STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

TENNESSEE COMMISSION ON AGING AND DISABILITY

Performance Audit Report

November 2015

Justin P. Wilson, Comptroller

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November 1, 2015

The Honorable Ron Ramsey
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The Honorable Beth Harwell
Speaker of the House of Representatives
The Honorable Mike Bell, Chair
Senate Committee on Government Operations
The Honorable Judd Matheny, Chair
House Committee on Government Operations
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
Mr. Jim Schulman, Executive Director
9th Floor, Andrew Jackson Building
Nashville, Tennessee 37243

Ladies and Gentlemen:

We have conducted a performance audit of selected programs and activities of the Tennessee Commission on Aging and Disability for the period July 1, 2012, through July 31, 2015. This audit was conducted pursuant to the requirements of the Tennessee Governmental Entity Review Law, Section 4-29-111, *Tennessee Code Annotated*.

Our audit disclosed certain findings that are detailed in the Objectives, Methodologies, and Conclusions section of this report. Management of the commission has responded to the audit findings; we have included the responses following each finding. We will follow up the audit to examine the application of the procedures instituted because of the audit findings.

This report is intended to aid the Joint Government Operations Committee in its review to determine whether the commission should be continued, restructured, or terminated.

Sincerely,

Deborah V. Loveless

Deborah V. Loveless, CPA
Director

DVL/mse
15/035

State of Tennessee

Audit Highlights

Comptroller of the Treasury Division of State Audit

Performance Audit
Tennessee Commission on Aging and Disability
October 2015

AUDIT SCOPE AND METHODOLOGY

We have audited the Tennessee Commission on Aging and Disability for the period July 1, 2012, through July 31, 2015. Our audit scope included a review of internal control and compliance with laws, regulations, and provisions of contracts or grant agreements in the areas of subrecipient monitoring, follow-up on service provider allegations, contracts, audit committee responsibilities, conflict-of-interest statements, commission services and population needs, disabled and elderly needs, and information systems. Management of the commission is responsible for establishing and maintaining effective internal control and for complying with applicable laws, regulations, and provisions of contracts and grant agreements.

For our sample design, we used nonstatistical audit sampling, which was the most appropriate and cost-effective method for concluding on our audit objectives. Based on our professional judgment, review of authoritative sampling guidance, and careful consideration of underlying statistical concepts, we believe that nonstatistical sampling provides sufficient, appropriate audit evidence to support the conclusions in our report. We present more detailed information about our methodologies in the individual report sections.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

CONCLUSIONS

FINDINGS

The commission's management did not develop sufficient procedures over its subrecipient monitoring process to ensure compliance with federal and state requirements
Management did not design an effective subrecipient monitoring process to ensure compliance with federal regulations governing monitoring efforts and management decisions (page 9).

The commission failed to adequately monitor its subrecipient, Southeast Tennessee Area Agency on Aging and Disability, to ensure the subrecipient properly monitored its service providers
The subrecipient's monitoring report for one service provider incorrectly concluded that the provider was chartered by the State of Tennessee and had established fiscal policies, which are requirements of service providers participating in the programs (page 15).

A service provider did not have adequate controls over its purchasing, collection, and deposit processes
Neither the subrecipient nor the service provider could provide sufficient evidence that gift cards had been properly procured with commission funding (page 19).

The commission's management and staff did not always comply with the Department of General Services' Central Procurement Office's rules and policies
The commission did not have written justification for sole source contracts, and management improperly advanced funds to subrecipients, which is against Central Procurement Office policies (page 23).

The commission did not provide adequate internal controls in two specific areas
The commission did not design and monitor internal controls in two specific areas. Ineffective implementation of internal controls increases risk of error (page 39).

OBSERVATIONS

The following topics did not warrant a finding but are included in this report because of their effect on the commission's operations and on the citizens of Tennessee: the commission's subrecipient monitoring plan and monitoring reports did not comply with state requirements (page 14); the commission did not ensure that staff and commission members completed conflict-of-interest forms for 2014 (page 28); the commission should work with the General Assembly to identify resources available for elderly dental care (page 32); the General Assembly may wish to study service delivery coordination for the state's disabled population (page 36); and the commission did not ensure that the waiting list for the OPTIONS program was accurate (page 37).

Performance Audit
Tennessee Commission on Aging and Disability

TABLE OF CONTENTS

		Page
INTRODUCTION		1
Purpose and Authority for the Audit		1
Organization and Statutory Responsibilities		1
AUDIT SCOPE AND METHODOLOGY		6
PRIOR AUDIT FINDINGS		6
Resolved Audit Findings		6
Repeated Audit Findings		7
OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS		7
Subrecipient Monitoring		7
Finding 1 –	The commission's management did not develop sufficient procedures over its subrecipient monitoring process to ensure compliance with federal and state requirements	9
Observation 1 –	The commission's subrecipient monitoring plan and monitoring reports did not comply with state requirements	14
Finding 2 –	The commission failed to adequately monitor its subrecipient, Southeast Tennessee Area Agency on Aging and Disability, to ensure the subrecipient properly monitored its service providers	15
Follow-up on Service Provider Allegations		18
Finding 3 –	A service provider did not have adequate controls over its purchasing, collection, and deposit processes	19
Contracts		22
Finding 4 –	The commission's management and staff did not always comply with the Department of General Services' Central Procurement Office's rules and policies	23
Audit Committee Responsibilities		27

TABLE OF CONTENTS (CONT.)

	Page
Conflict-of-Interest Statements	28
Observation 2 – The commission did not ensure that staff and commission members completed conflict-of-interest forms for 2014	28
Commission Services and Population Needs	30
Observation 3 – The commission should work with the General Assembly to identify resources available for elderly dental care	32
Disabled and Elderly Needs	34
Observation 4 – The General Assembly may wish to study service delivery coordination for the state's disabled population	36
Observation 5 – The commission did not ensure that the waiting list for the OPTIONS program was accurate	37
Information Systems	38
Finding 5 – The commission did not provide adequate internal controls in two specific areas	39
APPENDICES	40
Appendix 1 – State Agency Programs for Elderly and Disabled Populations	40
Appendix 2 – Title VI Information	44
Appendix 3 – Strategic Goals Information	46

Performance Audit
Tennessee Commission on Aging and Disability

INTRODUCTION

PURPOSE AND AUTHORITY FOR THE AUDIT

This performance audit of the Tennessee Commission on Aging and Disability was conducted pursuant to the Tennessee Governmental Entity Review Law, Title 4, Chapter 29, *Tennessee Code Annotated*. Under Section 4-29-237, the commission is scheduled to terminate on June 30, 2016. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of the agency and to report to the Joint Government Operations Committee of the General Assembly. This audit is intended to aid the committee in determining whether the Tennessee Commission on Aging and Disability should be continued, restructured, or terminated.

ORGANIZATION AND STATUTORY RESPONSIBILITIES

Commission

Pursuant to Section 71-2-102, *Tennessee Code Annotated*, the Tennessee Commission on Aging and Disability is responsible for the network of aging and disability programs within the State of Tennessee. As the state's designated unit on aging, the commission serves persons ages 60 and over in the Title III program of the federal Older Americans Act of 1965. In 2001, the General Assembly passed legislation that expanded the commission's authority to include services to disabled persons over age 18.

The commission's powers and duties, listed under Section 71-2-105, *Tennessee Code Annotated*, include the following:

- to allocate funds for projects and programs for older persons and disabled adults subject to the limits of the appropriation by the General Assembly and funds available or received from the federal government for such projects and programs;
- to serve as an advocate within government and in the community for older persons and disabled adults in Tennessee;
- to designate planning and service areas and area agencies on aging in accordance with the Older Americans Act and federal regulations; and
- to hold hearings, conduct research and other appropriate activities to determine the needs of older and disabled persons in the state, including particularly, but

not limited to, their needs for health and social services, and to determine the existing services and facilities, private and public, available to older persons to meet those needs.

For fiscal year 2014, the commission received $13.3 million in state appropriations and $25.8 million in federal funds, and had total expenditures of $39.1 million.

Commission Membership and Staff

The commission is a 22-member policy- and decision-making board, including 13 Governor-appointed members, 2 non-voting representatives from the General Assembly, and 7 ex-officio members who are members by virtue of their positions. The ex-officio members include the executive director of the Council on Developmental Disabilities, the director of TennCare, and the commissioners of the Departments of Health, Mental Health and Substance Abuse Services, Intellectual and Developmental Disabilities, Human Services, and Veterans Services (formerly the Department of Veterans Affairs), or designees.

Section 71-2-104, *Tennessee Code Annotated*, states that the appointed members should be persons providing leadership in programs for the elderly and disabled in the state and representing areas related to housing, recreation, employment, medicine, nursing, social service, business, adult education, long-term care, religion, research and advocacy. Commission membership should reflect the geographic diversity of the state and should include minorities and women in proportion to their presence in the state's population. At least half of the membership should be representative of the population served. As of June 2014, commission membership met these requirements (see Appendix 2).

To assist in fulfilling its mission, the commission employs an executive director and 28 staff members. See the organization chart on page 4.

Area Agencies on Aging and Disability

The commission designates an Area Agency on Aging and Disability in each of the state's nine planning and service areas. Each of the nine area agencies is the commission's principal agent for carrying out the mandates of the federal Older Americans Act and state-funded programs. See page 5 for a map indicating the area agencies and counties they serve.

Planning and Programs

The Older Americans Act requires the commission to submit to the federal Administration on Aging a plan for supervising the state's aging programs. The plan may cover a two-, three-, or four-year period, to be determined by the state agency. The commission submitted the *Tennessee State Plan on Aging 2013–2017* on June 7, 2013, and received approval on September 26, 2013. The federal act stipulates that the commission must annually obtain each area agency's area plan. The commission's staff reviews each area agency's plan and presents them to the commission members for approval at a regularly scheduled meeting. An area plan includes a comprehensive description of services to be provided within the area

through contracts with local service providers. Services are funded under the Older Americans Act, state appropriations, and local resources. Programs provided include transportation, information and assistance, outreach, homemaker and home health, senior citizens centers, congregate and home-delivered meals, legal assistance, long-term care ombudsman, and public guardianship services. Service providers include human resource agencies, community action agencies, local governments, churches, legal service agencies, housing authorities, and senior centers. See Appendix 1 for a description of the programs.

