Tennessee Comptroller of the Treasury

Financial and Compliance Audit Report

State of Tennessee Single Audit

For the Year Ended June 30, 2021

Jason E. Mumpower
Comptroller of the Treasury

Division of State Audit

Tennessee Comptroller of the Treasury

Jason E. Mumpower
Comptroller

March 27, 2022

The Honorable Bill Lee, Governor
Members of the General Assembly

Ladies and Gentlemen:

We are pleased to submit the thirty-eighth *Single Audit Report* for the State of Tennessee. This report covers the year ended June 30, 2021. The audit was conducted in accordance with the requirements of the Single Audit Act Amendments of 1996 and the provisions of Title 2, *Code of Federal Regulations*, Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance).

This *Single Audit Report* reflects federal expenditures of over $24.1 billion. We noted instances of noncompliance that resulted in a qualified opinion on compliance for one of the state's 29 major federal programs. In addition, we noted other instances of noncompliance that meet the reporting criteria contained in the Uniform Guidance. We also noted material weaknesses and significant deficiencies in internal control over compliance with requirements related to federal programs. The instances of noncompliance, material weaknesses, and significant deficiencies related to federal programs are described in Section III of the Schedule of Findings and Questioned Costs.

The *Annual Comprehensive Financial Report* of the State of Tennessee for the year ended June 30, 2021, has been issued under a separate cover. In accordance with the standards applicable to financial audits contained in generally accepted government auditing standards, we are issuing our report on our consideration of the State of Tennessee's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. We noted one finding that we consider to be a significant deficiency in internal control as well as noncompliance that we consider material to the state's basic financial statements. The significant deficiency in internal control over financial reporting is described in Section II of the Schedule of Findings and Questioned Costs.

We would like to express our appreciation to the Department of Finance and Administration and other state agencies, universities, and community colleges for their assistance and cooperation in the single audit process.

