Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 11, 2026 **Refer To:** 772675

To: Amy Gao
Director
Audit Liaison Staff

From: Michelle L. Anderson
Assistant Inspector General for Audit

Subject: Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2024

This memorandum presents the Social Security Administration's (SSA) portion of the single audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year ended June 30, 2024.[1] The firm CPA Diaz-Martinez, CSP 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 $1 million or more in Federal funds in 1 year. It is intended to assure the Government that the 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 Puerto Rico Disability Determination Services (DDS) performs disability determinations under SSA's Disability Insurance and Supplemental Security Income programs in accordance

[1] CPA Diaz-Martinez, CSP, *Commonwealth of Puerto Rico Department of the Family Financial Statement Audit and Single Audit for the Fiscal Year Ended June 30, 2024* (June 29, 2026).

with Federal regulations. SSA reimburses the DDS for 100 percent of allowable costs. The Puerto Rico Department of the Family (PRDF) is the Puerto Rico DDS' parent agency.

RESULTS

The single audit identified findings specific to SSA, and findings related to multiple Federal agencies—including SSA.

Social Security Administration Findings

The single audit found employee personnel files did not include all documentation as required by the Uniform Guidance.[2] For example, the files did not have evidence of current wages, job descriptions, employment applications, and certificates of no penal records. In addition, the single audit noted deficiencies in validating the accounting distribution of salaries. The absence of required documentation may result in noncompliance with applicable laws, regulations, and other requirements. These deficiencies may also increase exposure to operation and legal risks and restrict PRDF's ability to prove that workers are allowed to work and fulfill minimal qualifications. To address this finding, during first quarter of Fiscal Year (FY) 2027, the PRDF Human Resources Department planned to (1) review personnel files to identify any missing paperwork and (2) establish a procedure for periodic reviews of all files.

The single audit also found the Form SSA-4513, *State Agency Report of Obligations for SSA Disability Programs*, was incomplete and inaccurate for multiple reporting periods.[3] The single audit identified the following errors.

- The DDS did not state whether the Form SSA-871, *State Agency Schedule for Equipment Purchases for SSA Disability Programs,* needed to be attached to the Form SSA-4513 for FYs 2018 through 2024.

- Support for unliquidated obligations for the Forms SSA-4513 for FYs 2020 through 2024 was absent, was incomplete, or included different amounts.

- There were discrepancies between the total amount of disbursements in the accounting system and the amount of disbursements reported on Forms SSA-4513 September 2023 and June 2024.

- The FY 2020 Form SSA-4513 reported a refund for excess indirect costs, which resulted in an overstatement in previous *Schedule of Expenditures of Federal Awards* (SEFA) and in quarterly reports.

- The DDS submitted the FY 2020 Form SSA-4513 on July 16, 2024, and revised it on July 19, 2024 but did not identify the updated Form as revised.

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[2] CPA Diaz-Martinez, CSP, *Commonwealth of Puerto Rico Department of the Family Financial Statement Audit and Single Audit for the Fiscal Year Ended June 30, 2024* (June 29, 2026), Finding 2024-021.

[3] CPA Diaz-Martinez, CSP, *Commonwealth of Puerto Rico Department of the Family Financial Statement Audit and Single Audit for the Fiscal Year Ended June 30, 2024* (June 29, 2026), Finding 2024-045.

- There was a discrepancy between the total amount reported in the financial statements for FY 2024 and the supporting evidence.

These deficiencies occurred because the DDS did not have adequate controls or internal procedures for recordkeeping. We reported similar findings in June 2025.[4] In response to our recommendation, in January 2026, after the period covered by the single audit, members of SSA's DDS Budget Staff conducted a comprehensive training session for the DDS and PRDF on the accurate completion and submission of Form SSA-4513.

In addition, in response to the single audit, PRDF and DDS administrative and fiscal personnel began holding monthly meetings to review and monitor all outstanding obligations and any differences between the accounting system and the reports prepared for SSA. PRDF and DDS personnel also plan to conduct the following actions.

- Perform a formal monthly reconciliation to identify, document, and explain differences between the balances reported on Form SSA-4513 and the financial records maintained in the accounting system.

- In the comments section of Form SSA-4513, explain any differences between accounting records and valid obligations.

- Strengthen the unliquidated obligation review process through periodic evaluations to identify obligations that should be modified, liquidated, or cancelled in accordance with SSA requirements.

- Develop written internal procedures for the preparation, review, and approval of Form SSA-4513, including retention of supporting documentation necessary to substantiate the reported balances.

Findings for Multiple Agencies

The single audit found PRDF had significant deficiencies related to the preparation of the SEFA.[5] Specifically, (1) PRDF did not accurately report expenditures for some Federal programs and (2) management did not have adequate controls to quickly detect and accurately document the expenditures incurred under each Federal program. These deficiencies occurred because the PRDF did not have adequate procedures to collect, organize, and validate the information necessary to prepare the SEFA in accordance with Federal regulations. As a result, the PRDF may fail to include all Federal programs and total expenditures in the SEFA, which could cause misstatements. In addition, auditors review the SEFA to identify programs for single audit. Inaccurate amounts could lead to auditors not identifying major programs during single audits.

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[4] SSA, OIG, *Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2023, 772504,* (August 28, 2025).

[5] CPA Diaz-Martinez, CSP, *Commonwealth of Puerto Rico Department of the Family Financial Statement Audit and Single Audit for the Fiscal Year Ended June 30, 2024* (June 29, 2026), Finding 2024-014.

The single audit also found PRDF did not submit the information necessary for the single audit to the Federal Audit Clearinghouse within the required period.[6] With the Commonwealth of Puerto Rico's transition to a new government-wide financial system, PRDF expects to produce all required preparation for single audits in a more prompt and reliable manner. The Commonwealth of Puerto Rico expects to fully implement the new platform in FY 2027.

We reported similar findings in June 2025.[7] In January 2026, after the period covered by the single audit, SSA informed us it had reviewed documents PRDF provided that outlined financial policies, internal controls, and accounting procedures related to the administration of the DDS. SSA believed these documents contained sufficient information and guidelines to establish proper internal controls for financial reporting. Additionally, SSA reviewed the Forms SSA-4513 for the first quarter FY 2026 and all open years and found PRDF addressed many of the concerns the single audit identified. Finally, SSA believed there had been progress and improvement in PRDF's financial reporting but planned to continue monitoring submissions.

The single audit identified multiple Federal programs, including SSA programs, responsible for resolving these findings. As the cognizant agency, the Department of Agriculture will coordinate resolution actions across the Federal programs. In January 2026, SSA informed us it had established lines of communication with the Department of Agriculture to ensure ongoing monitoring continued.

Recommendation

We recommend SSA work with the PRDF Human Resources Department to ensure personnel files include all required documentation in compliance with applicable laws, regulations, and requirements.

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires that Federal awarding agencies issue a management decision letter on single audit 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 Commonwealth of Puerto Rico Department of the Family on June 30, 2026.

If you have questions, contact OIG.Audit.Division.7@ssa.gov.

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[6] CPA Diaz-Martinez, CSP, *Commonwealth of Puerto Rico Department of the Family Financial Statement Audit and Single Audit for the Fiscal Year Ended June 30, 2024* (June 29, 2026), Finding 2024-036.

[7] SSA, OIG, *Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2023, 772504,* (August 28, 2025).