

Single Audit of the State of Tennessee for the Fiscal Year Ended June 30, 2017

A-77-18-00006



May 2018

Office of Audit Report Summary

Objective
To report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to the Social Security Administration (SSA) for resolution action.
Background
The Tennessee Comptroller of the Treasury conducted the single audit of the State of Tennessee. SSA is responsible for resolving single audit findings related to its disability programs. The Department of Human Services (DHS) is the Tennessee Disability Determination Services' (DDS) parent agency.

Findings

The single audit reported the Tennessee DHS:

- Allocated costs to various Federal programs, including SSA, based on prior quarter percentages. As a result, DHS inaccurately charged SSA \$123,318.
- Charged unallowable costs to Federal programs, including \$87,165 to SSA, during the cost allocation process.
- Charged costs to various Federal agencies, including \$38,221 to SSA, using methodologies that were inconsistent with allocation methodologies identified in the Cost Allocation Plan.
- Did not maintain adequate documentation to support personnel costs it charged to Federal grants.

Recommendations

We recommend that SSA:

- Work with DHS to determine whether the \$123,318 charged to SSA based on prior quarter percentages is allowable or a refund to the SSA disability program is warranted.
- Verify DHS credited the SSA disability program for the \$87,165 in unallowable costs and the \$38,221 in incorrectly allocated costs.
- Ensure DHS implemented appropriate policies and procedures to support personnel costs charged to the SSA disability program.