



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: April 14, 2026

Refer To: 772629

To: Amy Gao
Director
Audit Liaison Staff

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

Subject: Single Audit of the State of Texas for the Fiscal Year Ended August 31, 2025

This memorandum presents the Social Security Administration's (SSA) portion of the single audit of the State of Texas for the Fiscal Year ended August 31, 2025.¹ The audit firm CliftonLarsonAllen 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 \$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 complying 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 Texas 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 Health and Human Services Commission (HHSC) is the Texas DDS' parent agency.

¹ CliftonLarsonAllen LLP, *State of Texas Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2025* (February 20, 2026).

RESULTS

The single audit found that 2 of 17 HHSC user accounts in the State's centralized accounting, payroll, and financial system had been inappropriately granted access to the Administrator role. This role provides elevated privileges beyond the users' assigned duties and should be restricted to authorized system administrators only. The users obtained administrative privileges because the system's controls did not limit access or regularly certify users' access. Improper assignment of elevated access increases the risk of (1) unauthorized changes to system configuration, accounting rules, or financial data; (2) data modification or exposure, including information related to Federal program expenditures; and (3) bypassed compensating controls intended to maintain data integrity and separation of duties. HHSC management removed access; however, the presence of improper access before remediation represents a significant control deficiency.²

In response to the single audit finding, HHSC indicated it uses software to monitor and log user activities and maintain documentation of approvals and business justifications. HHSC stated it will maintain documentation of recurring privileged access reviews across all financial software modules, as appropriate.

Additionally, HHSC will establish a documented process to perform quarterly reviews of user accounts and audit logs to strengthen privileged access controls. The review process will include documented approval, business justification, and periodic re-validation of all elevated roles.

RECOMMENDATION

We recommend SSA work with HHSC to ensure it has controls to grant privileged access only to appropriate authorized users.

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 Texas on March 18, 2026. If you have questions, contact OIG.Audit.Division.7@ssa.gov.

² CliftonLarsonAllen LLP, *State of Texas Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2025* (February 20, 2026), Finding 2025-003.