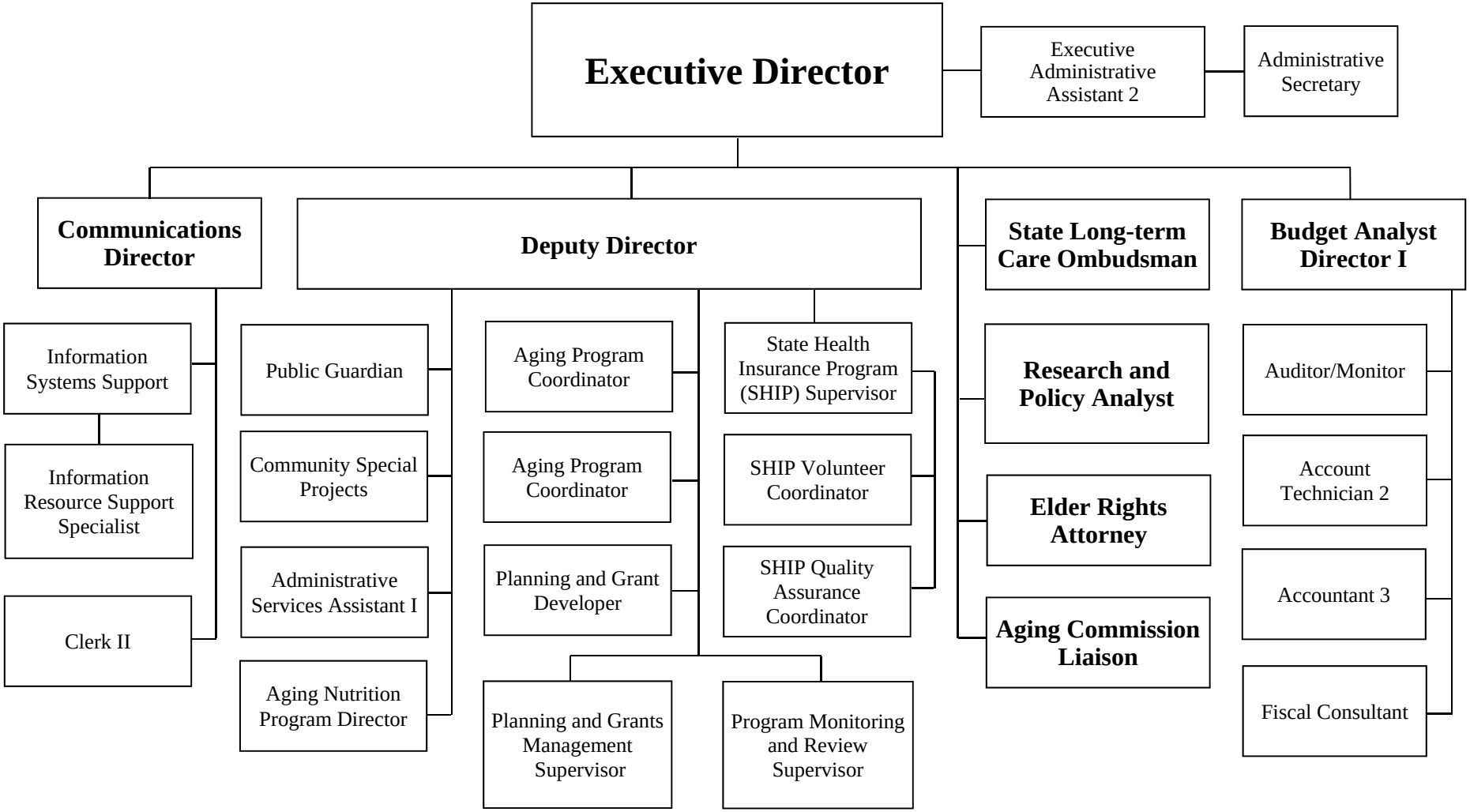
Funding and Monitoring

The commission allocates funds to area agencies using two formulas. The intrastate funding formula, also referred to as the federal funding formula, is used to distribute amounts received from the federal Administration on Aging for programs authorized in the Older Americans Act. The current formula requirements, as delineated in the Act, establish funding based on the state's elderly population. The *Tennessee State Plan on Aging 2014–2018* was approved by the Administration on Aging on September 26, 2013. The second formula, known as the state funding formula, is used to distribute funds for state-funded programs such as senior centers. In accordance with commission policy, the state funding formula is updated based on updates and modifications to the federal funding formula.

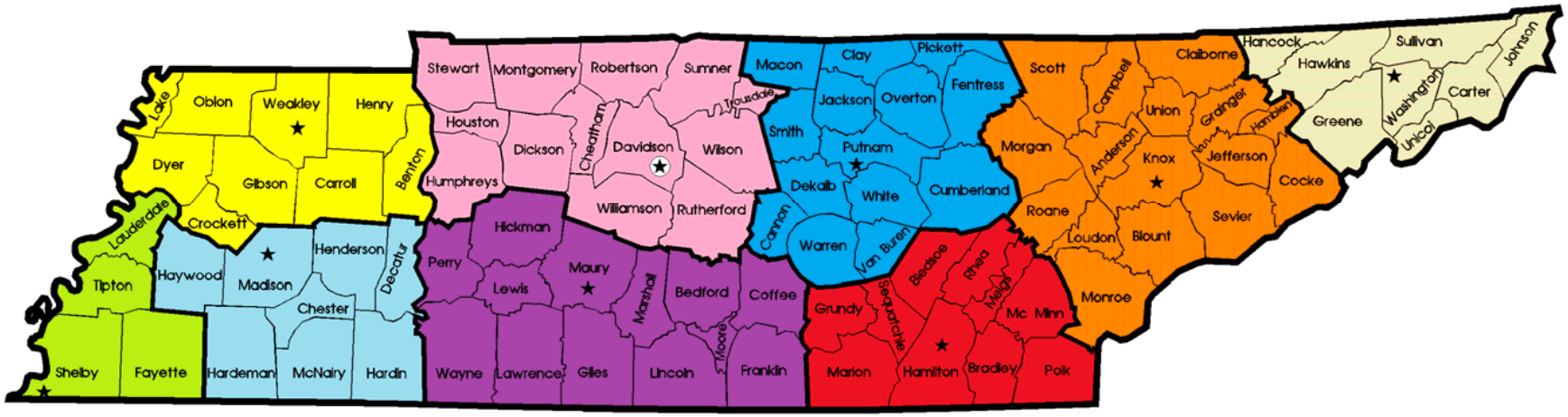
The commission distributed $36.4 million to the nine area agencies in fiscal year 2014, based on the agencies' contracts, approved plans, and monthly funds requests. To fulfill their contract terms and the approved plans, the nine agencies contracted with approximately 302 different service providers to furnish the programs and services for eligible participants. The commission's fiscal management tracks the area agencies' expenditures by reconciling the monthly funds requests to actual contracts to ensure that the area agencies expend funds according to contract terms and approved plans. The area agencies also submit quarterly financial reports to be reviewed by the commission's fiscal management.

The Older Americans Act also requires the commission to conduct periodic evaluations of services provided under this federal funding. To fulfill this requirement, the commission used the Department of Finance and Administration's Policy 22, "Subrecipient Contract Monitoring," for evaluations performed prior to May 28, 2013, and currently uses Central Procurement Office Policy 2013-007 to perform quality assessments of the area agencies. The quality assessments of the area agencies and the service providers include both program and financial components. In addition, the nine area agencies are required to annually assess their service providers (including a site visit) prior to renewing commission contracts.

Tennessee Commission on Aging and Disability
Organizational Chart
as of May 31, 2015



Tennessee Area Agencies on Aging and Disability (AAAD)



01 First Tennessee AAAD First TN Development District Johnson City, TN	**04 Upper Cumberland AAAD** Upper Cumberland Development District Cookeville, TN	**07 Northwest AAAD** Northwest Development District Martin, TN
02 East Tennessee AAAD East TN Human Resource Agency Knoxville, TN	**05 Greater Nashville AAAD** Greater Nashville Regional Council Nashville, TN	**08 Southwest AAAD** Southwest TN Development District Jackson, TN
03 Southeast Tennessee AAAD Southeast TN Development District Chattanooga, TN	**06 South Central TN AAAD** South Central TN Development District Columbia, TN	**09 Aging Commission of the Mid South AAAD** Aging Commission of the Mid South Memphis, TN

AUDIT SCOPE AND METHODOLOGY

We have audited the Tennessee Commission on Aging and Disability for the period July 1, 2012, through July 31, 2015. Our audit scope included a review of internal control and compliance with laws, regulations, and provisions of contracts or grant agreements in the areas of subrecipient monitoring, follow-up on service provider allegations, contracts, audit committee responsibilities, conflict-of-interest statements, commission services and population needs, disabled and elderly needs, and information systems. Management of the commission is responsible for establishing and maintaining effective internal control and for complying with applicable laws, regulations, and provisions of contracts and grant agreements.

For our sample design, we used nonstatistical audit sampling, which was the most appropriate and cost-effective method for concluding on our audit objectives. Based on our professional judgment, review of authoritative sampling guidance, and careful consideration of underlying statistical concepts, we believe that nonstatistical sampling provides sufficient, appropriate audit evidence to support the conclusions in our report. We present more detailed information about our methodologies in the individual report sections.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

PRIOR AUDIT FINDINGS

Section 8-4-109, *Tennessee Code Annotated*, requires that each state department, agency, or institution report to the Comptroller of the Treasury the action taken to implement the recommendations in the prior audit report. The prior audit report was dated January 2011. The Tennessee Commission on Aging and Disability filed its report with the Comptroller of the Treasury on October 13, 2011. A follow-up of all prior audit findings was conducted as part of the current audit.

RESOLVED AUDIT FINDINGS

The current audit disclosed that the commission has corrected the previous audit findings concerning

- the need to recruit and retain volunteer ombudsmen at the Area Agencies on Aging and Disability, and

- the need to take the lead in the state's preparation for an increased demand of services by the growing aging population.

REPEATED AUDIT FINDINGS

The prior audit included a finding on the commission's noncompliance with Tennessee Department of Finance and Administration's Policy 22, "Subrecipient Contract Monitoring." The commission has corrected parts of this finding, including issuing reports within 30 working days, obtaining plans of correction, and obtaining financial audits. However, we noted new issues related to subrecipient monitoring that are a continuation of conditions noted from a prior audit finding (see Findings 1 and 2 and Observation 1).

OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS

SUBRECIPIENT MONITORING

The Tennessee Commission on Aging and Disability administers federal, state, and discretionary programs for the elderly and disabled, with a total of $36.8 million expended on these programs for fiscal year 2014. Of the $36.8 million expended, the commission contracted $34.6 million to the nine Area Agencies on Aging and Disability. The commission's Quality Assurance section monitors the area agencies' activities to ensure that federal and state program funds are being used for authorized purposes and that the agencies' activities are in compliance with laws, regulations, and contractual provisions.

Specifically, the Quality Assurance section uses monitoring tools developed by the commission to monitor compliance with federal "during-the-award" requirements. Office of Management and Budget Circular A-133, "Compliance Supplement," Part 3, defines "during-the-award" monitoring as "monitoring the subrecipient's use of federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and assures that performance goals are achieved." In addition, the Quality Assurance section, along with program managers, performs annual on-site visits, issues monitoring reports, and requests corrective action for any noncompliance or control issues noted. One of the commission's monitors performs fiscal monitoring, which includes testing program-related expenditures and reviewing independent audit reports of the subrecipients.

The objectives of our review of the commission's monitoring process were to determine whether

- the commission properly identified its subrecipients for monitoring purposes and had a documented plan and adequate on-site monitoring tools for testing subrecipients' transactions;

- the commission complied with federal monitoring requirements and state Central Procurement Office policies and procedures; and
- the commission rendered management decisions for the subrecipients' audit findings reported in independent audit reports, obtained sufficient corrective action plans, implemented sanctions as necessary, and ensured that subrecipients resolved findings promptly.

We conducted interviews with commission personnel and reviewed documentation in order to gain an understanding of the commission's subrecipient monitoring process. We also reviewed the fiscal year 2014 annual subrecipient monitoring plan, including monitoring tools, which was submitted to the Central Procurement Office, to determine whether it was submitted and what entities the commission planned to monitor for that period. In addition, we reviewed the program-specific monitoring tools to determine whether the tools were complete and sufficient to ensure subrecipients complied with state and federal requirements. To determine all applicable rules and regulations over the subrecipient monitoring process, we reviewed federal requirements and Central Procurement Office policies and procedures. We conducted interviews with program management, staff, and quality assurance monitors to determine if the commission monitored the area agencies according to Central Procurement Office policies and procedures, as well as to determine whether the agencies properly monitored their subrecipients (service providers). We reviewed fiscal year 2013 independent audit reports for the commission's nine area agencies to determine if there were any findings related to the commission's program. We also conducted interviews to determine whether the commission rendered management decisions, requested corrective action plans, and implemented any necessary sanctions for findings related to the program.

Based on procedures performed, we determined that

- the commission properly identified its subrecipients to be monitored in their annual monitoring plan; however, the commission did not develop and adequately document its internal monitoring procedures, and the commission's on-site monitoring tools did not provide reasonable assurance of subrecipients' compliance with program and contract requirements (see Finding 1);
- the commission did not comply with the subrecipient monitoring regulations outlined in Central Procurement Office's Policy 2013-007, "Grant Management and Subrecipient Monitoring Policy and Procedures," and did not comply with all applicable federal grant regulations (see Observation 1 and Finding 2); and
- the commission's management obtained, but did not review, independent audit reports related to their agencies' subrecipients and therefore could not issue management decisions or require necessary corrective action, including issuing sanctions or ensuring finding resolution, as required (see Finding 1).