Sincerely,

Katherine J. Stickel

Katherine J. Stickel, CPA, CGFM, Director
Division of State Audit

State of Tennessee
Single Audit Report
For the Year Ended June 30, 2021

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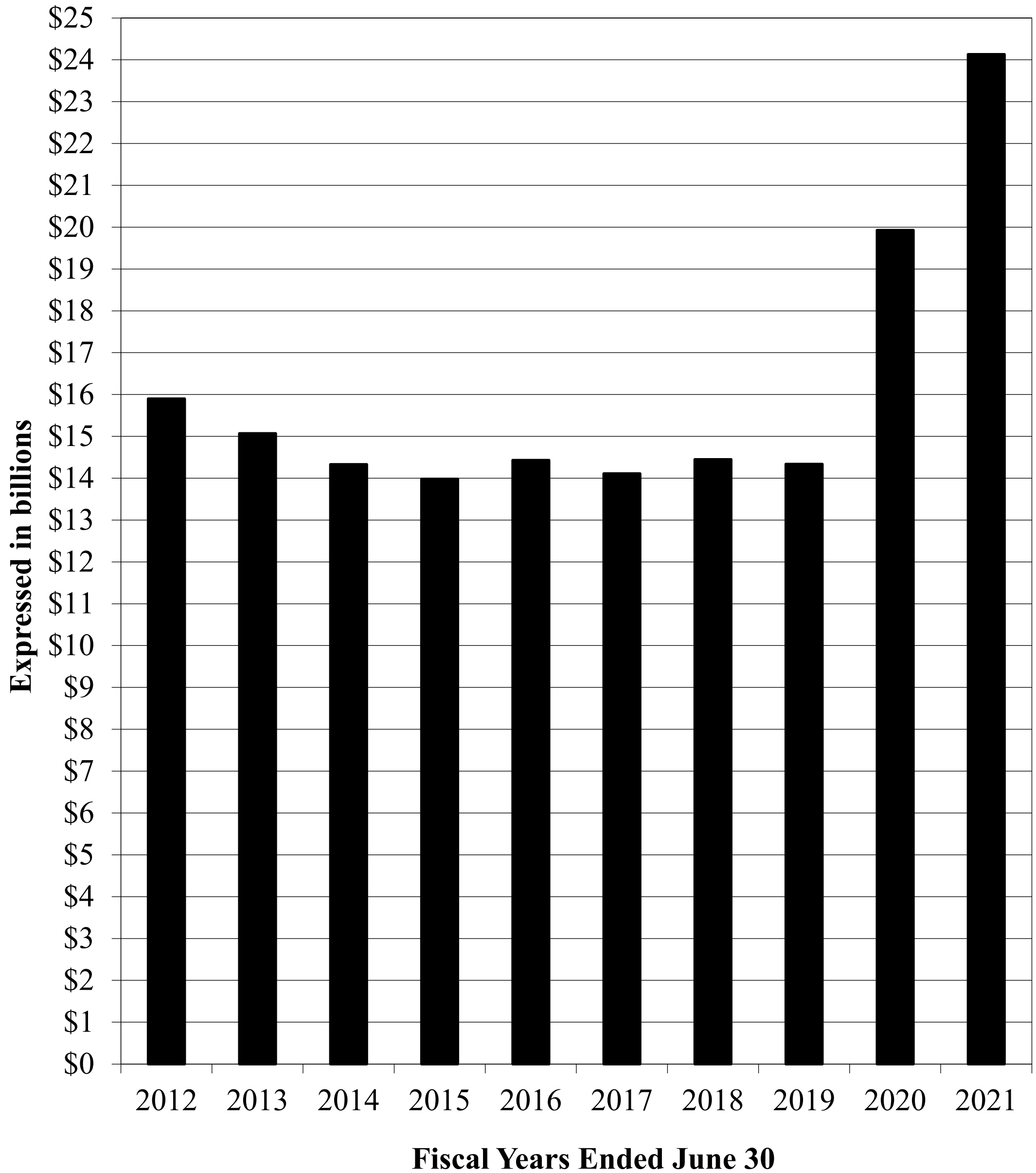
Total Federal Expenditures - Ten-Year Summary



