

Management Advisory Report

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

**Single Audit of the State of Colorado for the Fiscal Year Ended
June 30, 2011
A-77-13-00008**



April 2013

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

The Colorado State Auditor conducted the single audit of the State of Colorado. SSA is responsible for resolving single audit findings related to its Disability Insurance program. The Colorado Department of Human Services (CDHS) is the Colorado Disability Determination Services' parent agency.

Findings

The single audit reported that CDHS did not maintain documentation of personnel activity to support actual time spent on each Federal program, including SSA's disability programs.

Recommendations

SSA should ensure CDHS developed adequate procedures to document personnel costs charged to its programs.

MEMORANDUM

Date: April 2, 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 Colorado for the Fiscal Year Ended June 30, 2011 (A-77-13-00008)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Colorado for the Fiscal Year ended June 30, 2011.¹ Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

The Colorado 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 performed by the Colorado State Auditor 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 Colorado 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 Colorado Department of Human Services (CDHS) is the Colorado DDS' parent agency.

¹ State of Colorado, Statewide Single Audit, Fiscal Year Ended June 30, 2011.

[http://www.leg.state.co.us/OSA/coauditor1.nsf/All/6619DBA47E626C00872579A3006BB7A2/\\$FILE/2148%20FINAL%20Statewide%20Single%202011.pdf](http://www.leg.state.co.us/OSA/coauditor1.nsf/All/6619DBA47E626C00872579A3006BB7A2/$FILE/2148%20FINAL%20Statewide%20Single%202011.pdf) (last viewed March 11, 2013).

The single audit reported that CDHS did not maintain documentation of personnel activity to support actual time spent on each Federal program, including SSA's disability programs.² The corrective action plan indicates CDHS will develop procedures to document personnel costs charged to Federal programs.

We recommend that SSA ensure CDHS developed adequate procedures to document personnel costs charged to its disability programs.

The single audit also disclosed the following findings that may affect 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.

- The Department of Personnel & Administration and the Governor's Office of Information Technology did not implement adequate controls related to access management, system hardening, and disaster recovery for the timekeeping and leave tracking system.³
- CDHS did not have adequate controls over purchasing cards.⁴

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

² Id. at Finding 45.

³ Id. at Finding 3.

⁴ Id. at Finding 8.

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