

**Single Audit of the State of Tennessee for the Fiscal Year
Ended June 30, 2018
A-77-19-00005**



May 2019

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 provide assurance to the Government that a non-Federal entity has adequate internal controls in place and is generally in compliance with program requirements. Non-Federal entities typically include States, local governments, Indian tribes, universities, and non-profit 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' (DDS) parent agency.

Finding

The single audit reported the Tennessee DHS did not always allocate costs to various Federal programs using complete or current-period data. As a result, the Tennessee DHS overcharged SSA \$5,480.

Recommendations

We recommend that SSA:

1. Ensure it is reimbursed the \$5,480 overcharged to its disability program.
2. Verify that the Tennessee DHS developed a cost-allocation approach that results in a fair allocation of costs to its disability program.