Expenditures by Awarding Agency
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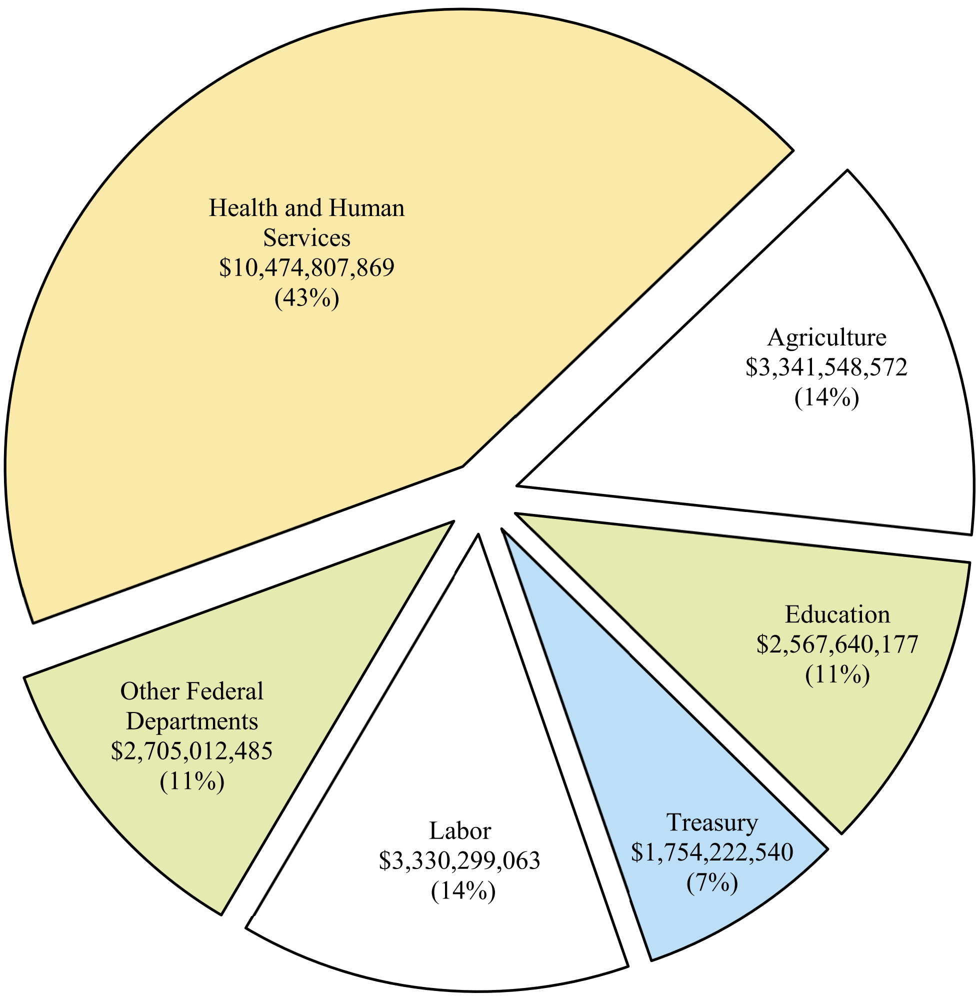
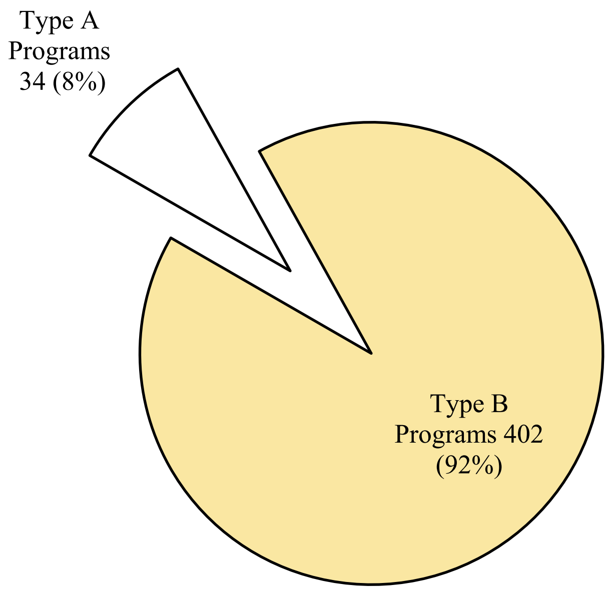
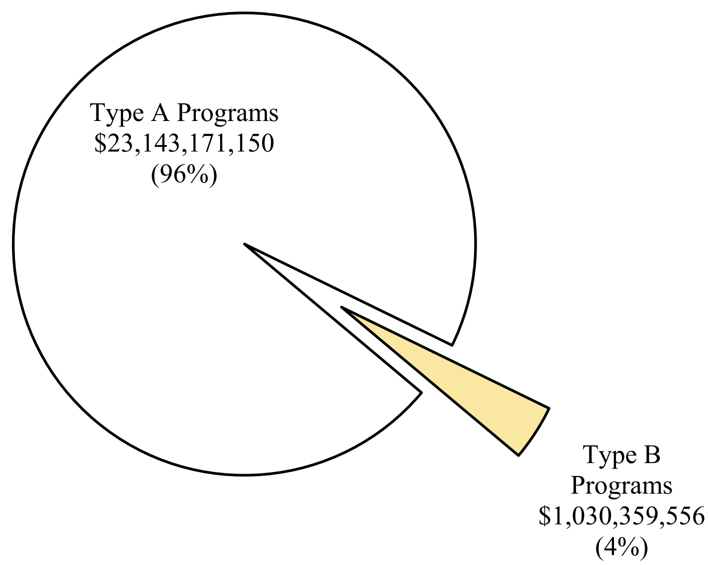


Number of Type A and Type B Programs



Type A and Type B Program Expenditures



Type A program levels for non-federal entities are established in the Uniform Guidance. For the fiscal year ended June 30, 2021, the Type A program threshold for the State of Tennessee was $36,260,296. Those federal programs with expenditures below $36,260,296 are labeled Type B programs.

