



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: June 6, 2023

Refer To: 772301

To: Gina Clemons
Deputy Commissioner
for Analytics, Review and Oversight

From: Michelle L. Anderson /s/
Assistant Inspector General for Audit

Subject: Single Audit of the State of New Jersey for the Fiscal Year Ended June 30, 2022

This memorandum presents the Social Security Administration's (SSA) portion of the single audit of the State of New Jersey for the Fiscal Year ended June 30, 2022.¹ The audit firm CliftonLarsonAllen LLP conducted the audit. Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

BACKGROUND

A single audit is an organization-wide financial statement and Federal awards audit of a non-Federal entity that expends \$750,000 or more in Federal funds in 1 year. It assures the Government that a non-Federal entity is maintaining adequate internal controls and generally complying with program requirements. Non-Federal entities typically include state and local governments, Indian tribes, universities, and nonprofit organizations.

For single audit purposes, the Office of Management and Budget assigns Federal programs an Assistance Listing number. Assistance Listing number 96 identifies SSA's Disability Insurance and Supplemental Security Income programs. SSA is responsible for resolving single audit findings reported under this assistance listing number.

The New Jersey Disability Determination Services (DDS) performs disability determinations under SSA's Disability Insurance and Supplemental Security Income programs in accordance with Federal regulations. SSA reimburses the DDS for 100 percent of allowable costs. The Department of Labor and Workforce Development is the New Jersey DDS' parent agency.

¹ CliftonLarsonAllen LLP, *State of New Jersey Single Audit Report Year Ended June 30, 2022*, (April 2023).

RESULTS

The single audit reported the Department of Labor and Workforce Development charged the SSA Disability Program \$435 for costs incurred outside the grant's period of performance.² During the single audit, the Department of Labor and Workforce Development enhanced internal control procedures and corrected transactions to remediate the findings and reimburse the correct fiscal year accounts. Therefore, we are bringing this matter to SSA's attention, but we are not making a recommendation.

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires that Federal awarding agencies issue a management decision on findings within 6 months of acceptance of the audit report by the Federal Audit Clearinghouse. The Federal Audit Clearinghouse accepted the single audit of the State of New Jersey on May 2, 2023.

If you have questions, contact OIG.Audit.Division.7@ssa.gov.

Attachment

² See Footnote 1, Finding 2022-024.

Reference Number: 2022-024
Prior Year Finding: No
Federal Agency: Social Security Administration
State Agency: Department of Labor and Workforce Development
Federal Program: Disability Insurance/SSI Cluster
Assistance Listing Number: 96.001
Award Number and Year: 04-2204NJD100 (10/1/2021 – 3/30/2023), 04-2104NJD100 (10/1/2020 – 3/30/2022), 04-2004NJD100 (10/1/2019 – 3/30/2021)
Compliance Requirement: Period of Performance
Type of Finding Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance – A non-federal entity may charge only allowable costs incurred during the approved budget period of a federal award's period of performance and any costs incurred before the federal awarding agency or pass-through entity made the federal award that were authorized by the federal awarding agency or pass-through entity (2 CFR sections 200.308 200.309 and 200.403(h)). A period of performance may contain one or more budget periods.

Control – Per 2 CFR Section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The Department of Labor and Workforce Development (Department) charged costs to the program that were incurred outside of the grant award's period of performance.

Context:

Two of six expenditure transactions selected for testing, totaling \$435, were incurred prior to the award start date of October 1, 2021.

Questioned costs:

\$435, the total of expenditures charged to the program that were incurred outside of the grant's period of performance.

Cause:

Accounting staff identified and charged program costs to the incorrect grant. The Program's review process did not detect the errors nor take timely corrective action.

Effect:

The Department was not compliant with the grant's period of performance which could result in the grantor's disallowance of the costs.

Recommendation:

We recommend that the Department review its procedures to ensure that expenditures charged to the program are incurred within the grant's period of performance.

Views of responsible officials:

The New Jersey Department of Labor and Workforce Development (DLWD) has a policy in place for processing tuition reimbursements that are performed by the Department's Accounts Payable unit. The policy was reviewed by the Office of Finance & Accounting (F&A) and internal control procedures were enhanced to ensure that fiscal cutoff measures were appropriately addressed. Tuition reimbursement procedures include having the requests forwarded to the responsible Supervising Analyst in the Appropriations/Accounting unit for final review and approval to ensure the proper fiscal period is charged. The correcting transactions were completed during the Single Audit timeframe to remediate the findings by charging and reimbursing the proper fiscal year accounts. The DLWD will continue its efforts to ensure compliance and that all charges applied to Federal awards are within the specified period of performance going forward.