Overall Monitoring Process Deficiencies

Finding 1 - The commission's management did not develop sufficient procedures over its subrecipient monitoring process to ensure compliance with federal and state requirements

Condition and Criteria

Management did not develop sufficient procedures over its subrecipient monitoring process to ensure that the commission and its subrecipients complied with applicable federal requirements. We also found that

- management and staff did not adequately document the internal monitoring procedures for testing subrecipients' transactions;
- management did not sufficiently design its subrecipient monitoring tool to ensure that program monitors could detect subrecipients' noncompliance with federal or state requirements; and
- management did not review the subrecipients' independent audit reports to determine whether the reports revealed any control or compliance findings related to federal grants administered by the commission; therefore, the commission did not issue management decisions, impose sanctions, or require subrecipients to submit corrective action plans, and ultimately did not ensure subrecipients corrected the findings.

Internal Monitoring Processes Not Documented

Based on inquiry with the Quality Assurance supervisor, management did not document their internal monitoring procedures for testing subrecipients' transactions as required by federal regulations. Specifically, we determined that management and staff did not document

- the pre-site visit planning meetings,
- the sampling methods for monitoring testwork performed, and
- the program monitors' methods of gathering evidence to support monitoring results.

With a limited number of commission staff dedicated to monitoring the $34.6 million state and federal dollars that were distributed ("passed through") to subrecipients, it is critical that the commission's internal monitoring processes, including the processes for sampling and reviewing transactions, are adequately documented and consistently applied across the different programs.

For Title III programs under the Older Americans Act, which accounts for $30 million of the $34.6 million the commission distributed to the subrecipients during fiscal year 2013, Title 45, *Code of Federal Regulations*, Section 1321.11(b), states "[t]he policies developed by the State agency shall address the manner in which the State agency will monitor the performance of all programs and activities initiated under this part for quality and effectiveness."

Monitoring Tools Not Adequately Designed to Ensure All Federal Requirements Were Monitored

Based on our review of the commission's 2013-2014 subrecipient monitoring plan, including the monitoring tool, which was submitted to and approved by the Central Procurement Office, we determined that management's monitoring tool did not provide reasonable assurance that the monitors could adequately assess the subrecipients' compliance with all program and contract requirements. Specifically, management's tool did not include multiple compliance requirements that were applicable to the commission's programs.

For 9 programs, we identified 10 potentially applicable compliance requirements that must be monitored, according to Central Procurement Office Policy 2013-007, "Grant Management and Subrecipient Monitoring Policy and Procedures." The policy states the following:

> 11. Core Monitoring Areas.
>
> In addition to State or federal program specific monitoring requirements, all monitoring activities undertaken by any State agency should address the following areas:
>
> . . . The applicable core monitoring areas as defined by OMB Circular No. A-133 Compliance Supplement. Currently, these core areas include: activities allowed or unallowed; allowable costs/cost principles; cash management; Davis-Bacon Act; eligibility; equipment and real property management; matching, level of effort, and earmarking; period of availability of funds; procurement, suspension and debarment; program income; real property acquisition and relocation assistance; reporting and special tests and provisions.

Based on our review, we determined that the commission only included core monitoring areas for activities allowed or unallowed and eligibility in the monitoring tool.

Review of Subrecipients' Independent Audit Reports Not Done

Based on inquiry with the fiscal auditor and our review of the area agencies' independent audit reports, we determined that the commission did not review subrecipients' independent audit reports to determine whether findings were related to federal programs and thus required management decisions, as required by the federal regulations. Our review found that independent auditors reported six financial statement findings involving three area agencies.

According to Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," Section 400(d) and Section 405(c),

> Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:

> . . .(3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved . . .
>
> (5) Issue management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action . . .
>
> (c) Pass-through entity. . . . the pass through entity shall be responsible for making the management decision for audit findings that relate to Federal awards it makes to subrecipients.

Cause

According to the deputy director, the commission's program monitoring and fiscal monitoring were separate; each group was not privy to the other's monitoring processes, and management did not adequately document the combined internal monitoring processes. This resulted in a lack of documented procedures and inefficient monitoring.

According to the deputy director, the monitoring tools were designed to ensure compliance with state and federal law, regulations, and contract requirements; however, management was unaware of all the applicable compliance requirements, as noted above.

According to the commission's fiscal auditor, he was only tasked with obtaining the subrecipients' independent audit reports within nine months of the fiscal year-end, and he was not aware of requirements to review and act on relevant findings noted within these reports. We confirmed with both the deputy and executive director that they were also unaware of these requirements. When we brought this issue to management's attention, management began obtaining information related to the 2014 findings in order to review the findings to determine whether any required management decisions should be issued.

Effect

Management's failure to fully understand all monitoring requirements and implement sufficient procedures and tools, as well as management's failure to review independent audit reports and issue management decisions when applicable, increases the risk of material noncompliance with federal or state compliance requirements and of not meeting its program objectives.

Recommendation

Management should take immediate action when findings are noted from the independent OMB A-133 audit reports for the nine area agencies, should request any additional information or documentation from the agencies, should render management decisions for all applicable findings within six months of the commission's acceptance of the audit report, and should ensure that timely corrective action is taken.

Management and staff should also document their internal processes for monitoring and should ensure that all applicable compliance requirements are included in the design of their program-specific monitoring tools.

Management's Comment

We concur.

What has been done to correct:

1. With a specific focus towards addressing some of the findings in the audit, the commission has hired a new Auditor 3 with twelve years of experience in state government auditing. Since coming on board with the agency, the auditor has redesigned the agency's fiscal monitoring tools to not only strengthen the tool itself, but to also include the requirements of the A-133 Compliance Supplement. The tools are designed using the standardized template provided by the state for subrecipient monitoring and addresses allowable costs/cost principles; cash management; equipment and real property management; matching/level of effort/earmarking; period of performance; program income; reporting; and subrecipient monitoring. The program monitoring process also addresses policy and procedures related to unit costs and contract compliance with maximum annual reimbursement rates per client. With the help of the new auditor, the commission will be coordinating the fiscal and program monitoring functions so that both fiscal and program monitoring staff are communicating and working in a team approach.

2. Although the commission's program monitoring tools have been sufficient in addressing client eligibility and in addressing allowable activities, in September 2015, commission management conducted internal meetings with each program manager to review statutes, rules, and contract compliance issues that must be addressed in each program monitoring tool. The staff are currently revising and enhancing all program monitoring tools and processes. All monitoring tools and processes will revised by December 15, 2015, in order for them to be in use by the beginning of the new monitoring cycle starting in January 2016.

3. The commission's monitoring manager improved the annual 2015-2016 Subrecipient Monitoring Plan submitted to the Office of Central Procurement. The new plan incorporates the required elements in the A-133 Compliance Supplement.

4. During the Comptroller's auditing process, commission management was made aware of its deficiency in not reviewing the independent audit reports of its grantees. Immediately, the staff began to rectify this deficiency and reviewed the 2014 independent audit reports of the nine grantees. Three grantees were issued management decision letters and plans of correction were requested. Of the three management decision letters that were issued, all three have submitted plans of correction that have been approved. A dashboard has been developed by the agency in order to keep track of the process of all issued management decision letters for

subsequent years. The dashboard will be presented quarterly at each audit committee meeting.

What will be done to correct:

1. Commission management, including either the executive director or the deputy director, will conduct a pre-site visit planning meeting with the program and fiscal monitoring staff prior to each on-site monitoring visit to ensure that the staff are addressing high-risk areas and to review the program monitors' methods of gathering evidence, as well as to ensure that both the fiscal and program staff are collaborating about the testwork to be conducted. One staff person will be assigned to take notes for the meeting that will be submitted to the executive director and filed for documentation purposes. In accordance with the monitoring schedule, these meetings will take place at least one week prior to each on-site visit. The administrative assistant has been instructed to schedule these meetings. Commission management, including the executive director or deputy director, will also conduct a post-site visit meeting to review preliminary findings and ensure that all necessary documentation was obtained during the review.

2. The commission's financial auditor will review each of the nine independent audit reports within 30 days of the date received. The schedule will become part of the monitoring dashboard report submitted to the executive director and other management to ensure the timeliness of the review, issuance of the management letter requesting a plan of correction, and approval of the plan of correction.

3. By December 1, 2015, the commission's monitoring manager will develop a procedural guide for subrecipient monitoring. The guide will include the procedures for selecting the testwork; how the random samplings are determined; determining the tipping point triggering the review of additional records; the percentage of records to be reviewed; the process for collecting evidence for monitoring results; and the method for determining re-performing monitoring that was conducted by the grantee on its subrecipients. That report will be shared with the audit committee of the agency at its December 9, 2015, meeting.

4. On-site monitoring visits will be conducted in accordance with the approved schedule and in accordance with the sampling methodology for monitoring testwork described in the procedural guide. Revised monitoring tools described above will be used for this process.

Other Monitoring Process Deficiencies

Additionally, we noted other deficiencies in the subrecipient monitoring process.

Observation 1 -The commission's subrecipient monitoring plan and monitoring reports did not comply with state requirements

The commission is required to submit an annual subrecipient monitoring plan to the Central Procurement Office (CPO) as described by CPO Policy 2013-007.

The commission's subrecipient monitoring plan for 2013-2014 did not include the full-time equivalents and personnel classifications for all staff dedicated to monitoring activities, as required by CPO Policy 2013-007.

According to the policy,

> 8. Subrecipient Contract Monitoring Plan - General Rule.
>
> . . . the monitoring plan must include: . . . Full-time equivalents and personnel classifications for all staff dedicated to monitoring activities.

In addition, we found that the commission, after completing monitoring reports, was required to distribute reports to the Comptroller of the Treasury's Division of State Audit. Based on a review of State Audit's correspondence files, the commission did not distribute monitoring reports for its nine subrecipients for the fiscal year 2014 monitoring plan year.

According to CPO Policy 2013-007:

> 13. Reporting Requirements
>
> Grantor State agencies shall issue reports summarizing any findings or observations identified during monitoring reviews within 30 business days of completing all field work. Reports shall be distributed to the subrecipient entity and the Comptroller of the Treasury, Division of State Audit. The State agency shall retain a copy of the report.

According to the Quality Assurance supervisor, previously submitted subrecipient monitoring plans had included all monitoring staff. After a reduction in the number of monitoring staff, the supervisor no longer included the monitoring staff on the on-site visits and had not considered that the program management performing "during-the-award" monitoring could be considered monitoring staff for reporting purposes.

Furthermore, the Quality Assurance supervisor said she was unaware of the requirement to distribute the monitoring reports to the Comptroller of the Treasury's Division of State Audit.

Management's Comment

In order to correct this deficiency, the 2015-2016 Subrecipient Contract Monitoring Plan submitted in October 2015 contained information on the full-time equivalents and personnel classifications of the staff dedicated to monitoring activities.

The administrative assistant will be instructed to submit all monitoring reports to the Comptroller of the Treasury, Division of State Audit at the same time that the monitoring report is issued to the grantee agency. This task will be tracked on the monitoring dashboard.

Specific Monitoring Deficiencies

Finding 2 - The commission failed to adequately monitor its subrecipient, Southeast Tennessee Area Agency on Aging and Disability, to ensure the subrecipient properly monitored its service providers

Background

The commission requires each Area Agency on Aging and Disability to perform on-site monitoring visits of the senior centers, using the commission's approved monitoring tools, to verify that the senior centers are in compliance with federal and state program requirements. The agencies then provide the commission with complete results of the monitoring efforts. According to the commission's deputy director, the monitoring staff did not always re-perform or verify the agencies' monitoring efforts. Based on this information, we decided to review one agency's monitoring reports issued on a senior center to determine if there were any potential issues. Specifically, we reviewed both the May 20, 2014, and the June 30, 2014, fiscal monitoring reports issued by the Southeast Tennessee Area Agency on Aging and Disability (SEAAAD) on a senior center.

Based on our review of SEAAAD's May 20, 2014, report, we determined that the SEAAAD monitors stated that the senior center was chartered by the State of Tennessee, has a current 501(c)(3) status, and keeps documentation of their 501(c)(3) status on hand at the center. Our testwork revealed the following:

- The senior center's State of Tennessee charter status was initially filed in 1979 but lapsed in 1991 and was not current as of the date of the monitoring report. Section 6-3, "Requirements to Receive Funding for Programs and Services," of the commission's policies and procedures manual "identifies the requirements that **must be met** in order for any Senior Center to receive funding for programs and services to adults age 60 and over from TCAD [the commission] and AAAD [area agencies]." Section 6-3-01, "Not-for-Profit Status," states "(1) A Senior Center must be chartered by the State of Tennessee and provide charter and tax exemption documents unless the Senior Center is a part of the city or county government."