Auditor's Reports

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report on Compliance for Each Major Federal Program, on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Tennessee Comptroller of the Treasury

Jason E. Mumpower
Comptroller

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Honorable Bill Lee, Governor
Members of the General Assembly

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Tennessee as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the State of Tennessee's basic financial statements, and have issued our report thereon dated December 27, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Tennessee's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Tennessee's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses may exist that

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have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control described in the schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-001.

State of Tennessee's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the State of Tennessee's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The State of Tennessee's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Katherine J. Stickel

Katherine J. Stickel, CPA, CGFM, Director
Division of State Audit
December 27, 2021

Tennessee Comptroller of the Treasury

Jason E. Mumpower
Comptroller

Independent Auditor's Report on Compliance for Each Major Federal Program, on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Honorable Bill Lee, Governor
Members of the General Assembly

Report on Compliance for Each Major Federal Program

We have audited the State of Tennessee's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State of Tennessee's major federal programs for the year ended June 30, 2021. The State of Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State of Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, *Code of Federal Regulations*, Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the State of Tennessee's compliance.

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Basis for Qualified Opinion on Assistance Listing Number 17.225 Unemployment Insurance

As described in the accompanying Schedule of Findings and Questioned Costs, the State of Tennessee did not comply with requirements regarding the following:

Finding #	Assistance Listing Number	Program or Cluster Name	Compliance Requirement
2021-002	17.225	Unemployment Insurance	Eligibility

Compliance with such requirements is necessary, in our opinion, for the State of Tennessee to comply with the requirements applicable to this program.

Qualified Opinion on Assistance Listing Number 17.225 Unemployment Insurance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Unemployment Insurance Program for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State of Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the Schedule of Findings and Questioned Costs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-002 through 2021-005, 2021-007 through 2021-012 through 2021-017, and 2021-019 through 2021-027. Our opinion on each major federal program is not modified with respect to these matters.

The State of Tennessee's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The State of Tennessee's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the State of Tennessee is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State of Tennessee's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Tennessee's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2021-002, 2021-003, 2021-005, 2021-007, 2021-008, 2021-010, 2021-011, 2021-014 through 2021-017, and 2021-024 through 2021-028 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2021-004, 2021-009, 2021-012, 2021-013, and 2021-018 through 2021-023 to be significant deficiencies.

The State of Tennessee's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The State of Tennessee's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Tennessee as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the State of

Tennessee's basic financial statements. We issued our report thereon dated December 27, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Katherine J. Stickel, CPA, CGFM, Director
Division of State Audit
March 24, 2022

Auditor’s Findings

Schedule of Findings and Questioned Costs

Section I – Summary of Auditor’s Results

Section II – Financial Statement Findings

Section III – Federal Award Findings and Questioned Costs

State of Tennessee
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I – Summary of Auditor's Results

Financial Statements

- We issued unmodified opinions on the basic financial statements.
- We identified no material weaknesses in internal control over financial reporting.
- One significant deficiency in internal control over financial reporting was reported.
- We noted one instance of noncompliance considered to be material to the basic financial statements.

Federal Awards

- We identified material weaknesses in internal control over major programs.
- We identified significant deficiencies in internal control over major programs.
- We issued a qualified opinion for Assistance Listing Number 17.225 Unemployment Insurance. We issued unmodified opinions for each of the other major federal programs.
- We disclosed audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
- The dollar threshold used to distinguish between Type A and Type B programs, as prescribed in 2 CFR 200.518(b), was $36,260,296.
- The State of Tennessee does not qualify as a low-risk auditee under the provisions of 2 CFR 200.520.

