



# Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

## *Management Advisory Report*

### Single Audit of the State of Indiana for the Fiscal Year Ended June 30, 2020

*A-77-22-00002 | November 2021*

# Single Audit of the State of Indiana for the Fiscal Year Ended June 30, 2020 A-77-22-00002



November 2021

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.

## 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 maintains adequate internal controls and generally complies with program requirements. Non-Federal entities typically include State and local governments, Indian tribes, universities, and nonprofit organizations.

The Indiana State Board of Accounts conducted the single audit of the State of Indiana. SSA is responsible for resolving single audit findings related to its disability programs. The Indiana Family and Social Services Administration is the Indiana Disability Determination Services' (DDS) parent agency.

## Finding

The single audit reported the Indiana Family and Social Services Administration charged DDS expenditures to the wrong Fiscal Year. Specifically, the Family and Social Services Administration drew down \$241,108 from the Fiscal Year 2015 grant for a security system contract that was signed in May 2018 and other transactions obligated before the period of performance began.

## Recommendations

We recommend SSA:

1. Confirm DDS cancelled transactions associated with the security system contract; and
2. Remind DDS of the requirements for creating and tracking obligations that extend past the fiscal year end.



# Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

**Date:** November 22, 2021

**Refer To:** A-77-22-00002

**To:** Nancy Berryhill  
Acting 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 Indiana for the Fiscal Year Ended June 30, 2020

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Indiana for the Fiscal Year ended June 30, 2020.<sup>1</sup> The Indiana State Board of Accounts 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.

## 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 maintains adequate internal controls and generally complies 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 a Catalog of Federal Domestic Assistance (CFDA) number. CFDA number 96 identifies SSA's Disability Insurance and Supplemental Security Income programs. SSA is responsible for resolving single audit findings reported under this CFDA number.

The Indiana 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 Indiana Family and Social Services Administration is the Indiana DDS' parent agency.

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<sup>1</sup> *Federal Compliance Audit Report of State of Indiana July 1, 2019 to June 30, 2020* (September 27, 2021).

## RESULTS

The single audit reported the Indiana Family and Social Services Administration charged DDS expenditures to the wrong Fiscal Year.<sup>2</sup> Specifically, the Family and Social Services Administration drew down \$241,108 from the Fiscal Year 2015 grant for a security system contract that was signed in May 2018 and other transactions obligated before the period of performance began. The last day to draw from this grant was March 31, 2016. This occurred because management had not developed effective internal controls to prevent or detect and correct the noncompliance. The corrective action plan indicated the DDS had taken corrective action to cancel pending authorizations as appropriate. We recommend SSA (1) confirm DDS cancelled transactions associated with the security system contract and (2) remind DDS of the requirements for creating and tracking obligations that extend past the fiscal year end.

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 Indiana on October 1, 2021.

Please send copies of the final Audit Clearance Document to [OIG.Audit.Kansas.City@ssa.gov](mailto:OIG.Audit.Kansas.City@ssa.gov). If you have questions, contact [OIG.Audit.Kansas.City@ssa.gov](mailto:OIG.Audit.Kansas.City@ssa.gov).

Attachment

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<sup>2</sup> See Footnote 1, Finding 2020-20. This finding was initially reported in the *Federal Single Audit Report of State of Indiana July 1, 2018 to June 30, 2019* (March 25, 2020) under finding 2019-019. We did not include this finding in our previously issued report *Single Audit of the State of Indiana for the Fiscal Year Ended June 30, 2019, A-77-20-00004* (April 2020) because the questioned costs were immaterial.



**Mission:**

The Social Security Office of the Inspector General (OIG) serves the public through independent oversight of SSA's programs and operations.

**Report:**

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