



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: June 11, 2024

Refer To: 772402

To: Gina Clemmons
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 New Hampshire for the Fiscal Year Ended June 30, 2023

This memorandum presents the Social Security Administration's (SSA) portion of the single audit of the State of New Hampshire for the Fiscal Year ended June 30, 2023.¹ The audit firm KPMG 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 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 is intended to assure the Government that a 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 New Hampshire 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 New Hampshire Department of Education is the DDS' parent agency.

¹ KPMG, *State of New Hampshire Single Audit of Federal Financial Assistance Programs for the Year Ended June 30, 2023*, (March 2024).

RESULTS

The single audit reported the Form SSA-4514, *Time Report of Personnel Services for Disability Determination Services* and Form SSA-4513, *State Agency Report of Obligations for SSA Disability Programs* were not complete and accurate. Specifically, the DDS under-reported examiner and hearing officer duty hours and holiday/leave time on the Form SSA-4514 for the quarters ended September 30, 2022 and June 30, 2023. KPMG identified the following errors on the Form SSA-4513:

- The DDS did not identify whether the Form SSA-871, *State Agency Schedule for Equipment Purchases for SSA Disability Programs*, needed to be attached to the Form SSA-4513.
- The Form SSA-4513 did not reconcile to internal tracking sheets to validate the reported amounts.
- The DDS did not provide documentation to support all line items.
- The DDS' expenditures did not agree with reported information for the quarter ended September 30, 2023.²

In addition, KPMG reported the DDS did not maintain evidence it had verified the medical license and did not always verify medical providers' suspension or debarment status via the SAM.gov website.³

In response to the single audit the New Hampshire Department of Education's corrective action plan states it will work with the DDS to:

- ensure the formulas used to calculate employee duty and holiday/leave hours are reviewed and certified before the DDS sends the Form SSA-4514 for signature;
- ensure the box on the SSA-4513 indicating whether Form SSA-871 is needed is checked as appropriate, update all procedures for fiscal reporting, and maintain documentation of these procedures; and
- establish written policies to ensure the validity of medical licenses and the suspension and debarment status of medical providers.

² KPMG, *State of New Hampshire Single Audit of Federal Financial Assistance Programs for the Year Ended June 30, 2023*, (March 2024), Finding 2023-019.

³ KPMG, *State of New Hampshire Single Audit of Federal Financial Assistance Programs for the Year Ended June 30, 2023*, (March 2024), Finding 2023-020.

RECOMMENDATIONS

We recommend SSA:

1. Confirm the DDS updated procedures to ensure accurate reporting on Forms SSA-4513 and SSA-4514.
2. Ensure the DDS established appropriate procedures to verify and document medical providers' licensing, suspension, and debarment status.

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 New Hampshire on March 30, 2024.

Please send copies of the final Audit Clearance Document and any questions related to this audit to OIG.Audit.Division.7@ssa.gov.

Attachment

Finding Reference Number: 2023-019

NH Department of Education

Disability Insurance/SSI Cluster:

Social Security-Disability (Assistance Listing #96.001)

Federal Award Numbers: 1904NHDI00, 2024NHDI00, 2104NHDI00, 2204NHI00, 2304NHDI00

Federal Award Year: 2019, 2020, 2021, 2022, 2023

U.S. Social Security Administration

Compliance Requirement: Reporting

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: None

Statistically Valid Sample: No

The SSA-4514, Time Report of Personal Services For Disability Determination Services, is due quarterly to account for employee time.

The SSA-4513 – State Agency Report of Obligations for SSA Disability Programs – is due quarterly for each fiscal year still open in order to account for program disbursements and unliquidated obligations (POMS DI 39506.202).

Additionally, 2 CFR 200.303 (a) states that non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During our testwork over federal reporting related to the SSA-4514 quarterly report, we identified the following:

- A. For the quarter ending September 30, 2022, the SSA-4514 report understated the reported number of hours as follows:
 - a. Examiners duty hours by 241 hours and holiday/leave time by 7.50 hours.
 - b. Hearing officers duty hours of 480 hours and holiday/leave time by 15 hours
- B. For the quarter ending June 30, 2023, the SSA-4514 report understated the reported number as follows:
 - a. Hearing officers duty hours of 480 hours and holiday/leave time by 7.5 hours.

During our testwork over federal reporting related to the SSA-4513 quarterly report, we identified the following:

- C. For all 10 SSA-4513 reports selected for testwork, line item 7 was not checked to identify if the SSA-871 needed to be attached to the report. It is unclear if this needed to be attached or not.

