

**Single Audit of the State of Arizona for the Fiscal Year Ended
June 30, 2011
A-77-13-00012**



June 2013

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 Arizona Auditor General conducted the single audit of the State of Arizona. SSA is responsible for resolving single audit findings related to its Disability Insurance program. The Department of Economic Security is the Arizona Disability Determination Services Administration's parent agency.

Finding

The single audit reported the State of Arizona charged information technology project costs based on a percentage of each agency's total payroll expenditures, including those paid with Federal money. However, these costs should have been charged in accordance with the relative benefits received by each agency instead of as a percentage of payroll costs.

Recommendation

The single audit identified multiple Federal programs, including SSA, responsible for resolving this finding. However, the Department of Health and Human Services will resolve this finding on behalf of the Federal Government. Therefore, we are bringing this matter to your attention, but are not making a recommendation.