds in excess of the DDS' current needs.



# Office of the Inspector General

## SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

Date: March 13, 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 Iowa for the Fiscal Year Ended June 30, 2011 (A-77-13-00006)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Iowa 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 Iowa State Auditor 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 conducted by the Iowa State Auditor and the HHS reviews. 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 Iowa 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, Division of Vocational Rehabilitation Services (DVRS) is the Iowa DDS' parent agency.

<sup>1</sup> State of Iowa, Single Audit Report <http://auditor.iowa.gov/specials/1260-8990-A000.pdf> (last viewed February 20, 2013) and State of Iowa, Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standard, June 30, 2011. <http://publications.iowa.gov/12091/1/1260-8990-B001.pdf> (last viewed February 28, 2013).

The single audit reported that in anticipation of a potential Government shutdown, the DVRS drew down approximately \$1,230,000 in excess of current needs for the DDS. The corrective action plan indicated DVRS has procedures in place to minimize the amount of time between drawdown and disbursement of Federal funds. The excess drawdown was an isolated situation, which required management to plan for business continuity.<sup>2</sup>

We recommend that SSA remind DVRS that it is not authorized to draw Federal funds in excess of the DDS' current needs.

The single audit also disclosed the following findings that may impact DDS operations although they were not specifically identified to SSA. I am bringing these matters to your attention as they represent potentially serious service delivery and financial control problems for the Agency. Specifically, the Department of Education:

1. Has 34 employees who have the ability to initiate and approve timesheets.<sup>3</sup>
2. Does not have an independent review process of the payroll information input into the payroll system for employees who work on multiple Federal programs.<sup>4</sup>

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> *State of Iowa, Single Audit Report*, at finding 11-III-SSA-283-1.

<sup>3</sup> *State of Iowa, Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standard, June 30, 2011*, at finding (D)(1)(a).

<sup>4</sup> Id. at finding (D)(1)(b).

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