

U.S. Department of Labor

Office of Inspector General—Office of Audit

SINGLE AUDIT QUALITY CONTROL REVIEW



QUALITY CONTROL REVIEW SINGLE AUDIT OF SENIOR SERVICE AMERICA, INC. FOR THE YEAR ENDED JUNE 30, 2015

Date Issued: September 19, 2016
Report Number: 24-16-003-03-360

U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210



INSPECTOR GENERAL'S REPORT

September 19, 2016

Anthony Sarmiento
Executive Director
Senior Service America, Inc.
8403 Colesville Road, Suite 1200
Silver Spring, MD 20910

The U.S. Department of Labor's (DOL) Office of Inspector General (OIG) conducted a Quality Control Review (QCR) of the Single Audit of Senior Service America, Inc. (SSAI) for the year ended June 30, 2015. The single audit was completed by Gorfine, Schiller & Gardyn, P.A., (Firm) under the Federal Single Audit Act and Office of Management and Budget Circular A-133 (A-133).

A QCR is performed to provide evidence of the reliability of the single audit to the auditors of federal agency financial statements, such as those required by the Chief Financial Officers Act, those responsible for the programs, and others. For the year ended June 30, 2015, SSAI reported expenditures of \$59,016,061, consisting of DOL funds totaling \$48,869,555 and non-DOL funds totaling \$10,146,506. The single audit conducted by the Firm covered one DOL major program: Senior Community Service Employment Program, totaling \$48,869,555. The remaining \$10,146,506 of non-DOL funds were used for non-major programs and were not tested as part of the single audit.

Our objectives were to determine if the audit was conducted in accordance with applicable standards, including Generally Accepted Government Auditing Standards (GAGAS) and Generally Accepted Auditing Standards (GAAS), and met the requirements of A-133.

RESULTS IN BRIEF

We found the audit was conducted in accordance with applicable standards, except that the Firm's report on compliance did not note there was an instance of noncompliance. When the Firm reported a finding, it neglected to provide federal program references, specific statutory citation, and possible asserted effect. SSAI's corrective action plan that it prepared in response to the Firm's finding omitted the anticipated completion dates and the title of the contact person responsible for corrective actions.

We recommend the Firm, in conducting future audits, follow standards related to the report on compliance and the elements of an audit finding. Furthermore, the Firm should provide training to staff to ensure the report on compliance and findings elements include sufficient details. We also recommend SSAI, in responding to future audit recommendations, follow A-133 to ensure its corrective action plans include anticipated completion dates and the title of the contact person responsible for corrective actions.

We have discussed our concerns and observations with the Firm and SSAI. The Firm stated it has increased education for Firm personnel with respect to how to report findings, has disseminated the findings to the appropriate personnel, and is planning a session to discuss the importance of thorough reporting. SSAI stated it understands that A-133 requires dates and titles to be included when responding to single audit recommendations, and it is committed to ensuring their inclusion going forward.

Details on the results of our review are provided in the Enclosure.

Sincerely,



Elliot P. Lewis
Assistant Inspector General
for Audit

Enclosure

cc: Stephen Daniels, Director, Division of Policy, Review, and Resolution,
Employment and Training Administration (ETA)

Julie Cerruti, Audit Liaison, ETA

Gregory Hitchcock, Audit Liaison, ETA

Lisa Lahrman, Acting Administrator, Office of Management and Administrative
Services, ETA

Lynn Woo, Director of Finance, SSAI

Scott Rodgville, Partner, Gorfine, Schiller & Gardyn, P.A.

Jennifer Estrada, Manager, Gorfine, Schiller & Gardyn, P.A.

Enclosure

**Quality Control Review
Single Audit of Senior Service America, Inc.
for the Year Ended June 30, 2015
(24-16-003-03-360)**

The Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996, established single audit financial and compliance requirements for states, local, and Indian tribal governments, and nonprofit organizations that expend federal funds equal to or greater than \$500,000 in any fiscal year.

On December 1, 2015, the Firm issued a single audit report of SSAI’s financial statements, Schedule of Expenditures of Federal Awards (SEFA), and reports required by GAGAS and A-133 for the year ended June 30, 2015.

Our review included the following DOL major program:

DOL Major Program Reviewed		
Major Program	Catalog of Federal Domestic Assistance (CFDA) Number	DOL Major Funds Reported as Expended
Senior Community Service Employment Program	17.235	48,869,555
Total DOL Major Funds Reported as Expended		\$48,869,555

RESULTS

THE FIRM’S REPORT ON COMPLIANCE NEEDS IMPROVEMENT

The Firm’s report on compliance did not note there was an instance of noncompliance.