Section I – Summary of Auditor's Results (continued)

Assistance Listing Number	Name of Major Federal Program or Cluster
10.542	Pandemic EBT Food Benefits
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
12.401	National Guard Military Operations and Maintenance (O&M) Projects
16.575	Crime Victim Assistance
17.225	Unemployment Insurance
20.106	Airport Improvement Program
20.509	Formula Grants for Rural Areas and Tribal Transit Program
21.019	Coronavirus Relief Fund
84.010	Title I Grants to Local Educational Agencies
84.367	Supporting Effective Instruction for State Grants (formerly Improving Teacher Quality State Grants)
84.424	Student Support and Academic Enrichment Program
84.425	Education Stabilization Fund
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.558	Temporary Assistance for Needy Families
93.658	Foster Care Title IV-E
93.659	Adoption Assistance
93.767	Children's Insurance Program
93.917	HIV Care Formula Grants
97.050	Presidential Declared Disaster Assistance to Individuals and Households – Other Needs
-	Research and Development Cluster
-	SNAP Cluster
-	Child Nutrition Cluster
-	Food Distribution Cluster
-	WIOA Cluster
-	Highway Planning and Construction Cluster
-	Special Education Cluster (IDEA)
-	CCDF Cluster
-	Medicaid Cluster

Section II – Financial Statement Findings

Finding Number	2021-001
Assistance Listing Number	64.015
Program Name	Veterans Administration's State Home Per Diem Program
Federal Agency	Department of Veterans Affairs
State Agency	State Veterans' Homes Board
Federal Award Identification Number	N/A
Federal Award Year	2020 and 2021
Finding Type	Significant Deficiency and Noncompliance
Compliance Requirement	Other
Repeat Finding	N/A
Pass-Through Entity	N/A
Questioned Costs	N/A

The Tennessee State Veterans' Homes Board overstated federal awards expended by $28,629,991.64 on the Schedule of Expenditures of Federal Awards

Condition and Cause

The Tennessee State Veterans' Homes Board did not have adequate internal controls over financial reporting to prevent, or detect, and correct a material misstatement in the Schedule of Expenditures of Federal Awards (SEFA). When calculating the total expended for the Veterans Administration's State Home Per Diem Program to be included on the SEFA, the Controller doubled the amount due to a formula error, causing an overstatement of $28,629,991.64. The audited SEFA was corrected.

Criteria

Title 2, *Code of Federal Regulations* (CFR), Part 200, Section 508(b), states that the auditee must "[p]repare appropriate financial statements, including the schedule of expenditures of Federal awards."

Effect

The importance of the SEFA is discussed in the American Institute of Certified Public Accountants' *Government Auditing Standards and Single Audits.* Section 7.06 states,

> The schedule of expenditures of federal awards is a critical part of a Uniform Guidance compliance audit. . . . [T]he Uniform Guidance requires the auditor to decide whether the auditee's schedule of expenditures of federal awards is stated fairly, in all material respects, in relation to the auditee's financial statements as a

whole. Furthermore, the schedule of expenditures of federal awards is the basis of the auditor's identification of major programs.

The Controller's error caused the auditor to incorrectly identify the program as a major program. The error also resulted in the SEFA not agreeing to the auditee's financial statements.

In addition, at the conclusion of the Single Audit, management includes the SEFA in the Single Audit reporting package that it provides to the federal government. Incorrect information on the SEFA results in incorrect information being provided to the federal community and consequently may reduce the effectiveness of decisions made using this information.

Recommendation

The Executive Director and the Controller should implement adequate review procedures to ensure amounts reported on the SEFA are fairly stated and mathematically accurate. The amounts should also comply with federal regulations and agree to the underlying accounting records.

Management's Comment

We concur. The total expended for the Veterans Administration's State Home Per Diem Program was overstated on the Schedule of Expenditures of Federal Awards (SEFA). The Finance Director will double check all formulas for errors.

