

**Single Audit of the State of Michigan for the Fiscal Year
Ended September 30, 2017
A-77-18-00012**



July 2018

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

The Michigan Office of the Auditor General conducted the single audit of the State of Michigan. SSA is responsible for resolving single audit findings related to its disability programs. The Michigan Department of Health and Human Services (MDHHS) is the Michigan Disability Determination Services' parent agency.

Findings

The single audit reported MDHHS did not have appropriate controls over its cost allocation system. Specifically, MDHHS did not

- ensure a complete and accurate narrative was included in its amended Public Assistance Cost Allocation Plan (PACAP);
- use appropriate data and account codes to allocate expenditures to Federal programs;
- ensure only allowable expenditures were charged to PACAP;
- allocate Federal expenditures in accordance with the PACAP or ensure its contractor fully allocated expenditures based on allocation methods described in the PACAP; and
- maintain effective general controls for the vendor hosting its cost allocation plan.

In addition, contracts for Federal awards did not include required provisions.

The Department of Health and Human Services, as cognizant agency, will resolve these findings on the Government's behalf. Therefore, we are bringing these matters to your attention, but we are not making recommendations.