

Single Audit of the State of Texas for the Fiscal Year Ended August 31, 2021 A-77-22-00003



May 2022

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

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.

Clifton Larson Allen LLP conducted the single audit of the State of Texas. SSA is responsible for resolving single audit findings related to its disability programs. The Health and Human Services Commission (HHSC) is the Texas Disability Determination Services' parent agency.

Results

The single audit reported HHSC did not comply with its information security policy regarding passwords. To comply with this policy, HHSC updated one system and initiated updates to the remaining systems after the fiscal year-end. Therefore, we are not making a recommendation.

The single audit also reported HHSC did not have effective internal controls over its Public Assistance Cost Allocation Plan expenditures and revenues. To correct this finding, HHSC included text in the Fiscal Year 2022 Public Assistance Cost Allocation Plan to clarify its business operations. In addition, it will implement an automated post-reallocation verification of factor percentages to ensure the correct actual percentages are allocated. Therefore, we are bringing these matters to SSA's attention, but we are not making a recommendation.