



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

Management Advisory Report

Single Audit of the Commonwealth
of Puerto Rico Department of the
Family for the Fiscal Year Ended
June 30, 2013

A-77-14-00014 | July 2014

Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2013

A-77-14-00014



July 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

Valdes, Garcia, Marin & Martinez, LLP conducted the single audit of the Puerto Rico Department of the Family. SSA is responsible for resolving single audit findings related to its Disability programs. The Puerto Rico Department of the Family (PRDF) is the Puerto Rico Disability Determination Program's (DDP) parent agency.

Findings

The single audit reported that PRDF's:

- accounting policies, procedures, and financial reporting practices were deficient;
- property and equipment system was not effective;
- personnel files did not contain documents required by the *Drug-Free Workplace Act*;
- verifications of the required match of consultative examination (CE) providers' medical licenses with the List of Excluded Individuals and Entities (LEIE) were not documented; and
- CE provider files did not contain required documentation of CE provider qualification verifications.

Recommendations

We recommend that SSA:

1. Ensure PRDF established appropriate accounting policies, procedures, and reporting practices.
2. Verify that PRDF established appropriate inventory procedures.
3. Ensure personnel files contain all documents required by the *Drug-Free Workplace Act*.
4. Verify that the DDP is performing and documenting the match of CE providers' medical licenses with the LEIE.
5. Ensure PRDF implemented appropriate procedures to verify CE provider qualifications.

MEMORANDUM

Date: July 23, 2014

Refer To:

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

From: Inspector General

Subject: Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2013 (A-77-14-00014)

This report presents the Social Security Administration's (SSA) portion of the single audit of the Puerto Rico Department of the Family 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.

The audit firm of Valdes, Garcia, Marin & Martinez, LLP performed the audit. We have not received the results of the desk review conducted by the U.S. Department of Agriculture (USDA). We will notify you if USDA determines the audit did not meet Federal requirements. In reporting the results of the single audit, we rely entirely on the internal control and compliance work performed by Valdes, Garcia, Marin & Martinez, LLP and the review performed by USDA. 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 (OMB) assigns Federal programs a Catalog of Federal Domestic Assistance (CFDA) number. SSA's Disability Insurance (DI) and Supplemental Security Income programs are identified by CFDA number 96. SSA is responsible for resolving single audit findings reported under this CFDA number.

The Puerto Rico Disability Determination Program (DDP) performs disability determinations under SSA's DI program in accordance with Federal regulations. The DDP is reimbursed for 100 percent of allowable costs. The Puerto Rico Department of the Family (PRDF) is the Puerto Rico DDP's parent agency.

¹ Valdes, Garcia, Marin & Martinez, LLP, *Commonwealth of Puerto Rico Department of the Family Independent Auditors' Report and Statement of Cash Receipts and Disbursements for the Fiscal Year Ended June 30, 2013*.

The single audit reported that PRDF's:

- Accounting policies, procedures, and financial reporting practices were deficient. For example, PRDF had a lack of self-balancing accounts and procedures for reconciling financial transactions. PRDF also had inappropriate and incomplete monthly and year-end cut-off and closing procedures.² The corrective action plan identifies several improvements PRDF made in this area, including establishing procedures to ensure all expenses and revenue items are recorded in the accounting system.
- Property and equipment system was not effective. Specifically, PRDF could not provide documentation that required physical inventories were performed.³ The corrective action plan indicates a physical inventory will be taken and inventory procedures will be strengthened.
- Personnel files did not contain documents required by the *Drug-Free Workplace Act*.⁴ The corrective action plan indicates that the Human Resources Division now periodically reviews the employee files to ensure retention of all required documentation.
- Verifications of the required match of consultative examination (CE) providers medical licenses with the Department of Health and Human Services, Office of Inspector General, List of Excluded Individuals and Entities (LEIE) was not documented.⁵ The corrective action plan indicates that currently, the LEIE verification documentation is printed and retained.
- CE provider files did not contain required documentation of CE provider qualification verifications.⁶ The corrective action plan indicates a review of all CE providers is being conducted to ensure proper credentials are obtained.

We recommend that SSA:

1. Ensure PRDF established appropriate accounting policies, procedures, and reporting practices.
2. Verify that PRDF established appropriate inventory procedures.
3. Ensure personnel files contain all documents required by the *Drug-Free Workplace Act*.

² Id. at finding 2013-01.

³ Id. at finding 2013-02.

⁴ Id. at finding 2013-24.

⁵ Id. at finding 2013-25.

⁶ Id. at finding 2013-26.

4. Verify that the DDP is performing and documenting the match of CE providers' medical licenses with the LEIE.
5. Ensure PRDF implemented appropriate procedures to verify CE provider qualifications.

In addition, PRDF did not submit the single audit report to OMB's Federal Audit Clearinghouse within 9 months after the fiscal year-end.⁷ The single audit identified multiple Federal programs, including SSA, responsible for resolving this finding. The USDA, as the cognizant agency, is responsible for ensuring that the single audit is properly submitted when due. Therefore, we are bringing this matter to your attention, but we are not making a recommendation.

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

⁷ Id. at finding 2013-27.

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