

Management Advisory Report

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

**Single Audit of the State of Delaware for the Fiscal Year
Ended June 30, 2013
A-77-14-00009**



May 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 Delaware. SSA is responsible for resolving single audit findings related to its Disability programs. The Department of Labor is the Delaware Disability Determination Services' (DDS) parent agency.

Finding

The single audit reported that the Delaware DDS did not have adequate procedures in place for management's review of cash drawdowns. In addition, there was a lack of segregation of duties within the cash drawdown process because the same person prepared and submitted the drawdown.

Recommendation

We recommend that SSA confirm that the DDS implemented appropriate drawdown procedures.

MEMORANDUM

Date: May 20, 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 Delaware for the Fiscal Year Ended June 30, 2013 (A-77-14-00009)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Delaware for the Fiscal Year ended June 30, 2013.¹ 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 performed 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 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 Delaware 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 Labor is the Delaware DDS' parent agency.

The single audit reported that the Delaware DDS did not have adequate procedures in place for management's review of cash drawdowns.² In addition, there was a lack of segregation of duties within the cash drawdown process because the same person prepared and submitted the drawdown. The corrective action plan indicates the DDS updated and implemented new

¹ State of Delaware, *Information on Federal Awards in Accordance with OMB Circular A-133 Year ended June 30, 2013*, http://accounting.delaware.gov/singleaudit/fy_2013_single_audit_report.pdf (last viewed May 13, 2014).

² Id. at finding 2013-037.

procedures to ensure the weekly Federal drawdowns are independently reviewed before submission and to ensure proper segregation of duties. Further, the auditor stated that drawdowns after the date of the revised procedures included evidence of review by management.

We recommend that SSA confirm that the DDS implemented appropriate drawdown procedures.

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 or Shannon.Agee@ssa.gov.



Patrick P. O'Carroll, Jr.

Attachment

cc:

Lynn Bernstein

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