

Management Advisory Report

Single Audit of the State of
Tennessee for the Fiscal Year Ended
June 30, 2011

A-77-13-00010 / May 2013

**Single Audit of the State of Tennessee for the Fiscal Year
Ended June 30, 2011
A-77-13-00010**



May 2013

Office of Audit Report Summary

Objective

To report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to 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 Insurance program. The Department of Human Services (DHS) is the Tennessee Disability Determination Section's (DDS) parent agency.

Finding

DHS did not follow State information system security policies, which may result in an increased risk of fraudulent activity or loss of data.

Recommendation

SSA should verify that DHS has implemented procedures to ensure effective system access controls.

MEMORANDUM

Date: May 7, 2013 **Refer To:**

To: Gary S. Hatcher
Senior Advisor
Records Management and Audit Liaison Staff

From: Inspector General

Subject: Single Audit of the State of Tennessee for the Fiscal Year Ended June 30, 2011 (A-77-13-00010)

This report presents the Social Security Administration's (SSA) portion of the single audit of the State of Tennessee for the Fiscal Year ended June 30, 2011.¹ Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

The Tennessee Comptroller of the Treasury conducted the audit. The results of the desk review conducted by the Department of Health and Human Services (HHS) concluded that the audit met Federal requirements. In reporting the results of the single audit, we relied entirely on the internal control and compliance work performed by the Tennessee Comptroller of the Treasury and the reviews performed by HHS. We conducted our review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

For single audit purposes, the Office of Management and Budget assigns Federal programs a Catalog of Federal Domestic Assistance (CFDA) number. SSA's Disability Insurance (DI) and Supplemental Security Income (SSI) programs are identified by CFDA number 96. SSA is responsible for resolving single audit findings reported under this CFDA number.

The Tennessee Disability Determination Section (DDS) performs disability determinations under SSA's DI and SSI programs in accordance with Federal regulations. The DDS is reimbursed for 100 percent of allowable costs. The Department of Human Services (DHS) is the Tennessee DDS' parent agency.

¹ *State of Tennessee Single Audit Report for the Year Ended June 30, 2011*,
http://www.comptroller.tn.gov/repository/SA/2011_TN_Single_Audit.pdf (last viewed April 23, 2013).

The single audit reported DHS did not follow State information system security policies, which may result in an increased risk of fraudulent activity or loss of data.² The corrective action plan indicated that steps to address the issues identified were already underway.

We recommend that SSA verify that DHS has implemented procedures to ensure effective system access controls.

Please send copies of the final Audit Clearance Document to Shannon Agee. If you have questions, contact Shannon Agee at (877) 405-7694, extension 18802.



Patrick P. O'Carroll, Jr.

Attachment

cc:

Lynn Bernstein

² Id. at finding 11-DHS-05.

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