



# Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

**Date:** April 14, 2026

**Refer To:** 772628

**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 Virginia for the Fiscal Year Ended June 30, 2025

This memorandum presents the Social Security Administration's (SSA) portion of the single audit of the Commonwealth of Virginia for the Fiscal Year ended June 30, 2025.<sup>1</sup> The Virginia Auditor of Public Accounts 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 Virginia 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.

---

<sup>1</sup> Virginia Auditor of Public Accounts, *Commonwealth of Virginia Single Audit Report for the Year Ended June 30, 2025* (February 13, 2026).

The Department for Aging and Rehabilitative Services (DARS) within the Department of Health and Human Resources is the Virginia DDS' parent agency.

## RESULTS

The single audit reported DARS' Finance Division did not have written, agency-specific payroll policies and procedures governing all critical payroll processes, including reconciliations and certifications.<sup>2</sup> This occurred because the Finance Division experienced staffing shortages during the period under review because of turnover and therefore could not devote the resources necessary to establish internal controls over several of its key payroll processes. The absence of policies and procedures over payroll processes limits consistency, accountability, and management oversight. It also increases the risk that errors or discrepancies will not be prevented or detected timely.

In response to the single audit finding, DARS' Finance Division stated it would develop agency-specific payroll policies and procedures governing all critical payroll processes, including payroll reconciliations and certifications. Specifically, the Finance Division will ensure it completes reconciliations each pay period so payroll transactions are accurate, complete, and properly reviewed.

## RECOMMENDATION

We recommend SSA work with DARS to ensure its policies and procedures support payroll reconciliations and certifications for each pay period.

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 Virginia on March 11, 2026.

Please send copies of the final Audit Clearance Document to [OIG.Audit.Division.7@ssa.gov](mailto:OIG.Audit.Division.7@ssa.gov).

---

<sup>2</sup> Commonwealth of Virginia Auditor of Public Accounts, *Commonwealth of Virginia Single Audit Report for the Year Ended June 30, 2025* (February 13, 2026). Finding 2025-023.