



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: March 7, 2025

Refer To: 772501

To: Jeffrey Buckner
Acting Deputy Commissioner
Office of External Affairs

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

Subject: Single Audit of the State of Mississippi 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 Mississippi for the State Fiscal Year ended June 30, 2023.¹ The Mississippi State Auditor 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 Mississippi 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.

¹ Mississippi Office of the State Auditor, *Single Audit Report of the State of Mississippi for the Fiscal Year Ended June 30, 2023* (December 2024).

The Mississippi Department of Rehabilitation Services (MDRS) is the Mississippi DDS' parent agency.

RESULTS

MDRS charged SSA \$13,517 for costs incurred outside the grant's period of performance.² This occurred because of an error that MDRS did not identify during the review process. The corrective action plan indicates MDRS will provide additional training to the staff overseeing and approving these types of transactions so they can accurately apply transactions to the appropriate periods. MDRS had already begun providing additional guidance and training to staff during the current state fiscal year.

In addition, MDRS issued a \$14 payment to an incorrect provider³ because of a manual data-entry error when MDRS entered the provider payment request into the state's payment system. MDRS did not identify the error as part of the review and approval process. The corrective action plan indicates this instance was isolated and immaterial. MDRS contacted the vendor to redeem the \$14 and is reinforcing with its managers the importance of ensuring the correct providers are paid. Because MDRS has initiated corrective action, we are not making a recommendation.

RECOMMENDATION

We recommend SSA determine whether the \$13,517 are allowable costs and, if not, request a refund.

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 Mississippi on January 10, 2025. If you have questions, contact OIG.Audit.Kansas.City@ssa.gov.

Attachment

² Mississippi Office of the State Auditor, *Single Audit Report of the State of Mississippi for the Fiscal Year Ended June 30, 2023* (December 2024), Finding 2023-007.

³ Mississippi Office of the State Auditor, *Single Audit Report of the State of Mississippi for the Fiscal Year Ended June 30, 2023* (December 2024), Finding 2023-008.

PERIOD OF PERFORMANCE***Significant Deficiency***

2023-007	<u>Strengthen Controls to Ensure Compliance with the Period of Performance for the Social Security Disability Insurance Program.</u>
ALN Number(s)	96.001 Social Security-Disability Insurance 96.006 Supplemental Security Income
Federal Award No.	2104MSD100 2204MSD100 2304MSD100
Questioned Costs	\$13,517
Criteria	<p>Per the <i>Code of Federal Regulations (2 CFR 200.308, 200.309, and 200.403(h))</i>, 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. A period of performance may contain one or more budget periods.</p> <p><i>Code of Federal Regulations (2 CFR 200.303(a))</i>, a non-Federal entity must: "Establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should align with the 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)."</p>
Condition	<p>Program expenditures were not charged to the grant within the period of performance. We identified the following:</p> <ul style="list-style-type: none"> • Two instances in which the expenditure was charged to the grant prior to the start of the grant, • Three instances in which the expenditure was charged after the grant's end date.
Cause	<p>The Department charging the grants outside of the period of performance was due to an error that was not identified during the review process.</p> <p>In addition, one expenditure supported costs for an annual agreement in which the service period started in one grant period and ended in another grant period. The Department elected to charge the costs to the grant starting after to expenditure incurred date. since most of the service would occur during that grant's period.</p>

Effect	The grantor may deem the costs charged outside of the period of performance as unallowable.
Recommendation	We recommend that the department enhance its internal controls to ensure all costs are incurred within the period of performance specified in the notice of award.
Repeat Finding	No.
Statistically Valid	No.
View of Responsible Officials	Management at the Mississippi Department of Rehabilitation Services concurs with portions of this finding and does not concur with other portions. See additional comments in the Corrective Action Plan on page 156; and the Auditor's Response to the Corrective Action Plan at pages 81 and 158.

