

# **Single Audit of the State of Tennessee for the Fiscal Year Ended June 30, 2016**

**A-77-17-00004**



**April 2017**

**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 Tennessee Department of Human Services (DHS) is the Tennessee Disability Determination Services' (DDS) parent agency.

## **Findings**

The single audit reported DHS incorrectly allocated expenditures to SSA totaling \$2,883 and did not provide adequate internal controls in three areas.

In addition, the single audit reported DHS (1) charged costs to various Federal agencies, including SSA, based on activity codes not included in the approved cost allocation plan (CAP); (2) charged costs to various Federal agencies, including SSA, using methodologies that were inconsistent with approved allocation methodologies identified in the CAP; and (3) did not allocate costs to various Federal agencies, including SSA, in accordance with the cost allocation plan and Federal requirements.

We recommended corrective action to SSA on these findings in a prior report. SSA had addressed these findings. Therefore, we will not repeat the recommendations in this report.

Finally, the single audit reported DHS did not have adequate procedures and controls over the timing of cash draws for SSA's disability program. The single audit identified multiple Federal programs, including SSA responsible for resolving this finding. However, the Department of Health and Human Services, as the cognizant Federal agency, will resolve the finding on the Government's behalf. Therefore, we are bringing this matter to your attention, but we are not making a recommendation.

## **Recommendations**

We recommend that SSA:

- 1.** Ensure it received credit for the \$2,883 in incorrect expenditure allocations.
- 2.** Verify DHS resolved the internal control deficiencies.