In addition, monitoring staff documented in the Quality Assurance compliance review checklist section of the monitoring report that the senior center had "fiscal policies that govern the operation of the Senior Center." We noted the following:

- Article VIII of the senior center's bylaws require that "the fiscal policies of the Corporation shall be established by the Board with sound business practices." According to the director, the board never issued fiscal policies. The commission's

> policies and procedures manual states in Section 6-3-02 that "[t]he Senior Center must have policy and procedures that address the administrative and fiscal policies that govern the operation and management of the Senior Center. The policy and procedures establish minimum operating standards for the Senior Center. . . .(11) Fiscal policies and procedures that ensure appropriate financial management and fiscal integrity."

We discussed our conclusions with commission management and SEAAAD. After our discussion, SEAAAD informed the commission in a "Plan of Correction" letter, dated May 27, 2015, that they informed the senior center of the importance of filing the Tennessee Corporation Annual Report each year and assisted them in applying for reinstatement as a corporation with the Tennessee Department of State. All paperwork was submitted by registered mail on May 21, 2015, and was received at the Tennessee Department of State at 8:30 am on May 22, 2015. SEAAAD also informed the senior center that the board must establish and approve fiscal policies and that SEAAAD plans to attend the next board meeting to help them make any necessary revisions.

Condition and Criteria

The commission did not adequately monitor SEAAAD's monitoring of the senior center.

According to Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," Section 400(d),

> Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:
>
> . . .(3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Cause

According to discussion with the commission's deputy director, the commission has looked at the SEAAAD monitoring reports but has not always verified or re-performed the work that was completed to ensure the senior centers' monitoring efforts are sufficient. According to the director of SEAAAD, "Senior Center non-profit corporation was dissolved in 1991 because they had not submitted the Tennessee Corporation Annual Report as is required by the state. In accordance with the commission's Quality Assurance Compliance Triennial Review form, SEAAAD Quality Assurance verified the Senior Center's original charter and 501(c)(3) status."

According to comments from the director of SEAAAD, "Although the . . . Senior Center has written fiscal policies, there is no documentation that they were established or approved by the board so that they would be in compliance with their own by-laws."

Effect

An effective monitoring system is essential to ensure that subrecipients achieve management and program objectives. Lack of proper subrecipient monitoring increases the risk of control deficiencies; noncompliance; and fraud, waste, and abuse. Control deficiencies were noted in the following section of the report, Follow-up on Service Provider Allegations.

Recommendation

The commission should ensure that the area agencies monitor senior centers effectively and that senior centers are in compliance with state law and the administrative and financial requirements, as promulgated in the commission's policies and procedures.

Management's Comment

We concur.

What has been done to correct:

1. In addition to the correction made by the Southeast Tennessee Area Agency on Aging and Disability in May 2015 to ensure that the senior center was registered with the Secretary of State's Office, the commission also conducted training with the directors of the Area Agencies on Aging and Disability on April 28, 2015, to inform them of the importance of their monitoring staff checking the Secretary of State's website to verify that the not-for-profit senior centers in their districts were registered and active.

What will be done to correct:

1. By October 30 of each year, the commission's senior center program monitor will check the Secretary of State's website for those senior centers in each district that are non-profit entities (governmental agencies are not required to register). If deficiencies are found in the registration process, the area agencies will be contacted and instructed to ensure that the senior center contractors are in compliance.

2. The monitoring tool used by the area agencies will be revised to ensure that the agency's monitor is not only viewing the agency's charter, but is also verifying that the agency maintains annual registration on the Secretary of State's website.

3. The monitoring tool will be revised to more specifically name the documents that the agency's monitor must view, with a place to note the date the document was viewed and the monitor's initials.

4. During the annual on-site monitoring visit of the area agency, the senior center program monitor will choose at least two senior centers and re-perform the agency's monitoring tool in order to verify that the agency's conclusions can be replicated. Decisions about which senior centers will be chosen for re-performing the monitoring

work will be based primarily on any high-risk concerns noted. If no high-risk factors are noted, the monitoring will be based on a random selection process.

5. The fiscal monitoring tool for senior centers will be reviewed and revised and ready for implementation by December 15, 2015, to include stronger examination of its adherence to the senior center's fiscal policies, procedures, and internal control.

FOLLOW-UP ON SERVICE PROVIDER ALLEGATIONS

Background

During the course of our audit, we received allegations involving one of the Southeast Tennessee Area Agency on Aging and Disability's (SEAAAD) service providers. The allegation was for the Rhea Richland Senior Neighbors, Inc., senior center, in Dayton, Tennessee. In response to this allegation, the Division of State Audit's auditors and investigators followed up on the allegations.

Rhea Richland Senior Neighbors, Inc., in Dayton, Tennessee

As one of SEAAAD's service providers, the Rhea Richland senior center is one of SEAAAD's subrecipients. The center receives federal, state, and discretionary funds to provide the local elderly population with nutritional meals, physical activities, and socialization.

The senior center's director purchases supplies, gas for the delivery of food, prizes for games, and nuts for the senior center's annual fundraiser. According to the director, the senior center purchases gift cards at the end of each year in order to spend the remaining discretionary grant funds received from local businesses and organizations. These gift cards are used to purchase future supplies, gas, and prizes for games. The senior center also collects donations for

meals served; has fundraising activities; and sells items such as sodas and stamps to seniors. During our examination of the senior center's purchases, collections, and deposits, we noted the following deficiencies:

The objectives of our review of the Rhea Richland senior center were to determine whether

- the actions described in the allegation were substantiated;
- the center had proper controls over purchasing and the use of gift cards for purchasing; and
- the center had adequate policies, procedures, and controls over collections and deposits.

We conducted an on-site visit to the Rhea Richland senior center, which included an interview with the center's director to gain an understanding of the policies, procedures, and controls in place over the center's purchasing, collections, and deposits. We documented the internal control procedures for cash disbursements and collections, and we examined receipts for purchases, collections, and deposits made during the scope of the audit.

Based on procedures performed, we determined that

- the alleged actions, as described in the received allegation, were unsubstantiated;
- the senior center did not have adequate controls over the purchasing function, including the use of gift cards to make purchases (see Finding 3); and
- the center did not have adequate policies, procedures, and controls over collections of meal donations and petty cash fund purchases (see Finding 3).

Finding 3 – A service provider did not have adequate controls over its purchasing, collection, and deposit processes

Condition

Gift Card Records

Our examination found that the Rhea Richland senior center was unable to account for $2,127.02 related to purchases of gift cards and purchases made with gift cards.

We reviewed the center's expenditures and identified three $500 gift cards (totaling $1,500) that were purchased in June 2014. We obtained and reviewed supporting documentation for the purchase of these gift cards and requested documentation for any purchases made with the three gift cards. According to the director, the gift cards had not been used yet and were kept in a lockbox. We requested to inspect the lockbox where the three gift cards were supposed to

be maintained; however, the three gift cards were not in the lockbox, and the director could not provide the gift cards.

Based on our review of receipts for purchases made with other gift cards, we identified instances where the ending balance on the gift card did not match the beginning balance on the subsequent receipt for the same gift card used. We also determined that there were missing receipts totaling $567.38.

Based on our analysis of the gift card spending, we noted that the center's director was not able to provide purchase receipts or locate the related gift cards for a total unaccounted-for balance of $59.64.

Cash Collection and Deposit Records

Investigators' examinations revealed that Rhea Richland senior center staff did not issue official pre-numbered receipts for collections. The director collected and maintained meal donations in a lockbox; however, she did not issue an official receipt for those collections. We noted that some generic receipts had been issued for the center's major fundraising sale of nuts, but not all collections had been properly receipted.

Investigators' examinations also revealed that staff did not always deposit collections on a timely basis. During a cash count performed on July 1, 2015, we noted checks dated as early as June 3, 2015, indicating that collections were held up to four weeks before being deposited. Sound business practices require collections to be deposited on a timely basis.

Other Control Deficiencies

Our investigators determined that Rhea Richland staff did not issue checks in sequential order. Although checks were written to the appropriate agency (SEAAAD), the center's staff used checks that were from multiple checkbooks and were out of sequential order.

Investigators also found that staff replenished the petty cash fund through the sale of miscellaneous items, such as sodas and stamps, rather than following best practices and replenishing the petty cash fund from the official bank account. Furthermore, although the center maintains a petty cash log for the collection and disbursement of funds, it does not perform any reconciliation between collections and the log. Our investigation revealed an immaterial difference in actual collections and the petty cash log.

Although we noted the above deficiencies, we found no compelling evidence to suggest theft or fraud related to the center's actions. However, the risk of fraud, waste, and abuse is high.

<u>Criteria</u>

Section 6-3-02 of the Tennessee Commission on Aging and Disability's policies and procedures manual states that

> [t]he Senior Center must have policy and procedures that address the administrative and fiscal policies that govern the operation and management of the Senior Center. The policy and procedures establish minimum operating standards for the Senior Center. . . . (11) Fiscal policies and procedures that ensure appropriate financial management and fiscal integrity.

Section 6-3-.08(2)a, "Fiscal Integrity and Management," states that "[a]ccurate and complete bookkeeping records shall be maintained."

Section 6-3-.08(9), "Fiscal Integrity and Management—Retention of Records," states that "[a]ll records shall be retained for a period of three (3) years plus the current year."

Cause

We attributed these deficiencies to a lack of oversight provided by SEAAAD, as well as the commission's lack of sufficient monitoring efforts, which increases the likelihood that the Rhea Richland senior center did not understand the internal controls, generally accepted accounting principles, state statutes, and sound business practices necessary to mitigate risks of noncompliance or fraud, waste, and abuse.

Effect

The lack of understanding of internal controls, generally accepted accounting principles, state statutes, and sound business practices increases the risk that improper or fraudulent activity may occur within the entity. Additionally, the lack of documentation for purchases increases the risk of federal and state funds being used for unallowable purposes.

Recommendation

The commission should ensure that each Area Agency on Aging and Disability and their related providers are aware of the necessity for adequate internal controls over service providers. The area agencies should assist service providers in developing proper internal controls over purchasing, collections, deposits, and fiscal and program operations.

Management's Comment

We concur.

What has been done to correct:

The Southeast Tennessee Area Agency on Aging and Disability (SEAAAD) has been notified of the issue.

What will be done to correct:

1. SEAAAD will provide technical assistance to the Rhea County Senior Center regarding the development of adequate policies and procedures and controls over the collection of meal donations and petty cash fund purchases. SEAAAD will conduct a meeting with the senior center's board of directors and senior center director to emphasize the importance of strong internal control and how to improve its procedures.

2. SEAAAD will require the senior center to submit a plan of correction, including verification of revised policies and procedures and verification of training of the board of directors and senior center director by January 2016.

By January 2016, the commission will revise the fiscal monitoring tool for all statewide senior centers to include the review of fiscal policies, procedures, and internal controls and will conduct training with all nine area agencies' fiscal monitors on how to provide technical assistance to the senior centers.

CONTRACTS

During the audit period, the Tennessee Commission on Aging and Disability entered into contractual relationships with nine Area Agencies on Aging and Disability and eight other entities to carry out services related to federal and state programs. The commission follows the contract requirements set forth by the Department of General Services' Central Procurement Office's (CPO) policies and procedures, which include the following:

- the commission should pay its contractors on a reimbursement basis rather than an advance basis, unless prior CPO approval is received;
- the commission should ensure that contracted entities obtain prior approval to enter into subcontract agreements; and
- the commission must use the competitive bid process to secure contractors, unless it provides the CPO with written justification for a sole source.

Additionally, the commission is responsible for ensuring adherence to federal laws pertaining to contracts and administration of federal funds.

Our objectives related to commission contracts were to determine whether

- commission management made cash payments to contracted entities on a reimbursement basis, as required in the standard contract used by the commission;
- commission management had documentation and sufficient justification for using sole source contracts; and
- the commission approved subrecipients' subcontract agreements as required.