- D. For all 10 SSA-4513 reports selected for testwork, the reports did not reconcile to the internal tracking sheets provided to validate the amounts reported. For all reports there were variances between the tracking sheets and the dollar amounts included within the federal report within sections 1, 2, 3 and 4. While variances are identified, we noted that the variances were not material overall to the individual line item.
- E. For all 10 SSA-4513 reports selected for testwork, we were unable to validate the completeness and accuracy of the amounts reported within Section 1 for Columns (A) for Disbursements, (B) for unliquidated obligations and (C) total obligations for line items 1, 2, 3 and 4. As such, we are not able to validate that the amounts reported are complete and accurate. As we were not able to obtain documentation to validate the obligation balances, we are unable to validate the accuracy of amounts reported within Sections 1, 2, and 3 of the report.
- F. For all 10 of the SSA-4513 reports selected for testwork, documentation was not provided for all line items contained in the report. Specifically we identified the following:
- a. For 2 of 10 SSA-4513 reports selected for testing, documentation was not provided for Columns (A), (B) and (C) for the following line items:
 - i. Line 2.a.1 Disability (DI) Claims
 - ii. Line 2.a.2 Supplemental Security Income (SSI) Claims
 - iii. Line 1.a.3 Concurrent DI/SSI Claims
 - iv. Line 2.b.1 Disability (DI) Claims
 - v. Line 2.b.2 Supplemental Security Income (SSI) Claims
 - vi. Line 1.b.3 Concurrent DI/SSI Claims
 - vii. Line 3 Indirect Costs
 - b. For 2 of 10 SSA-4513 reports, documentation was not provided for Line Item Section 2. Other Nonpersonnel Costs per SSA-4513 (Total Obligation)
 - c. For 7 of 10 SSA-4513 reports documentation was not provided for Line Item Section 2 Total Adjusted All Other Nonpersonnel Costs (B)
 - d. For 10 of 10 SSA-4513 documentation was not provided for Line Item Section 2.d, Other: Identify obligation & amount
- G. For 3 of 10 SSA-4513 reports selected for testwork, we identified while there were no expenditures incurred for the federal grant between October 1, 2022 and June 30, 2023, the expenditures for the quarter selected, June 30, 2022, did not agree to what was reported for the quarter ending September 30, 2023. We were unable to obtain supporting documentation as to why the amounts reported were different.

Cause

The cause of the condition found related to the SSA-4514 was due to formula errors within the spreadsheet used to calculate the quarterly hours. The formulas were not updated to reflect any new lines of data that may have been added and needed to be included within the total formulas included in the spreadsheet. While the spreadsheets were reviewed as part of the existing internal control procedures, the review was not at a precision level that detected the formula errors.

The cause of the condition found related to the SSA-4513 was due to insufficient policies and procedures to ensure that all necessary documentation is maintained to support the amounts reported for each federal report filed. Based on the documentation that was provided to support the data reported within each quarterly report, it is unclear if the internal control review procedures performed included a detail review over each line item of the report to ensure the amount reported is complete and accurate.

Effect

The effect of the condition found is the SSA-4514 and SSA-4514 reports were not complete and accurate when they were filed.

Questioned Costs

None

Recommendation

We recommend that the existing internal control procedures over the review and approval of the SSA-4514 report are evaluated to ensure that the accuracy of spreadsheet formulas used are appropriate and capture all of the data necessary to accurately prepare the SSA-4514.

In addition, we recommend that the existing policies and procedures be developed to ensure that all documentation to support the amounts reported on the SSA-4513 is properly maintained for each quarterly report. In addition, the existing internal control procedures should be evaluated to ensure that as part of the review process, each line item on the federal report is verified against the supporting documentation to ensure the report is complete and accurate. The review performed should also be properly documenting showing that the required review process was performed prior to submitting the SSA-4513.

View of Responsible Officials: Management concurs with the above finding.



Frank Edelblut
Commissioner

Christine M. Brennan
Deputy Commissioner

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CORRECTIVE ACTION PLAN
State Fiscal Year Ended June 30, 2023

96.001 Social Security, Disability Insurance

State Agency: Education Department
Audit Contact: Lindsey Labonville
Title: Administrator IV
Telephone: 603.731.4621
E-mail address: Lindsey.L.Labonville@doe.nh.gov
Audit Report Reference: 2023-019 - Reporting
Anticipated Completion Date: June 30, 2024

Corrective Action Planned:

(SSA 4513) The department concurs with this finding and plans to work on the following areas to make reviewing and understanding of the reports an easier process:

NHDDS will make sure that line 7 on the 4513 report is checked appropriately on all future reporting.

NH DDS will update all process directions for all fiscal reporting. For these directions, NH DDS will update all spreadsheets used for reporting purposes, add labels to column headers and link to cells when able for better understanding of our business processes and where amounts are pulled from. NH DDS will keep all backup documentation needed for these directions, to review all current open grant years. NHDDS will create "Mock" documents of each reporting process to help in any further reviews.

(SSA 4514) Administrator runs a leave report for a 1-month time frame.
Put in alpha order and date order.

In an excel spreadsheet, staff are in alpha order. Leave time is added to each individual staff member for a time frame of 3 months (quarterly report). The total for each individual staff member is then populated to a second spread sheet which is broken out by position categories and each position total is then populated to the 4514 report.

- On Duty Hours (column A) are the number of days worked in a quarter, times 7.50 hours per day.
- Holiday/Leave Hours (column B) are the number of Holidays (7.50 hours per day) during that quarter plus the amount of leave (hours and minutes) per individual staff member during that quarter.
- Total Hours (column C) is the amount of column A, plus column B, equals column C.
- Total Part-Time Personnel-Is the number of hours the physician worked during that quarter. A report is run in Virtual Time Clock for the quarterly time frame and hours are entered into Part-Time, Medical Consultants (h.)