2023-007 Assistance Listing No. 96.001, 96.006 and Social Security Disability Insurance Cluster

Type of Compliance Requirement: Period of Performance

Internal controls over period of performance were not consistently performed

Response:

Of the five instances noted in the auditor's "Period of Performance" test work, we concur with four. With one of the sample items, however, we argue that since the service was invoiced on a State Fiscal Year, it was impractical to further split the invoice into the various appropriate Federal periods of performance, especially given the way those specific invoices are allocated between other shared program areas within our agency, etc.

Corrective Action Plan:

Our agency takes these findings seriously and will continue to evaluate ways of improving controls. At a minimum, it is our intent to increase and provide additional training to the staff overseeing and approving these types of transactions so that they can accurately apply transactions to the appropriate periods. This was something we had already begun (i.e. providing additional guidance and training to staff) during the current fiscal year. So, we hope our agency is already on a corrective path. But, we will continue to push for more training in the immediate future and strive for improvement in all other aspects.

We also think it is important to note that, of the findings identified by the auditors related to "Period of Performance," those items were discovered out of a total sample size of 120 items (i.e. 60 sample items related to their "Period of Performance" test work and 60 sample items related to "General Disbursements" test work). So, a slightly larger sample size than that of the 60 referenced in the auditor's schedule of findings. Additionally, the auditor's sample appeared to selectively target the specific periods and transactions that would have been most susceptible to these types of potential errors. And, although we are not objecting to the way in which the sample was selected, we would just point out that this approach of sample selection may not be truly reflective of a purely random sample covering all transactions across the entire fiscal year. Therefore, although we ultimately concur with the findings here, we do not necessarily believe these results paint the fairest picture on the overall effectiveness of our agency's controls across the more than 100,000 transactions that would have been processed during the period of audit for this program. Again, we take these findings seriously. But, based on the audit test work and results, we feel the controls we have in place are ultimately working adequately enough to mitigate the potential for material misstatements. Regardless, we will continue to monitor and evaluate our controls to help further reduce the risk of these types of issues moving forward..

Planned completion date for corrective action plan: Immediately. But, additional training for managers to be provided by September 30, 2024.

DEPARTMENT OF REHABILITATION SERVICES**ALLOWABLE COSTS / ACTIVITIES ALLOWED*****Significant Deficiency***

2023-008	<u>Strengthen Controls to Ensure Compliance with Allowable Costs Requirements for the Social Security Disability Insurance Program</u>
ALN Number(s)	96.001 Social Security-Disability Insurance 96.006 Supplemental Security Income
Federal Award No.	2104MSD100
Questioned Costs	\$14
Criteria	<i>Code of Federal Regulations (2 CFR 200.303(a))</i> , a non-Federal entity must: “Establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should align with the 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	During the period of performance testing, we noted that an expenditure was issued to the wrong provider. Upon review of the approved claim and general ledger, we noted that the disbursement was issued to a different provider.
Cause	The error was due to a manual data entry error that occurred when the provider payment request was entered in State’s account payable module. The error was not identified as a part of the review and approval process.
Effect	The disbursement to the wrong provider was not determined as an allowable since the provider did not submit a payment request. In addition, the Department did not approve the payment to that provider.
Recommendation	We recommend that the department enhance its internal controls to ensure that disbursements are issued to the correct provider.
Repeat Finding	No.
Statistically Valid	No.
View of Responsible Officials	Management at the Mississippi Department of Rehabilitation Services concurs with this finding. See additional comments in the Corrective Action Plan on page 157 of this audit report.

2023-008 Assistance Listing No. 96.001, 96.006 and Social Security Disability Insurance Cluster

Type of Compliance Requirement: Allowable Costs

Internal Controls over grant disbursements were not consistently performed

Response:

There is no disagreement with the audit finding.

Corrective Action Plan:

Item is isolated and immaterial. And, we feel effective controls are in place to mitigate the likelihood of this type of error. We have also, since, reached out to the vendor to redeem the \$14 associated with this transaction. However, we will continue to monitor and reinforce, with our managers, the importance of being vigilant during their review and approval processes for this type of situation.

Planned completion date for corrective action plan: Immediately