

Management Advisory Report

Single Audit of the State of
Tennessee for the Fiscal Year Ended
June 30, 2019

Single Audit of the State of Tennessee for the Fiscal Year Ended June 30, 2019

A-77-20-00003



April 2020

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

A single audit is an organization-wide financial statement and Federal awards audit of a non-Federal entity that expends \$750,000 or more in Federal funds in 1 year. It is intended to assure the Government that a non-Federal entity has adequate internal controls in place and is generally complying with program requirements. Non-Federal entities typically include State and local governments, Indian tribes, universities, and nonprofit organizations.

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 the Tennessee DHS did not document management's confirmation that staff conducted the required licensure and credential verifications of consultative examination providers. The corrective action plan indicated DHS did not concur with the audit finding. DHS stated that staff monitors consultative examination provider licensing and credentialing, in compliance with SSA policy, and tracks results with internal tracking tools.

Recommendation

We recommend SSA confirm that DHS' procedures for consultative examination provider licensure and credential verifications are in accordance with SSA policy.

MEMORANDUM

Date: April 21, 2020 **Refer To:**

To: Trae Sommer
Director
Audit Liaison Staff

From: Assistant Inspector General for Audit

Subject: Single Audit of the State of Tennessee for the Fiscal Year Ended June 30, 2019 (A-77-20-00003)

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, 2019.¹ The Tennessee Comptroller of the Treasury conducted the audit. Our objective was to report internal control weaknesses, noncompliance issues, and unallowable costs identified in the single audit to SSA for resolution action.

BACKGROUND

A single audit is an organization-wide financial statement and Federal awards audit of a non-Federal entity that expends \$750,000 or more in Federal funds in 1 year. The audit is intended to assure the Government that a non-Federal entity has adequate internal controls in place and is generally complying with program requirements. Non-Federal entities typically include State and local governments, Indian tribes, universities, and nonprofit organizations.

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

The Tennessee Disability Determination Services performs disability determinations under SSA's Disability Insurance and Supplemental Security Income programs in accordance with Federal regulations. SSA reimburses the Disability Determination Services for 100 percent of allowable costs. The Department of Human Services (DHS) is the Tennessee Disability Determination Services' parent agency.

¹ Tennessee Comptroller of the Treasury, State of Tennessee Single Audit For the Year Ended June 30, 2019 (March 23, 2020).

RESULTS

The single audit reported the Tennessee DHS did not document management's confirmation that staff conducted the required licensure and credential verifications of consultative examination providers.² As the audit reported, "Without verification that staff have performed these checks, a [consultative examination] provider may continue to perform examinations without a license or with sanctions against them."

The corrective action plan indicated DHS did not concur with the audit finding. DHS stated that staff monitors consultative examination provider licensing and credentialing, in compliance with SSA policy, and tracks results with internal tracking tools. We recommend SSA confirm that DHS' procedures for consultative examination provider licensure and credential verifications are in accordance with SSA policy.

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires that Federal awarding agencies issue a management decision on findings within 6 months of acceptance of the audit report by the Federal Audit Clearinghouse. The Federal Audit Clearinghouse accepted the single audit of the State of Tennessee on March 25, 2020.

Please send copies of the final Audit Clearance Document to OIG.Audit.Kansas.City@ssa.gov. If you have questions, contact OIG.Audit.Kansas.City@ssa.gov.



Rona Lawson

Attachment

² See Footnote 1, Finding 2019-030.

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