Clarified Statement of Auditing Standards, Section 935.30(h), states, in part:

The auditor's report on compliance should be in writing and include the following element: If other noncompliance that is required to be reported by the governmental audit requirement is identified (that is, noncompliance that does not result in a modified opinion), an other-matter paragraph that includes a description of such noncompliance or a reference to a description of such noncompliance in an accompanying schedule.

The Firm omitted this information from the report on compliance because the finding was not a significant deficiency that would have affected the opinion. However, when the report on compliance omits elements, it provides insufficient information to the end user.

THE FIRM'S FINDING PRESENTATION NEEDS IMPROVEMENT

The Firm's finding omitted the following:

- Name of the federal agency, federal program, and specific federal award identification, including the CFDA title and number, federal award number, and year
- Specific statutory citation
- Possible asserted effect

A-133, Section.510(b), states, in part:

The following specific information shall be included, as applicable, in audit findings: Federal program and specific Federal award identification including the CFDA title and number, Federal award number and year, name of Federal agency, and name of the applicable pass-through entity....The criteria or specific requirement upon which the audit finding is based, including statutory, regulatory, or other citation....The possible asserted effect to provide sufficient information to the auditee and Federal agency, or pass-through entity in the case of a subrecipient, to permit them to determine the cause and effect to facilitate prompt and proper corrective action....

The Firm's omissions in the finding occurred because it was unaware of the requirement to include these details. Such information is needed for program officials to determine the proper corrective action. A statement of the effect or potential effect should provide a clear, logical link to establish the impact or potential impact of the difference between the condition and criteria.

Because of the complexity of single audits, deficiencies such as these are not unexpected. However, conducting a proper single audit requires a significant degree of specialized knowledge, which must be carefully applied. The result of our QCR indicates a need for the Firm to provide training to staff that illustrates how to properly document the report on compliance and schedule of findings.

SSAI'S CORRECTIVE ACTION PLAN NEEDS IMPROVEMENT

SSAI's corrective action plan omitted the anticipated completion dates and the title of the contact person responsible for corrective actions.

A-133, Section.315(c), states, in part:

...The corrective action plan shall provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date....

SSAI stated this was the first time it had received a finding in the single audit. Therefore, SSAI was not aware of the level of detail required to be included in its corrective action plan. SSAI stated it implemented corrective actions immediately. On April 25, 2016, ETA resolved and closed the single audit recommendation; therefore, SSAI will not need to resubmit a corrective action plan. However, SSAI does need to ensure that for future single audit report recommendations its corrective action plans include the anticipated completion dates and the title of the contact person responsible for corrective actions.

OIG RECOMMENDATIONS

We recommend the Firm:

1. In conducting future audits, follow standards related to the report on compliance and the elements of an audit finding.
2. Provide training to staff to ensure the report on compliance and findings elements include sufficient details.

We recommend SSAI:

3. In responding to future audit recommendations, follow A-133 to ensure its corrective action plans include anticipated completion dates and the title of the contact person responsible for corrective actions.

FIRM'S AND SSAI'S RESPONSES

The Firm stated it has increased education of Firm personnel with respect to how to report findings. The Firm also stated it has already disseminated the findings to the appropriate personnel and is planning a session to discuss the importance of thorough reporting of findings in all A-133 (now Uniform Guidance) situations.

SSAI stated it implemented corrective actions to address the Firm’s single audit recommendation immediately after being notified by the Firm of the occurrence, and before the Firm issued its report. Regarding the OIG’s QCR recommendation, SSAI stated it understands A-133 requires dates and titles to be included when responding to single audit recommendations, and it is committed to ensuring inclusion going forward.

Appendices

APPENDIX A

**OBJECTIVES, SCOPE, METHODOLOGY, AND
CRITERIA**

OBJECTIVES

Our objectives were to determine if the audit was conducted in accordance with applicable standards, including GAGAS and GAAS, and met the requirements of A-133.

SCOPE

We performed a QCR of the Firm’s single audit of SSAI’s financial statements, SEFA, and reports required by GAGAS and A-133 for the year ended June 30, 2015. We performed our work at the Firm’s office at 10045 Red Run Boulevard, Suite 250, Owings Mills, MD, 21117.

METHODOLOGY

We reviewed the audit report using the Council of Inspectors General on Integrity and Efficiency (CIGIE) Guide for Desk Reviews of A-133 Audit Reports (Desk Guide). The Desk Guide was developed to ensure compliance with the requirements of A-133. We reviewed the financial statements, compliance, and internal control reporting; SEFA; and Schedule of Findings and Questioned Costs.

Using the CIGIE Uniform Guide for QCRs of A-133 Audits (QCR Guide), we reviewed audit documentation and held discussions with the Firm to accomplish the required steps. The QCR Guide was developed to test for compliance with GAGAS general and fieldwork standards and A-133 requirements.