To gain an understanding of the commission's contracts and cash management process, we interviewed key staff and commission members and reviewed CPO contracting language, rules, and policies. We obtained quarterly reports pertaining to cash payments for each area agency to determine the commission's method of cash disbursement. We conducted a review of active or completed contracts to determine whether the contracts were sole sourced and, if so, whether the use of sole source contracts was justified. We also interviewed commission management to determine whether the commission provided approval of subcontractor agreements.

Based on procedures performed, we determined that

- commission management did not always make cash payments to contracted entities on a cash-reimbursement basis as required (see Finding 4);
- the commission could not provide evidence that sole source contracts were justified (see Finding 4); and
- commission management did not approve subcontractor agreements entered into by subrecipients (see Finding 4).

Finding 4 – The commission's management and staff did not always comply with the Department of General Services' Central Procurement Office's rules and policies

Condition and Criteria

We obtained a list of 41 contracts, which are carried out by 17 contractors, in effect for the period of July 1, 2012, through December 31, 2014. Based on testwork performed, we noted the following problems.

Cash Reimbursement Language

For 9 of 17 contractors tested (53%), the commission either did not obtain CPO's approval to pay contracts on a cash-advance basis or did not provide written justification for its decision to use the cash-advance method as required by CPO Policy 2013-007. Based on our analysis, we determined that the nine Area Agencies on Aging and Disability were paid on a cash-advance basis, rather than the required cash-reimbursement basis.

CPO Policy 2013-007, "Grant Management and Subrecipient Monitoring Policy and Procedures," states the following:

> 5. Advance Payments.
>
> Upon approval by the Chief Procurement Officer, a grant contract may authorize a partial, periodic, or total advance payment. The Grantor Agency must provide a written justification for any type of advance payment. All grant contracts with approved advanced payments will be reported to the Comptroller of the Treasury.

The CPO contracting manual further requires payment of grant funds to be based upon the reimbursement of expenses. Part C.3 of the standard contracting template for the governmental grant model explains the reimbursement method as follows:

> Payment Methodology. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget . . . . Upon progress toward the completion of the Scope . . . the Grantee shall submit invoices prior to any reimbursement of allowable costs.

No Justification for Sole Source Contracts

For all 39 contracts classified as sole source contracts, management could not provide written justification as to why the services could not be procured through a competitive bid process.

According to the *Rules of the Department of General Services Central Procurement Office*, Section 0690-03-01-.05(6)(a):

> (6) Sole Source Procurement.
>
> (a) Whenever practicable, procurements should be competitive. . . . Sole source procurements shall require the State Agency to provide advance justification to the Central Procurement Office. . . . Whenever practicable, competitive procurement methods . . . should be used. All sole source procurements, regardless of the dollar amount, require the Chief Procurement Officer's prior approval.

Subcontracting Standard Language

For all nine contracts requiring prior approval by the commission, the commission did not approve subcontractors used by the contractors.

The CPO contracting manual requires the use of standard templates for contracts paid on an expenditure basis. As required in Part D.5 of the standard contracting template for the governmental grant model,

> Subcontracting. The Grantee shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of the State.

Cause

Based on discussions with the executive director, deputy director, and budget analyst director, commission management stated that they were not aware of the requirement to provide written justification to the CPO for any sole source contracts or cash-advance payments, and they did not require the area agencies to obtain state approval for each subcontractor used.

Effect

Without commission management's commitment to accept responsibility for knowing and following applicable state policies, such as the CPO's rules and policies, the commission increases risks that it may

- not secure the most efficient and effective contractors based on competitive negotiation of the contracts;
- fail to ensure the contractors have subcontracted with viable service provides for service delivery; and
- advance funds to contractors, increasing the likelihood that contractors are paid without services being delivered to eligible participants in the commission's programs.

Recommendation

The executive director must familiarize himself with applicable state rules to ensure that the commission 1) uses competitive bidding whenever it is required and cost efficient and 2) ensures subrecipients seek and obtain prior written approval of subcontractors. Additionally, the executive director should require the commission to administer all grants on a cash-reimbursement basis and to file written justifications with the CPO for rule exceptions for any contractor with a legitimate need for cash advances.

Management's Comment

We concur.

What has been done to correct:

1. For the fiscal year 2016 contracts, the commission contracted with the nine grantee agencies of the AAADs using two separate contracts—one for federal funds and one for state funds. The commission implemented a reimbursement-only contract for the state funds and put that process into place. In order to receive reimbursement, the grantee must submit a monthly invoice for reimbursement and a completed workbook that includes both of the following: (1) detailed provider payment information that matches up with year-to-date client data as submitted in the Social Assessment Management System (SAMS) database; and (2) year-to-date trial balances that agree with the year-to-date requested reimbursement area agency administrative expense. Prior to issuing any reimbursement, both fiscal and program staff will review and verify the information regarding period, units, and dollars charged by service. Prior to the start of this current fiscal year, fiscal and program staff received training conducted by the budget analyst director on how to complete the review process. For fiscal year 2016 state contracts, this approval process has taken place each month prior to issuing reimbursement for state funds.

2. For the fiscal year 2016 contracts that involved federal funds, the commission submitted the required written rule exception request for advanced payment to the Central Procurement Office; that exception request was approved.

3. The Older Americans Act states that "the State agency shall designate units of general purpose local government, a public or private agency or organization as the Area Agency on Aging for the PSA (public service area)." Pursuant to that federal law, Tennessee has designated nine Area Agencies on Aging, and those are the entities that receive the Older Americans Act federal funds. Therefore, we will complete the contract cover sheets marking the "Non-competitive Selection" box with this justification.

4. In regard to complying with the standard template contract language that requires that the state approve all subcontractors used by the commission's contractors, the commission implemented a procedure in April 2015 whereby the AAADs submit a list of the subcontractors in their area plan with which they intend to contract for fiscal year 2016. With the written approval of the area plan, the commission approves this list of subcontractors. By August 30 of each year, the AAADs are required to submit copies of their subcontracts to the commission. These subcontracts are matched with the original list and, if there are discrepancies, the commission notes the exception and then requires an amendment to the area plan.

5. Pursuant to the findings, the agency's audit committee charter was revised and updated to include necessary language required by the state. Those changes were approved by the audit committee on August 17, 2015. The full commission approved the audit charter changes on August 18, 2015.

What will be done to correct:

1. The commission is moving toward reimbursement-only contracts for its fiscal year 2017 federal funds. The commission's budget analyst director will model the process after the state funds reimbursement-only process that has been implemented in fiscal year 2016. For those grantees that can provide adequate documentation that they do not have the cash position to be able to conduct business without a cash advance, the appropriate justification will be submitted to the Central Procurement Office for advanced approval.

2. Sole source contracting is only used when contracting with the grantee agencies of the AAADs or when contracting with competitive federal discretionary grant award partners. Once a competitive federal discretionary grant has been awarded, the commission is obligated to contract with the agencies participating in the grant application. The commission failed, in the past, to submit justification for the sole source procurement in these instances. Beginning with the fiscal year 2016 contracts, the "Non-competitive Selection" box on the contract cover sheet will be marked and the appropriate justification will be added.

3. Future area plans that are submitted to the commission by the AAADs will require the AAADs to submit a list of the contractors in April for approval in the area plan, and this list will be matched with the contracts submitted in August of each year.

4. By February 1, 2016, commission management will conduct an in-service led by the staff attorney for the purpose of reviewing the Central Procurement Rules and ensuring that fiscal and management staff thoroughly understand the rules and the process for complying with the rules.

AUDIT COMMITTEE RESPONSIBILITIES

As required by Section 4-35-202, *Tennessee Code Annotated*, the Tennessee Commission on Aging and Disability created an audit committee and filed its audit committee charter with the Office of the Comptroller of the Treasury on June 30, 2006. The charter was approved by the Office of the Comptroller of the Treasury on July 10, 2006. The audit committee's charter states that its primary purpose is to

> Provide assistance to the commission by fulfilling its oversight responsibilities with respect to: the financial reporting process, the system of internal controls and risk management, the external audit process, and the standards of professional conduct.

The audit committee currently consists of four members who meet quarterly with commission staff to discuss monitoring activities, budget, conflicts of interest among staff and members, risk assessment, and much more.

Our objectives related to our review of the audit committee's responsibilities were to determine whether

- the audit committee charter was developed within the requirements of state law and whether the audit committee performed its responsibilities as prescribed in the charter.

To determine if the audit committee performed its duties as prescribed in the audit committee charter, we obtained a copy of and analyzed the audit committee charter; obtained and reviewed the minutes of all audit committee minutes from February 2011 through December 2014; and interviewed key personnel from the audit committee and commission staff.

Based on procedures performed, we determined that

- the audit committee charter, which was last updated on July 10, 2006, does not include current responsibilities of the audit committee members; and
- the audit committee did not ensure that the executive director reviewed all conflict-of-interest forms in 2014 and presented the findings of the review to the audit committee, which was reported to us as one of its responsibilities (see Observation 2).

CONFLICT-OF-INTEREST STATEMENTS

Section 71-2-108, *Tennessee Code Annotated*, requires management of the Tennessee Commission on Aging and Disability to ensure that commission members report any potential conflicts of interest that may arise during their tenure and subsequently recuse themselves from any proceedings or votes involving those conflicts. The commission, through its own policies and procedures, requires staff members to make any conflicts of interests known to the executive director before and during their term of employment. The commission has established the practice of requiring each staff member and each commission member to complete a conflict-of-interest form before the start of employment or appointment, and again during the beginning of each year of their tenure. The executive director then reviews these conflict-of-interest forms and discloses any conflicts to the commission's audit committee.

The objectives for our review of the conflict-of-interest process was to determine whether

- all staff and commission members completed and signed conflict-of-interest forms; and
- management ensured compliance with all state and commission conflict-of-interest requirements, including the presentation of the executive director's review to the audit committee.

To gain an understanding of the commission's practices for conflicts of interest, we interviewed key personnel and reviewed state statues, policies, and procedures. In addition, we obtained and reviewed conflict-of-interest forms for all commission members for calendar years 2013 and 2014 and for all staff members for 2014.

Based on procedures performed, we determined that

- the executive director did not ensure that all staff and commission members completed and signed conflict-of-interest forms for 2014, as noted in Observation 2; and
- the executive director did not inform the audit committee that staff and commission members failed to sign conflict-of-interest forms.

Observation 2 - The commission did not ensure that staff and commission members completed conflict-of-interest forms for 2014

No problems were noted based on our review of the calendar year 2013 conflict-of-interest forms; however, based on our review of the calendar year 2014 conflict-of-interest forms, we determined that 12 of the 20 commission members tested (60%) and 2 of the 28 staff members tested (7%) did not have signed conflict-of-interest forms on file.

Additionally, during our review of the audit committee meeting minutes, we determined that the executive director did not inform the audit committee that commission members and staff had not signed conflict-of-interest forms for calendar year 2014.

According to Section71-2-108, *Tennessee Code Annotated*,

> Direct or conflicting interests.
>
> If any matter before the commission involves a project, transaction, or relationship in which a member or a member's associated institution, business or agency has a direct or a conflicting interest, the member shall make known to the commission that interest and shall be excused from the proceedings.

In addition, the commission's *Handbook of Office Policies and Procedures* includes an example of the conflict-of-interest forms. According to the executive director, he reviews the conflict-of-interest forms and notes any conflicts.

The commission's audit committee charter lists the responsibilities of the commission's audit committee. According to the Standards of Conduct section, the audit committee is responsible for reviewing and enforcing the Professional Standards of Conduct dealing with conflicts of interests, which include

- Ensuring the Professional Standards of Conduct contains a comprehensive conflict of interest policy, which includes documenting potential conflicts and resolutions;
- Ensuring the Professional Standards of Conduct are enforced; and
- Reviewing management's process for obtaining, at least annually, documentation of employees' signoffs acknowledging review of the agency's Professional Standards of Conduct.