Prior to completing the quarterly report, the excel spread sheet, sheet 2, will be reviewed to ensure cell equations are correct to eliminate formula errors used to calculate quarterly hours. When emailing the Administrator, the quarterly report for signature, the following statement will be in the body of the email to certify cell equations were reviewed prior, to eliminate formula errors:

“I certify that I reviewed the SSA-4514 prior to completion, to ensure that cell equations were correct to eliminate formula errors.”

Sent to the Administrator for signature then sent off to Region. Sent emails will be saved in an outlook folder for future reference and proofs that reports were sent.

Finding Reference Number: 2023-020

NH Department of Education

Disability Insurance/SSI Cluster: Social Security-Disability (Assistance Listing #96.001)

Federal Award Numbers: 1904NHDI00, 2024NHDI00, 2104NHDI00, 2204NHDI00, 2304NHDI00

Federal Award Year: 2019, 2020, 2021, 2022, 2023

U.S. Social Security Administration

Compliance Requirement: Special Tests and Provisions – Qualified Providers

Type of Finding: Material Weakness and Material Noncompliance

Prior Year Finding: None

Statistically Valid Sample: No

Criteria

Each state agency is responsible for comprehensive oversight management of its process and for ensuring accuracy, integrity, and economy of its processes (20 CFR sections 404.519g and 416.919g, and POMS DI 396569.300). As part of these duties, DDSs must have, and follow procedures for performing medical license verifications to ensure that only qualified providers perform DDSs tasks. By “qualified,” SSA means that the medical source must:

1. Be currently licensed in the state and have the training and experience to perform the type of examination or tests DDS requests; and
2. Not be barred from participating in Medicare or Medicaid programs or other federal or federally assisted programs (20 CFR sections 404.5159g and 416.919g). Prior to using the services of any medical provider, the DDS must check the System of Award Management (SAM) website.

Additionally, 2 CFR 200.303 (a) states that non-federal entities must establish and maintain effective internal control over federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition

During our testwork over the special test and provision related to qualified providers, we identified the following:

- A. For all 4 new providers selected for testwork, the SAM.gov website was not utilized to verify the suspension and debarment status for new providers.
- B. For 7 existing providers selected for testwork, we identified:
 - a. For 4 of 7 annual reviews selected for testwork, there was no documentation maintained to verify that the providers medical license or suspension and debarment status had been reviewed.
 - b. For 2 of 7 annual reviews selected for testwork, there was no documentation maintained that the providers suspension and debarment status had been reviewed.

- c. For 1 of 7 annual reviews selected for testwork, there was no documentation that an annual review of the provider had been performed.

Cause

The cause of the condition found is primarily due to insufficient policies and procedures to verify a provider's suspension and debarment status has been reviewed within SAM.gov as required by the federal regulations. For new providers, the Office of Inspector General's List of Excluded Individuals/Entities (LEIE) was reviewed, however the review took place after the provider was already hired. In addition, there does not appear to be any policies and procedures in place to document how an annual review should be conducted and what documentation needs to be maintained to support the procedures performed. There does not appear to be any internal controls in place to ensure that reviews are complete and properly documented.

Effect

The effect of the condition found is that documentation to support the qualifications of providers has not been appropriately maintained and providers could have been used that did not meet the criteria to be a qualified provider.

Questioned Costs

None

Recommendation

We recommend that written policies and procedures been developed to outline what the required procedures are related to reviewing professional licenses and suspension and debarment status for new providers and as part of the annual review process for existing providers. The policies should describe how the reviews will be performed, how the review will be documented. Internal controls should be implemented to ensure that an appropriate review over the review is conducted to ensure that the review is complete and accurate.

View of Responsible Officials: Management concurs with the finding above.



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CORRECTIVE ACTION PLAN
State Fiscal Year Ended June 30, 2023

96.001 Social Security, Disability Insurance

State Agency: Education Department

Audit Contact: Lindsey Labonville

Title: Administrator IV

Telephone: 603.731.4621

E-mail address: Lindsey.L.Labonville@doe.nh.gov

Audit Report Reference: 2023-020 - Special Tests and Provisions – Qualified Providers

Anticipated Completion Date: June 30, 2024

Corrective Action Planned:

The department concurs with this finding and plans the following:

The NH DDS will have written policies and procedures in place that ensure the validity (non-expired) of medical licenses for providers, as well as the suspension & debarment status of providers. Policies will be in place for pre-hire interested parties, as well as more than annual re-reviews. Aside from written policies and procedures, we will develop a spreadsheet to be completed for each individual review done and we will maintain a documents folder to retain electronic proofs in. Proofs will be retained for 6 years.

At this time, the Administrator meets with the Professional Relations Officer every two weeks. Discussions and oversight of these policies, procedures, spreadsheet completion and proofs documentation can be done on, before and after these reviews.