



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: August 28, 2025

Refer To: 772504

To: Amy Gao
Director
Audit Liaison Staff

From: Michelle L. Anderson *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 20, 2023

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, 2023.¹ 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 \$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 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, 2023* (July 29, 2025).

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 found the DDS submitted incomplete and inaccurate Forms SSA-4513, *State Agency Report of Obligations for SSA Disability Programs*, for multiple reporting periods. The single audit identified the following errors on the Form SSA-4513.

- 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.
- The DDS did not include information about unliquidated obligations, as SSA requires.
- There were discrepancies of almost \$370,000 between the accounting system and the total amount of disbursements for FYs 2018 to FY 2022 as reported on the Form SSA-4513.
- The DDS overstated expenses in FY 2023 by more than \$112,000 on the Schedule of Expenditures of Federal Awards and quarterly reports because it inappropriately reported repayments for FY 2018 expenses.
- The DDS reported withdrawals that exceeded commitments, which resulted in the DDS repaying SSA almost \$398,000.²

In 2024, after the period covered by the single audit, the PRDF Accounting Department began reviewing unliquidated obligations each month, meeting with budget and finance staff to assess unliquidated obligations, and canceling invalid obligations. In addition, PRDF trained finance and budget staff on accounting controls and administrative cost reporting to ensure compliance with federal regulations. By September 2025, PRDF plans to train staff to ensure they are conducting monthly reviews of unliquidated obligations and prompt cancellations of invalid commitments. To reinforce these trainings, PRDF will deliver a series of workshops to relevant staff. The workshops will outline the procedures and best practices for Form SSA-4513 preparation.

The single audit also identified the following errors.

- PRDF lacked adequate internal controls to stop, identify, and fix errors in creating financial reports about state and Federal funds received and spent through the Puerto Rico Treasury Department's financial system.³

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, 2023* (July 29, 2025), Finding 2023-055.

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, 2023* (July 29, 2025), Finding 2023-018 (Finding 2023-046).

- PRDF did not have adequate internal controls over the program and expenses listed in the PRDF's Schedule of Expenditures of Federal Awards, resulting in significant misstatements. Specifically, PRDF did not accurately report expenditures for some Federal programs, though the single audit did not identify individual Federal programs affected. In addition, PRDF did not have an adequate internal control system to quickly detect and accurately document the expenditures incurred under each Federal award, and implement internal controls over Federal award data entered into the financial statements.⁴
- PRDF did not submit the information necessary for the single audit to the Federal Audit Clearinghouse within the required period.⁵

The single audit identified multiple Federal programs, including SSA programs, responsible for resolving these findings. The Department of Agriculture, as cognizant agency, will coordinate resolution actions across the Federal programs.

RECOMMENDATION

We recommend SSA:

1. Review PRDF's training and procedures for completing the Form SSA-4513 to ensure accurate reporting.
2. Work with the Department of Agriculture to ensure PRDF implements internal controls over its financial reporting responsibilities for Federal funds.

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 July 30, 2025.

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

⁴ 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, 2023* (July 29, 2025), Finding 2023-019 (finding 2023-047).

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, 2023* (July 29, 2025), Finding 2023-048.