The executive director did not ensure that all of the conflict-of-interest forms were received and reviewed. Additionally, the executive director did not inform the commission's audit committee that staff and commission members had not signed forms, as required by the audit committee charter. According to the executive director, he forgot to complete the review of the conflict-of-interest forms. Failure to disclose conflicts of interest increases the risk that commission members do not recuse themselves when necessary and can result in decisions promoting self-interest.

<u>Management's Comment</u>

In order to correct this deficiency, all staff and commission members have submitted completed conflict-of-interest forms for calendar year 2015. The executive director has reviewed the forms and reported to the audit committee of the commission. This action is recorded in the February 10, 2015, minutes.

As for staff requirements, the commission worked with the state's Department of Human Resources and determined that annual conflict-of-interest forms are no longer required by agencies. Upon entering state services, all employees must sign a conflict-of-interest form. That

form is a requirement of working for the State of Tennessee. No other annual forms are required.

For ensuring that commission members complete the conflict-of-interest forms in the future, the following process has been developed:

1) The administrative assistant will email the conflict-of-interest form to commission members in January of each year.
2) Conflict-of-interest forms will be placed on the February commission meeting agenda each year to remind them to submit the forms.
3) The administrative assistant will follow up with commission members that have not submitted the forms.
4) The executive director will review the information submitted on the forms and report to the May audit committee each year.
5) The audit committee chair will report on the conflict-of-interest forms at the May commission meeting to ensure that all forms have been submitted and reviewed. The minutes will reflect the verification.

COMMISSION SERVICES AND POPULATION NEEDS

Elderly Needs

The Tennessee Commission on Aging and Disability is empowered through state statute to lead the state in addressing the needs of the growing aging population. An important part of the commission's duties is to recognize and implement programs that will meet the needs of the elderly population. According to the United Health Foundation's *America's Health Rankings Senior Report* for 2013 and 2014, which ranks states based on the availability of life-sustaining items, Tennessee ranks in the bottom 20% in three key areas: nutrition, physical activity, and dental care. These areas were also noted as areas of concern at the commission's 2015 legislative budget hearing. The commission has addressed nutrition and physical activity through various programs. Additionally, the commission has started to plan to meet dental care needs but has not been able to implement a program.

Nutrition

The commission acts as the U.S. Department of Health and Human Services' pass-through entity by distributing the federal Aging Cluster funds to the nine Area Agencies on Aging and Disability who administer the elderly programs. The area agencies administer funds for the Nutrition Program, which is authorized by Title III-C of the Older Americans Act. There are two services covered through the Nutrition Program: congregate meal services, which provide healthy meals to older Tennesseans in a group setting, and home-delivered nutrition services, which provide homebound, aging individuals one delivered meal per day to their

residences. There is no cost to the individuals receiving these benefits, but donations are encouraged.

Physical Activity

In addition to the Nutrition Program, Title III-B of the Older Americans Act authorizes states to establish senior centers. Title III-B allows senior centers to offer recreational programs, which may include physical exercise activities or creative classes such as wood carving. Title III-D of the Act also authorizes senior centers to provide "evidence-based" physical activity programs, including Tai Chai for Arthritis and Walk With Ease, both of which are designed to encourage physical activity among seniors.

Dental Care

The commission currently does not offer programs to address dental care among seniors. While the commission is not authorized to use state or federal funding for dental care programs, the commission has entered into a nonprofit partnership to aid in addressing the growing need for dental care in the aging population.

The objectives of our review of the elderly programs were to determine whether

- the commission has coordinated with other state agencies to identify and meet the nutrition, physical activity, and dental care needs of the growing aging population;
- the commission has sought funding from nonprofit organizations, government agencies, and for-profit organizations to ensure that adequate funding is available for the aging population;
- the costs associated with the procurement of food were reasonable and comparable among the area agencies;
- the commission has considered alternative food delivery models that might improve services and lower costs; and
- the commission has implemented services to address the elderly population's growing needs for increased physical activity and dental care.

To gain an understanding of the elderly programs, we interviewed key personnel and reviewed applicable statute and the commission's program manual. We also interviewed commission staff to determine whether the commission has sought alternate funding from nonprofit organizations, other government agencies, and for-profit organizations. To determine if the costs associated with the area agencies' procurement of food were reasonable and comparable across the state, we obtained a list of Nutrition Program expenditures for fiscal year 2014 and analyzed it for any differences in costs related to the procurement of food. We also researched other food-related programs that might be beneficial to the area agencies and discussed our research with commission staff to determine if the commission had considered other food program service delivery models for improved services. In addition, we spoke with commission management and staff to determine if they have taken steps to address the elderly population's growing needs for increased physical activity and dental care.

Based on procedures performed, we determined that

- the commission has coordinated with other state agencies to identify and meet the needs of the growing aging population;
- the commission sought alternate funding from nonprofit organizations, other federal government agencies, and for-profit organizations, and has obtained alternate funding in the form of discretionary grants, which are awarded through a competitive application process, to supplement state funding available for the aging population;
- the costs associated with the procurement of food were reasonable and comparable among the area agencies;
- the commission considered alternative food delivery models, including increasing the outreach for registering elderly individuals for the Supplemental Nutrition Assistance Program, a federally funded nutrition program that assists individuals with purchasing nutritious food; and
- the commission has taken steps to address the elderly population's growing need for increased physical activity with programs implemented at local senior centers; however, the commission has not fully addressed the need for increased dental care (see Observation 3).

Observation 3 - The commission should work with the General Assembly to identify resources available for elderly dental care

The United Health Foundation's *America's Health Rankings Senior Report* for 2013 and 2014 ranked Tennessee 39th and 42nd, respectively, when compared to the other states in the number of seniors, individuals 65 and older, who reported attending regular dental visits. According to the report, dental health naturally declines as individuals age, which can lead to an increased risk of serious health conditions, such as cardiovascular disease, cerebrovascular disease, diabetes, and oral cancers. Early intervention of dental problems may help prevent serious health conditions, resulting in a decreased cost to healthcare systems. Individuals over age 21 do not receive dental coverage under the state's Medicaid program, TennCare, or the Medicare program. The lack of coverage under these programs could potentially result in increased medical spending in future years, according to the report.

Additionally, according to Oral Health America's 2013 public survey conducted by Harris Interactive, approximately 70% of older Americans have no form of dental insurance. If this estimate is accurate, potentially 678,243 Tennesseans age 65 and older do not currently have dental insurance. Projected outcomes for future years include the following: the estimate will increase to 784,744 by 2020; to 895,987 by 2025; and to 992,396 by 2030.[1] At the fiscal year

[1] U.S. census population projections were obtained from http://www.census.gov/population/projections/data/state/projectionsagesex.html. Population estimates for 2015, 2020, 2025, and 2030 were multiplied by an estimated 70% of Americans age 65 and older without dental insurance. The estimated percentage of Americans without dental insurance was obtained from *A State of Decay: Are Older Americans Coming of Age Without Oral Healthcare?* issued by Oral Health America.

2015 legislative budget hearing, legislators raised concerns regarding the availability of dental care to the elderly population. The commission's executive director acknowledged the problem and indicated that the commission has developed a partnership with Interfaith Dental, a nonprofit organization that currently provides dental care services to uninsured, low-income working people and the elderly in Middle Tennessee. Representatives from Interfaith Dental have attended quarterly commission meetings to increase awareness of the need of dental care for the elderly population. Recently, the commission, in conjunction with Interfaith Dental, formulated a plan to act on the need for dental care among Tennessee's elderly population. The plan would include Interfaith Dental having a dental hygienist travel to senior centers throughout Tennessee to educate seniors about oral health and provide a triage service, which would include initial care suggestions and would identify seniors who need immediate assistance. While Interfaith Dental's services and partnership with the commission is a positive step toward finding a workable solution, the commission needs vital information, such as demographics of the number of individuals needing services, to sufficiently plan for and provide future dental care for Tennessee's elderly population.

We believe that the commission should maintain its current partnerships, and it should also seek opportunities with other organizations to address the need to implement a dental care program. In addition to these efforts, we believe the commission could benefit from seeking the approval of the General Assembly to perform a statewide study on elderly dental care needs to determine the size of the population seeking dental services and which areas within the state have the greatest need for these services.

Management's Comment

To our knowledge, there are no state funds allocated to dental care for low-income elderly, nor does TennCare cover dental care for older Tennesseans. However, across the state, there are various non-profit organizations and volunteer dentists that attempt to address the need. The need is so great that this effort does not closely reach the number of the citizens who need help. Dental care continues to be the number one issue on community needs assessments, and Tennessee is ranked 49th in overall dental care. Also, because of the lack of affordable dental care for older Tennesseans, serious health problems related to bad oral care are allowed to get worse.

How does oral disease affect overall health? It can complicate chronic medical conditions. Gum disease worsens diabetes because infection impairs the body's ability to utilize insulin. Conversely, the high blood sugar caused by diabetes creates ideal conditions for infections to grow in the mouth.

Additionally, studies suggest that inflammation in the mouth can cause inflammation in other blood vessels, preventing enough blood from getting to the heart, resulting in hypertension. Inflammation also increases the risk that fatty plaque will break off in the vessels, leading to a heart attack or stroke.

Oral cancer mortality rates are directly related to early detection screenings—usually done by a dental professional—and this type of cancer is on the rise. Furthermore, the risk of

complications from a transplant, hip replacement, or cancer therapy greatly increases if oral infections are not fully addressed first. In fact, it is a must by surgeons and physicians and without access to these vital dental services vital procedures can be delayed.

The Tennessee Commission on Aging and Disability has made efforts to find partners to help address the senior dental problem. Grants have been applied for and monies sought to better inform and create programs. This issue continues to remain a significant concern for both the state and its residents. We concur with the Division of State Audit that additional action is necessary and will take steps this coming legislative cycle to better inform the members of the General Assembly of this health problem.

Disabled and Elderly Needs

In 1963, the Tennessee Commission on Aging was created and charged with the vital task of leading the state in the preparation for an increasing elderly population. In 2001, legislation was passed that increased the commission's responsibilities to include providing services to the disabled population, which was defined as individuals at least 18 years old with physical and/or cognitive disabilities. This legislation also renamed the commission the Tennessee Commission on Aging and Disability.

The commission is the leader in planning, assessing, and developing strategies to address the needs of Tennessee's growing elderly population. According to 2005 U.S. census projections,[2] Tennessee's population of individuals 65 years and older is projected to be 1.1 million by 2020, and 1.4 million by 2030, which would be a 15% and 47% increase from the current 955,000 estimated elderly population. Given these projections, it is imperative that the commission guide the state to meet the needs of the growing elderly population. Of equal importance is the commission's responsibility to meet the needs of the disabled adult population. The disabled population is not currently tracked by the U.S. Census Bureau or the Tennessee Commission on Aging and Disability; therefore, there is no data available to allow the commission to project the potential needs of this population.

In order to meet the above-mentioned responsibilities, the commission relies heavily on two plans: the four-year state plan on aging and the commission's yearly strategic plan. The four-year state plan on aging is required by the U.S. Department of Health and Human Services' Administration for Community Living and provides background on the commission, the commission's focus areas and programs, a statewide needs assessment, challenges faced by the commission, and planning for the future. In addition, the commission members prepare a yearly strategic plan that includes short- and long-term goals for the commission. Also, in August 2013, the Governor formed the Task Force on Aging to create a plan to improve the lives and care of the elderly population of Tennessee; the commission has reviewed the plan and integrated the plan into its most recent strategic plan.

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[2] U.S. census population projections were obtained from http://www.census.gov/population/projections/data/state/projectionsagesex.html.

The commission currently offers 11 programs to meet the needs of the elderly and/or the disabled populations. These programs offer nutritional, caregiver, and public guardian services for the elderly and disabled populations. Currently, the largest program supporting both populations is the OPTIONS for Community Living program (OPTIONS).

The OPTIONS program provides homemaker services, personal care services, and/or home-delivered meals to elderly adults and adults with physical and/or cognitive disabilities. To be eligible for the OPTIONS program, individuals must

- be a resident of Tennessee,
- be at least 18 years old, and
- meet both Activities of Daily Living and Instrumental Activities of Daily Living limitation requirements.

