

Management Advisory Report

Single Audit of the State of
Tennessee for the Fiscal Year Ended
June 30, 2014

**Single Audit of the State of Tennessee for the Fiscal Year
Ended June 30, 2014
A-77-15-00005**



August 2015

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' parent agency.

Finding

The single audit reported DHS did not provide adequate internal controls in three areas related to information security.

Recommendation

We recommend that SSA verify that DHS has resolved the system-related internal control issues.

MEMORANDUM

Date: August 6, 2015 **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, 2014 (A-77-15-00005)

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, 2014.¹ 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 performed 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 Services (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.

The single audit reported DHS did not provide adequate internal controls in three areas related to information security.² The single audit did not provide details on the internal control deficiencies citing them as confidential pursuant to the *Tennessee Code Annotated*. We contacted DHS and

¹ *State of Tennessee Single Audit Report for the Fiscal Year Ended June 30, 2014.*

http://www.comptroller.tn.gov/repository/SA/2014_TN_Single_Audit.pdf Last viewed July 28, 2015.

² Id. at finding 2014-017.

obtained additional details on this finding, which we will provide to SSA separately from this memorandum. The corrective action plan indicated DHS has addressed a portion of the issues. We recommend that SSA verify that DHS has resolved the system-related internal control issues.

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 or Shannon.Agee@ssa.gov.



Patrick P. O'Carroll, Jr.

Attachment

cc:

Lynn Bernstein

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