



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: May 14, 2025

Refer To: 772503

To: Jeffrey Buckner
Deputy Commissioner
for the Office of External Affairs

From: Michelle L. Anderson *Michelle L. Anderson*
Assistant Inspector General for Audit

Subject: Single Audit of the State of California 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 California for the Fiscal Year ended June 30, 2023.¹ The audit firm Macias Gini & O'Connell LLP 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 \$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 California 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 California Department of Social Services (CDSS) is the California DDS' parent agency.

¹ California Department of Finance, *Single Audit Report for the Fiscal Year Ended June 30, 2023* (April 4, 2025).

RESULTS

The single audit found CDSS overpaid one provider of medical evidence of record (MER) \$5 because of a CDDS input error when it processed the vendor payment. While this was an immaterial amount, it illustrates that CDSS did not have appropriate oversight controls to ensure the data entry was accurate.²

In response to the single audit finding, the DDS implemented an internal review process to monitor and review processed invoices. In addition, the DDS developed a secondary review of sampled MER and consultative examination contracts. The DDS provides the review results to its branches to reinforce accuracy and ensure compliance.

RECOMMENDATION

We recommend SSA confirm with the California DDS that the added internal controls will improve MER invoice payment accuracy.

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 State of California on April 4, 2025.

If you have questions contact OIG.Audit.Kansas.City@ssa.gov.

² California Department of Finance, *Single Audit Report for the Fiscal Year Ended June 30, 2023* (April 4, 2025), Finding 2023-019.