The growing elderly and disabled populations have resulted in an increase in the number of individuals added to the OPTIONS waiting list, which included 10,116 individuals in 2014. Although the commission provides more programs related to the elderly population, other state agencies provide programs for both elderly and disabled populations (see Appendix 1).

The objectives of our review of the commission's ability to meet the needs of the populations were to determine

- whether the commission is limited in their ability to lead the state's planning and preparation for the elderly and disabled;
- what state programs are directed at the elderly and disabled populations;
- what percentage of these programs are directly administered by the commission;
- whether there are any programs available through other state agencies that overlap with the commission's current programs;
- whether the commission offered programs to meet the needs of the disabled population as prescribed in Section 71-2-105, *Tennessee Code Annotated*; and
- whether the commission tracks the demographic information and number of individuals included on the OPTIONS waiting list, verifies whether individuals on the list still need services, and keeps documentation of how many individuals have been added or removed to the program.

To gain an understanding of the commission's ability to meet the needs of the populations served, we interviewed commission members, commission staff, and advocacy groups and reviewed the state law and the commission's program manual. The executive director informed us that the commission has been able to perform duties to provide services. We reviewed the Governor's Task Force on Aging, the state plan on aging, and the commission's strategic plan. We researched and analyzed the programs and services provided by other state agencies for the elderly and disabled populations.

Based on procedures performed, we determined the following:

- the commission's executive director is able to perform duties;
- the state offers a total of 44 programs for the elderly and/or disabled populations throughout the state;
- the commission provides 11 of those programs (all of which serve the elderly and three of which also serve the disabled);
- there were no duplicated programs between the commission and other state agencies;
- members of the General Assembly may wish to consider the most effective organization structure for administrative responsibility over programs for the disabled (see Observation 4); and
- the commission does not ensure that the OPTIONS waiting list is viable (see Observation 5).

Observation 4 - The General Assembly may wish to study service delivery coordination for the state's disabled population

Section 71-2-104, *Tennessee Code Annotated*, states that the commission "shall plan, develop, and administer projects, programs, services and state and federal funds designated for, and relating to, disabled adults and older persons in this state." Currently, however, compared to its programs that meet the elderly population's needs, the commission does not provide many programs that meet the disabled population's needs. During a legislative hearing before the House of Representative's Health Committee, held on February 11, 2015, a representative asked the commission's executive director why most of the commission's programs and services focused on the elderly population. The executive director responded that different state departments, such as the Department of Intellectual and Developmental Disabilities (DIDD), provide services to the disabled and interact primarily with the disabled population instead of the commission.

Based on discussion with the commission's aging program coordinator, the population of individuals served by DIDD is different than the population of individuals served by the commission. According to the aging program coordinator, the commission only serves adult individuals with physical and/or cognitive disabilities, such as Alzheimer's or dementia. The commission does not provide services to individuals younger than 18 or to adult individuals with intellectual disabilities, unless the intellectual disability is accompanied with a physical disability and meets Activities of Daily Living and Instrumental Activities of Daily Living limitation requirements; however, DIDD only provides services and support to individuals with intellectual disabilities. Therefore, the commission and DIDD do not serve the same disabled population, and the lack of understanding could increase the likelihood that the needs of the population served by the commission are not being met.

Our overview of the programs and services provided by the state is exhibited in Appendix 1. We noted that the state charges 12 different entities with administrative control over 25

programs. By having such diffused administrative control over programs to help the disabled, the state risks either duplicating services or not addressing the needs of the disabled population. The General Assembly may wish to evaluate the optional administrative oversight of programs for the disabled.

Management's Comment

The commission agrees with the recommendation of State Audit. All of the federal funds allocated to the commission are from the Older Americans Act, in which the eligibility age for the services funded is 60 and over. The state OPTIONS program, legislatively created, is for in-home services and may be used for adults with physical disabilities over the age of 18. About 20% of these OPTIONS funds are used for individuals under the age of 60.

The General Assembly added "Disability" to the name of the Commission on Aging in 2001 when it allocated funds for the OPTIONS program; however, besides the OPTIONS program and our information and assistance help, the majority of the commission's programs deal with the assistance of older Tennesseans (and not younger individuals with disabilities). There are a number of state agencies and departments in Tennessee that do provide needed services to individuals with disabilities. The commission has been instrumental in helping the state agencies collaborate on the beginning stages of the "No Wrong Door" effort to ensure that individuals can navigate the state systems more easily. Certainly more efforts can be made to help some of our most vulnerable citizens more easily navigate the state's system of service delivery.

Observation 5 – The commission did not ensure that the waiting list for the OPTIONS program was accurate

We received the total number of individuals on the OPTIONS waiting list for each fiscal year from the aging program coordinator and determined the following:

Fiscal Year	Individuals on Waiting List
2009	3,977
2010	7,403
2011	7,972
2012	9,104
2013	8,647
2014	10,116

Based on our calculations, we determined that there is an 8.5% average change[3] of individuals on the waiting list.

[3] For the 8.5% average change, we excluded an 86% increase from 2008 to 2009. Based on discussions with commission staff, we believe that the 86% increase between 2008 and 2009 was caused by extenuating circumstances that are unlikely to happen again.

Based on a discussion with the deputy director and the aging program coordinator, the commission does not review or require reassessment for individuals on the OPTIONS waiting list. According to the deputy director, the waiting list potentially includes individuals who have already passed away, who are receiving benefits from another state program, or who no longer need the services. The commission believes that it is natural to expect the waiting list to include these individuals and does not see the harm in having these individuals on the list as no money is lost from the overstated waiting list.

The OPTIONS program has a yearly budget of $8,500,000 and is completely state-funded. By failing to review or reassess individuals on the waiting list, the commission increases the risk that legislators may not receive accurate information, thereby affecting their ability to make OPTIONS funding decisions.

In order for the state's officials to have accurate information for policy and funding decisions, the executive director should implement a recertification process to determine whether the individuals on the OPTIONS waiting list still require the program's services.

Management's Comment

The waiting list for the OPTIONS program is kept by each Area Agency on Aging and Disability. Generally, the waiting list is kept on an Excel spreadsheet using a prioritization scoring system using the information gathered on the initial telephone screening. Each year, on the anniversary of the individual's call for assistance, the area agency re-screens the individuals by calling and asking about changes in their situation. Often, individuals remain on this waiting list for one to four years before they receive services. Some of those individuals may eventually become eligible for Medicaid CHOICES or nursing home care before their name comes up on the OPTIONS waiting list, and there are others who pass away before being served.

The commission enlisted the services of the Office of Consulting Services within the Tennessee Department of Finance and Administration to lead the commission and representatives of their contractors in a LEAN process that looked at how to improve its system from initial assessment call to authorization of services. Through this process, the commission is redesigning the telephone screening form, the prioritization of the waiting list, and the in-home assessment form. The commission's goal is to have these processes approved and implemented in January 2016. Part of that process is to ensure that the waiting lists are kept consistently and each individual is re-screened annually within the month that they entered our system. All district waiting lists will be kept uniformly within the Social Assessment Management System database.

INFORMATION SYSTEMS

The Tennessee Commission on Aging and Disability relies on various information systems, databases, and applications to maintain information that supports the commission's activities. The Information Systems Division is responsible for providing information technology and desktop support to commission staff. The division is also responsible for the

commission's computer systems and network, net.ADS.state.tn.us, which allows employees access to the department's files. The commission's computer systems include Social Assistance Management System (SAMS), a web application that has various subsystems such as the State Reporting Tool and the National Ombudsmen Reporting System. SAMS is maintained and operated by a third-party vendor, Harmony Information Systems.

The objectives of our review of the Information Systems Division were to determine whether management followed best practices for the information systems industry.

To determine whether management followed industry best practices, we compared management's internal control activities to industry best practices.

Based on the procedures performed, we determined that management did not follow best practices for the information systems industry in two specific areas (see finding 5).

Finding 5 - The commission did not provide adequate internal controls in two specific areas

The commission did not design and monitor internal controls in two specific areas. Ineffective implementation of internal controls increases the risk of errors and data loss. The details of this finding are confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*. We provided the commission with detailed information regarding the specific conditions we identified, as well as our recommendations for improvement.

Recommendation

Management should ensure that these conditions are remedied by the prompt development and consistent implementation of internal controls in two area(s). Management should implement effective controls to ensure compliance with applicable requirements; assign staff to be responsible for ongoing monitoring of the risks and mitigating controls; and take action if deficiencies occur.

Management's Comment

We concur.

What has been done to correct:

Once commission management was made aware of an issue with compliance regarding security procedures, immediate steps were taken to rectify its internal control procedures.

What will be done to correct:

Commission management will make sure that the internal control procedures it has developed to ensure compliance with security requirements continue to be followed.

APPENDICES

APPENDIX 1
State Agency Programs for Elderly and Disabled Populations

Department	Program Title	Description
Tennessee Commission on Aging and Disability	National Family Caregiver Support Program (NFCSP)[3]	NFCSP helps families sustain their efforts to care for older relatives with chronic illnesses or disabilities in their homes.
	Information and Assistance (I&A)[1,2]	I&A connects people to health and human services needs, as well to more general information. When people are uncertain about what is available for them, or even about what they really need, they are able to describe what is happening, receive information, and are then pointed in a direction to best suit their individual situation.
	State Long-Term Care Ombudsman Program (SLTCO)[1]	An ombudsman is available to help residents and their families resolve questions or problems and advocates for solutions to problems for qualified residents of long-term care facilities. If requested by the victim, SLTCO reviews elder abuse cases that occur in long-term care facilities (the Department of Human Services reviews all elder abuse cases).
	Nutrition Services[1]	Home-delivered meals: Participants receive one delivered meal a day. Meals are served at no cost, but donations are appreciated and encouraged.
		Congregate meals: Meals are available Monday through Friday, except holidays, and are served at senior centers, churches, schools, and community centers across the state at no cost. Donations are appreciated and encouraged.
		Nutrition screenings: Nutrition screenings check to see if the participant is getting the nutrition they need. Nutrition counseling provides one-on-one assistance in using diet to better manage diseases such as diabetes and heart disease.
	OPTIONS for Community Living[1,2]	A state-funded program to provide home- and community-based service choices such as homemaker services, personal care, and home-delivered meals.
	Public Guardianship[1]	Public guardians, known as conservators, help people over 60 who can no longer help themselves. Conservators help older people meet their needs and remain as independent and comfortable as possible.
	Senior Brain Game [1]	A statewide trivia competition.
	State Health Insurance Assistance Program[1]	A program to provide counseling and assistance with Medicare and other related health insurance questions.

This information was obtained and compiled by reviewing the various state agencies' websites for programs related to elderly and disabled population.

[1] These programs are for the elderly population.

[2] These programs are for the disabled population.

[3] This program is for the caregiver of an elderly individual or an elderly caregiver of a disabled individual.

Department	Title	Description
Tennessee Commission on Aging and Disability (continued)	Tennessee For A Lifetime[1]	Tennessee for a Lifetime is an event designed to help Tennesseans of all ages learn about growing older. The event provides free lessons on aging to help people plan, get them to think, and assist them in taking action when they should.
	Disaster Preparedness[1]	Disaster preparedness consists of having and being able to use an emergency plan as a response to any type of disaster, including preparing an emergency kit. The commission has disaster preparedness workshops (Are You Ready?).
	Community Garden Resources[1]	Hunger remains a problem and seniors are at high risk. Community gardens have become a growing asset to combat hunger and are a healthy food option.
Department of Human Services	Supplemental Nutrition Assistance Program (SNAP; food stamps)[1,2]	SNAP helps ensure eligible low-income families and individuals obtain a nutritious diet.
	Adult Day Care[1,2]	A program for adults who need some level of supervision throughout the day.
	Adult Protective Services (APS)[1,2]	APS investigates reports of abuse, neglect, or financial exploitation of adults. APS also makes referrals to resources within the community for further assistance with keeping individuals in the safest environment.
	Family Homes for Adults (administered through APS)[1,2]	Family Homes for Adults provides safety, needed care, and protection from abuse and neglect to at-risk adults.
	Homemaker Program[1,2]	The Homemaker Program provides limited in-home personal care services designed to allow participants to remain in their own residence and maintain independence.
	Child and Adult Food Care Food Program (CACFP)[1]	CACFP is a federally funded program that provides reimbursement for eligible meals that are served to participants who meet age and income requirements.
	Vocational Rehabilitation Services (VR)[2]	VR helps individuals with disabilities enter or return to employment.
	Tennessee Rehabilitation Center (TRC)[2]	TRC is a comprehensive residential rehabilitation facility that offers specialized programs and services within a campus environment. TRC assists individuals with disabilities in achieving their goals of employment and independent living.
	Tennessee Technology Access Program (TTAP)[2]	TTAP is a statewide program designed to increase access to, and acquisition of, assistive technology devices and services.
Department of Intellectual and Developmental Disabilities	Tennessee Family Support Program[2]	A state-funded program providing respite care, day care services, home modifications, equipment, supplies, personal assistance, transportation, homemaker services, housing costs, health-related needs, nursing, and counseling.
	Assistive Technology (AT) Clinics and Custom Fabrication Shops[2]	AT Clinics and Custom Fabrication Shops provide various seating and alternate positioning needs.