Specifically, we reviewed:

- Auditor Qualifications
- Independence
- Due Professional Care
- Quality Control
- Planning and Supervision
- Management Representations
- Litigation, Claims and Assessments
- Possible Fraud or Illegal Acts
- Determination of Major Programs
- SEFA
- Internal Control Over Major Programs
- Direct and Material Compliance Requirements

We also reviewed the Firm's peer review applicable to the period of the audit.

CRITERIA

- A-133
- GAGAS, December 2011 Revision
- GAAS
- Single Audit Act of 1984
- Single Audit Act Amendments of 1996

FIRM'S RESPONSE



SENT ELECTRONICALLY OR U.S.P.S.

U.S. Department of Labor
Office of Inspector General
Washington, D.C. 20210
Attention: Mr. Elliot P. Lewis, Assistant
Inspector General for Audit

Re: Quality Control Review Single Audit of the Senior
Service America, Inc. for the Year ended June 30,
2015 (Report Number 24-16-003-03-360)

Mr. Lewis,

In response to the draft report that you sent to Gorfine, Schiller & Gardyn, P.A. (the Firm) via transmittal letter dated August 17, 2016, you requested a response from the Firm to indicate what action would be taken to insure improvement in the area identified for improvement. Our response is as follows:

The Firm takes its responsibility for reporting under the Federal Single Audit Act and Office of Management and Budget Circular A-133 (A-133) very seriously and has designed Quality Control Standards for the Firm to help insure compliance with the requirements of A-133. The Firm was generally pleased with the findings of the Office of Inspector General (OIG) with the exception of the item identified in the report relating to the reporting of the finding identified by the Firm during the course of the audit. The level of detail included in the Firm's report as related to that finding was deemed insufficient in the view of the OIG. The Firm respects the view of the OIG and in an effort to insure that the Firm satisfies the OIG in future reporting, the Firm has increased education for Firm personnel with respect to how to report findings. The Firm has already disseminated your preliminary findings to the appropriate personnel and we are also planning on a session for the department to discuss the importance of thorough reporting of findings in all A-133 (now Uniform Guidance) situations. Additionally, we have insured that A-133 reports are included in our internal inspection and Peer Review process populations so that they are subjected to those review processes.

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19833 Leifersburg Pike, Suite 2 • Hagerstown, MD 21742 • T 301-739-9000 • F 301-739-8345
www.gsg-cpa.com



If you have any additional questions or concerns, please do not hesitate to be in touch. Thanks to you and your team for your help through this process. It was very easy to work with your team and they communicated very effectively to us throughout the process.

Respectfully,



Scott D. Rodgville, CPA
Gorfine, Schiller & Gardyn, P.A.

Cc: Anthony Sarmiento, President, Senior Service America, Inc.
Lynn Woo, Director of Finance, Senior Service America, Inc.
Jennifer Estrada, Senior Manager, Gorfine, Schiller & Gardyn, P.A.
Mark Lemke, Assistant Director, Office of Inspector General

APPENDIX C

SSAI'S RESPONSE



Anthony R. Sarmiento
President and Executive Director

August 18, 2016

U.S. Department of Labor
Office of Single Audit Oversight
Attn: Elliot Lewis, Assistant Inspector General for Audit
200 Constitution Avenue, N.W., Room S-5512
Washington, D.C. 20210

Sent via Email and Mail to: lewis.Elliot@oig.dol.gov

Reference to Report Number: 24-16-003-03-360

The Senior Service America, Inc. respectfully submits the following response to the Office of Inspector General's (OIG) draft Quality Control Review (QCR) report (Report Number 24-16-003-03-360), OIG Recommendations number 3.

Finding 3: In responding to future audit recommendations, follow A-133 to ensure the inclusion of corrective action plan anticipated completion dates and the titles of the contact person(s) responsible for corrective actions.

Management's Response:

The organization's corrective actions with the respect to the single audit reporting recommendation were already implemented immediately after the incident and before the independent auditor's report issuance. Since then the director of finance reviews and initials the confirmation notice to ensure the financial status report has been submitted.

We understand that A-133 requires dates and titles to be included when responding to future audit recommendations, and are committed to ensuring their inclusion going-forward. If there are any questions or if additional information is needed, please contact Lynn Woo, Director of Finance at (301) 578-8952 or at lwoo@ssa-i.org.

Sincerely,

A blue ink signature of Anthony R. Sarmiento.

Anthony R. Sarmiento
Executive Director

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APPENDIX D

ACKNOWLEDGEMENTS

Key contributors to this report were Melvin Reid (Director), Mark Lemke, and Christine Allen.

TO REPORT FRAUD, WASTE OR ABUSE, PLEASE CONTACT:

Online: <http://www.oig.dol.gov/hotlineform.htm>

Email: hotline@oig.dol.gov

Telephone: 1-800-347-3756
202-693-6999

Fax: 202-693-7020

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