



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: June 12, 2024

Refer To: 772404

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

From: Michelle L. Anderson *Michelle L. Anderson*
Assistant Inspector General for Audit

Subject: Single Audit of the State of New Jersey for the Fiscal Year Ended June 30, 2023

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, 2023.¹ 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 is intended to assure the Government that a non-Federal entity has adequate internal controls in place and is generally in compliance with program requirements. Non-Federal entities typically include state and local governments, Indian tribes, universities, and nonprofit organizations.

For single audit purposes, the General Services Administration maintains a list of all Federal programs in the Federal Assistance Listing. SSA's Disability Insurance and Supplemental Security Income programs are identified under listing number 96. SSA is responsible for resolving single audit findings reported under this 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 New Jersey 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, 2023* (April 2023).

RESULTS

The single audit reported the New Jersey DDS did not have effective procedures to ensure it completed periodic reviews of consultative examination providers timely.² In response to the single audit, the New Jersey Department of Labor and Workforce Development's corrective action plan indicates each DDS professional relations officer will be responsible for reviewing 8 to 10 providers each month until all have been completed. Additionally, the plan required that DDS Chief of Professional Relations submit a monthly report to the DDS Assistant Director detailing the reviews and any findings.

RECOMMENDATIONS

We recommend SSA ensure the New Jersey DDS:

1. Completed all consultative examination provider reviews for Fiscal Year 2023.
2. Has adequate procedures to ensure it timely completes reviews of consultative examination providers.

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 April 15, 2024.

Please send copies of the final Audit Clearance Document and any questions to OIG.Audit.Division.7@ssa.gov.

Attachment

² CliftonLarsonAllen, LLP, *State of New Jersey Single Audit Report Year Ended June 30, 2023* (April 2023), Finding 2023-027.

Reference Number: 2023-027
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: 04-2304NJD100 (10/1/2022 – 9/30/2023), 04-2204NJD100 (10/1/2021 – 9/30/2022)
Compliance Requirement: Special Tests and Provisions – Qualified Providers
Type of Finding Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or specific requirement:

Compliance – Each state agency is responsible for comprehensive oversight management of its process and for ensuring accuracy, integrity, and economy of its process (20 CFR sections 404.1519g and 416.919g, and POMS DI 39569.300). As part of these duties, Disability Determination Services (DDS) must have, and follow, procedures for performing medical license verifications to ensure that only qualified providers perform DDSs task. By “qualified,” Social Security Administration (SSA) means that the medical source must:

Be currently licensed in the state and have the training and experience to perform the type of examination or test the DDS requests; and

- a. Not be barred from participation in Medicare or Medicaid programs or other federal or federally assisted programs (20 CFR sections 404.1519g and 416.919g).

Prior to using the services of any medical provider, the DDS must check the System of Award Management (SAM) website (<https://sam.gov/SAM/>) to verify medical licenses, credentials, and certifications with state medical boards (POMS DI 39569.300). and ensure medical staff and CE providers are qualified to perform the assigned tasks. Assigned tasks may include, but are not limited to, providing consultative examinations (CE) or final review of disability determinations.

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 be in compliance 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) did not perform timely periodic reviews of providers performing Consultative Examination (CE) services.

Context:

For one of forty CE providers selected for testing, the periodic review was not completed timely during FY2023.

Questioned costs:

Undetermined.

Cause:

The Department's procedures were not effective to ensure that CE provider reviews were completed timely. Internal controls did not prevent or detect the errors.

Effect:

Untimely provider periodic reviews could result in ineligible CE providers performing services under the program.

Recommendation:

The Department should review and enhance internal controls and procedures to ensure that all periodic CE provider reviews are completely timely.

Views of responsible officials:

The audit finding noted one Consultative Examination (CE) provider where the qualified provider review was not completed timely and this was an oversight on the part of the Department of Labor and Workforce Development's Division of Disability Services (DDS) due to attrition of staff. Going forward, each DDS Professional Relations Officer will be responsible for reviewing eight to 10 CE provider's qualifications each month until the yearly review is completed for each vendor. The Chief of Professional Relations will submit a monthly report to the DDS Assistant Director detailing how many sites were visited that month and any findings that may have occurred. Each month, the report will detail how many reports remain outstanding in order to complete the yearly reviews.