Department	Title	Description
Department of Finance and Administration - Volunteer Tennessee	AmeriCorps Community Cares - Team Tennessee AmeriCorps[1,2]	Members assist frail seniors and persons with disabilities with direct, in-home assistance so that the residents can remain living independently in their own homes for as long as possible.
	Senior Companion Program (SCP) - Senior Corps[1,2]	SCP serves adults needing extra assistance. Senior companions provide friendship to isolated frail seniors, assist with simple chores, and provide transportation.
-Health Care Finance and Administration (Bureau of TennCare)	Long-Term Services & Supports (CHOICES)[1,2]	CHOICES offers help doing everyday activities for adults age 21 and older with a physical disability and seniors age 65 and older.
	Long-Term Services & Supports (PACE - Program for All-Inclusive Care for the Elderly)[1]	PACE is an integrated managed care program that provides comprehensive Medicare and Medicaid benefits to frail seniors who would qualify to receive the level of care in a nursing home. PACE currently operates only in Hamilton County
Department of Health	Farmers' Market Nutrition Program (FMNP)[1]	FNMP is offered in Tennessee in July and August to provide locally grown fruits, vegetables, and herbs to families with limited resources.
Department of Labor and Workforce Development	Senior Community Service Employment Program (SCSEP)[1]	SCSEP provides subsidized, part-time work experience through a limited time community service so that seniors can obtain the skills necessary for permanent employment.
	Trade Adjustment Assistance (TAA) & Alternative Trade Adjustment Assistance (ATAA)[1]	TAA is a federally funded program that assists workers who have lost their jobs or had their hours or wages cut due to increased imports or a shift in production to a foreign country. ATAA is an assistance program specifically for older workers who are eligible to apply for TAA. ATAA allows older workers, for whom re-training may not be suitable, and who will find reemployment, to receive a wage subsidy to help bridge the salary gap between their old and new employment.
	Health Coverage Tax Credit (HCTC)[1]	HCTC helps pay for private health insurance for workers certified to receive TAA benefits.
Comptroller of the Treasury	Property Tax Relief (Division of Property Assessments)[1,2]	Tax relief occurs when the State of Tennessee reimburses certain homeowners who meet the legal requirements for a part or all of property taxes paid, and it is not an exemption.
Department of Agriculture	The Emergency Food Assistance Program (TEFAP)[1,2]	TEFAP is a federal program that helps supplement the diets of low-income needy persons, including elderly people, by providing them with emergency food and nutrition services at no cost.
Tennessee Housing Development Agency (THDA)	Family Self Sufficiency (FSS)[1,2]	FSS works with families and interested parties to create step-by-step plans that lead to economic independence.
	HOME Program[1]	THDA funds local housing programs designed to promote the production, preservation, and rehabilitation of affordable housing for individuals and families with low and very low income.

Department	Title	Description
Tennessee Housing Development Agency (continued)	Housing Trust Fund: -Competitive Grants[1,2]	The Housing Trust Fund is allocated to local entities to meet the housing needs of very low-income, elderly, and special needs (defined as physical, emotional, and/or social obstacles) citizens.
	-Emergency Repair for the Elderly Program[1]	A program that makes essential repairs for elderly homeowners.
	-Rural Housing Repair Program[1,2]	A program that assists very low-income households, the elderly, and the disabled with repairs to their homes.
	-Housing Modification and Ramp Program[2]	A program that constructs ramps and makes other modifications to assist persons with disabilities with access to their homes.
	Housing Choice Voucher Program (HCV)[1,2]	HCV is a federal rental assistance program; very low-income individuals and families, the elderly, and the disabled receive assistance to afford decent, safe, and sanitary housing in the private market.
	Weatherization Assistance Program (WAP)[1,2]	WAP helps low-income households reduce their fuel costs and contribute to national energy conservation through increased energy efficiency and consumer education. Households that include young children, elderly, or disabled members are given priority for service.
Tennessee Bureau of Investigation	Criminal Investigation - Medicaid Fraud Control Unit (MFCU)[1,2]	MFCU focuses on cases involving fraud and patient abuse, including residents of mental health facilities and elderly persons living in nursing homes.
Tennessee Department of Transportation	Office of Passenger Transportation - Section 5310 Program (Traditional & Expanded)[1,2]	The purpose of the Section 5310 Program is to improve mobility for the state's seniors and individuals with disabilities by removing barriers to transportation services and expanding the transportation mobility options.
	Tennessee Yellow Dot Program[1]	The Yellow Dot Program supplies first responders with an individual's medical information in the event of an emergency.
Tennessee Regulatory Authority	Lifeline Discount Telephone Assistance (Lifeline)[1,2]	The Lifeline program reduces the monthly local service portion of the telephone bill (Lifeline does not assist with the long distance or special features portions of the bill).
	Telecommunications Devices Access Program (TDAP)[2]	TDAP distributes appropriate telecommunications devices so that individuals with a disability may effectively use basic telephone service.
	Tennessee Relay Service (TNRS)[2]	TNRS provides free, statewide assisted telephone service to those with speech, hearing, and visual impairments.
Tennessee Arts Commission	Arts Access Program[2]	The Arts Access Program is committed to providing Tennessee's undeserved constituents with access to the arts. This grant offers direct support for arts projects to organizations of color or to organizations primarily benefitting people with disabilities.
Tennessee Council on Developmental Disabilities	Education Travel Fund/ Community Development Grant[2]	This grant helps Tennesseans with disabilities and/or their families attend conferences.

APPENDIX 2
Title VI Information

Title VI of the Civil Rights Act of 1964 states that "no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance."

The Tennessee Human Rights Commission (THRC) issues a report, *Tennessee Title VI Compliance Program* (available on its website), that details agencies' federal dollars received, Title VI and other human rights related complaints received, whether agencies' Title VI implementation plans were filed timely, and whether any THRC findings were taken on agencies. According to THRC's fiscal year 2014 report, the Tennessee Commission on Aging and Disability's Title VI implementation plan was in compliance with all guidelines and requirements.

THRC received no complaints directly; however, the commission received one complaint, which was included in its submitted implementation plan. THRC reported that this complaint is closed. The THRC report did not list the federal dollars received by the commission separately, as the agency is too small; instead, the commission's federal dollars were included in the "All Other Departments" section of the report.

See the charts below for the commission's board and staff member ethnicity and gender demographics.

Tennessee Commission on Aging and Disability
Board Members By Gender and Ethnicity
as of December 31, 2014

Title	Gender		Ethnicity[1]	
	Male	*Female*	*Black*	*White*
Community Member	4	8	1	11
State Agency Representative[2]	2	6	0	8
Legislative Representative[3]	1	1	0	2
Totals	**7**	**15**	**1**	**21**

[1] The commission did not have any board members with ethnicity in the Asian, Hispanic or Latino, American Indian, or Other categories.
[2] These are ex-officio members by virtue of the state positions held.
[3] These members are legislators and do not have voting rights.

Tennessee Commission on Aging and Disability
Staff Members By Job Position, Gender, and Ethnicity
as of December 31, 2014

Title	Gender		Ethnicity[1]	
	Male	*Female*	*Black*	*White*
Accountant 3	0	2	0	2
Accounting Technician 2	0	1	0	1
Administrative Assistant 3	0	1	0	1
Administrative Secretary	0	1	1	0
Administrative Services Assistant 2	0	1	0	1
Aging Commission Assistant Director	0	1	0	1
Aging Commission Executive Director	1	0	0	1
Aging Information & Data Director	1	0	0	1
Aging Nutrition Program Director	1	0	0	1
Aging Planner and Grant Developer	0	1	0	1
Aging Program Coordinator	0	5	3	2
Aging Program Supervisor	0	4	1	3
Attorney 3	0	1	0	1
Auditor 3	1	0	0	1
Budget Analysis Director 1	0	1	0	1
Clerk 3	1	0	0	1
Executive Administrative Assistant 2	0	1	0	1
Information Resource Support Specialist 2	1	0	0	1
Information Resource Support Specialist 3	0	1	0	1
State Health Insurance Program Coordinator	0	1	0	1
State Long-term Care Ombudsman	0	1	0	1
Totals	**6**	**23**	**5**	**24**

[1] The commission did not have any staff members with ethnicity in the Asian, Hispanic or Latino, American Indian, or Other categories.

APPENDIX 3
Strategic Goals Information

The Tennessee Commission on Aging and Disability has developed a strategic plan that outlines five strategic goals the commission is currently implementing. The goals of the plan are outlined below by strategic goal, purpose, and implementation phase.

Strategic Goals and Implementation Phases

Strategic Goal 1: Reduce the number of seniors in the state who are hungry or whose nutritional needs are not being met.

Purpose: To determine how to solve the senior hunger issue.

Implementation Phase: The agency plans to prepare a Title III-C program evaluation report for the Commission. The agency also plans to develop a uniform unit cost accounting tool to be utilized by all meal providers across the state, coordinate the establishment of at least three community gardens across the state, and hold a statewide hunger summit.

Strategic Goal 2: Increase support to seniors in need of a caregiver. Support family and friends acting as primary caregivers.

Purpose: To educate caregivers about available resources and to improve the respite program.

Implementation Phase: The agency plans to coordinate initial training for Family Caregiver Coordinators and Tennessee Respite Coalition staff. Additionally, the Commission will announce four mini-grants of $500 each to pilot Caregiver's Day Out programs, update the Caregiver webpage, help three AAADs [area agencies] start evidence-based Caregiver Support Training programs, and initiate at least one pilot innovative respite program.

Strategic Goal 3: Livable Communities

Strategic Goal 3a: Lead efforts for senior livable communities: Phase 1

Purpose: To raise awareness of elected city and county officials about major projects concerning the functionality of cities.

Implementation Phase: The agency plans to work within existing processes (such as the statewide Mayor's Conference) to provide information to the Mayors about livable communities.

Strategic Goal 3b: Increase number and quality of senior transportation programs and numbers of seniors utilizing those programs.

Purpose: To increase awareness of transportation programs available to seniors and to increase the number of transportation programs available to seniors.

Implementation Phase: The agency plans to pilot one volunteer-based transportation program.

Strategic Goal 3c: Evaluate scope and geographic distribution of lack of affordable housing for seniors.

Purpose: To understand the underlying cause of lack of affordable housing for seniors.

Implementation Phase: The agency plans to partner with the Tennessee Housing Development Agency and federal, state and local homeless agencies to research affordable housing and housing for homeless seniors. The agency will also survey the Area Agencies on Aging and Disability on housing availability and research national models that work for affordable senior housing.

Strategic Goal 4: Promote healthy living in partnership with Governor's Foundation.

Purpose: For seniors to live longer and in a healthier way.

Implementation Phase: The agency will develop a plan that lists programs and events (such as fall prevention programs) that are designed to promote healthy living for review by the Commission. The plan will include exact dates, locations, and programs along with goals for outreach.

Strategic Goal 5: Continue investment in "No Wrong Door" strategy.

Purpose: To create a system in Tennessee where it is easy to access information and programs for which seniors are eligible.

Implementation Phase: The agency will work with State partners to create a plan that details how the State Departments and Agencies of Tennessee will implement a functioning "No Wrong Door" system.