Section III – Federal Award Findings and Questioned Costs

Finding Number	2021-002
Assistance Listing Number	17.225, 97.034, and 97.050
Program Name	Unemployment Insurance Disaster Unemployment Assistance Presidential Declared Disaster Assistance to Individuals and Households – Other Needs
Federal Agency	Department of Labor Department of Homeland Security
State Agency	Department of Labor and Workforce Development
Federal Award Identification Number	CARES Act, FEMA-4476-DR-TN, FEMA-4541-DR-TN, and 4514DRTNSPLW
Federal Award Year	2020 and 2021
Finding Type	Material Weakness (17.225 and 97.050) and Noncompliance
Compliance Requirement	Eligibility
Repeat Finding	2020-021 and 2020-022
Pass-Through Entity	N/A
Questioned Costs	$1,840,953

Questioned Costs

Assistance Listing Number	Federal Award Identification Number	Description	Amount
17.225	CARES Act	Extended Benefits, Pandemic Unemployment Assistance, Pandemic Emergency Unemployment Assistance, Federal Pandemic Unemployment Compensation, and Mixed Earner Unemployment Compensation	$1,626,176
97.034	FEMA-4541-DR-TN FEMA-4476-DR-TN	Disaster Unemployment Assistance	$181,477[1]
97.050	4514DRTNSPLW	Lost Wages Assistance	$33,300

[1] The table shows total program expenditures for the Disaster Unemployment Assistance program as at the end of the 2021 fiscal year. Our known and likely questioned costs for exceed total program expenditures because our testwork included improper payments the department initially paid as Disaster Unemployment Assistance benefits and subsequently transferred to other Unemployment Insurance funding sources.

As noted in the prior-year audit, the Department of Labor and Workforce Development did not properly pay Unemployment Insurance benefits due to ineffective internal controls and information processing errors

Background

The Unemployment Insurance program is a federal-state partnership designed to ensure the economic security of workers who lose their jobs through no fault of their own. The U.S. Department of Labor provides grant funding for each state to design and administer its own Unemployment Insurance program within federal requirements. In Tennessee, the Department of Labor and Workforce Development (the department) operates the state's Unemployment Insurance program to process claims and issue direct benefit payments to individuals during times of involuntary unemployment.

Unemployment Insurance Subprograms

The Unemployment Insurance program comprises various subprograms targeted to specific classes of unemployed workers.

Regular Programs

Regular programs are permanent programs providing Unemployment Insurance coverage to Tennessee wage and salary workers, including federal employees stationed in Tennessee and servicemembers separating from the military. There are currently three regular programs:

- **Tennessee Unemployment Compensation (Tennessee)** is the standard Unemployment Insurance program, covering most Tennessee wage and salary workers. Employers pay quarterly state unemployment taxes into a trust fund from which the department distributes benefits to eligible claimants. Each employer's unemployment tax rate is based in part on benefits collected by former employees.
- **Unemployment Compensation for Ex-Servicemembers (Ex-Service)** provides Unemployment Insurance benefits to individuals transitioning from military service to the civilian labor force. Military branches do not pay unemployment taxes; instead, they reimburse the department dollar-for-dollar for all benefits paid.
- **Unemployment Compensation for Ex-Federal Employees (Ex-Federal)** is the Unemployment Insurance program for federal government workers who lose their employment through no fault of their own. Federal agencies do not pay unemployment taxes; instead, they reimburse the department dollar-for-dollar for all Ex-Federal benefits paid.

Temporary Programs

Temporary programs are time-limited programs the department activates in response to a major disaster or during periods of high unemployment. Prior to March 2020, there were two temporary programs the department could activate:

- **<u>Disaster Unemployment Assistance (Disaster)</u>** provides temporary benefits to individuals whose employment or self-employment has been lost or interrupted as a direct result of a Presidentially declared major disaster, and who are not eligible for regular Unemployment Insurance. In fiscal year 2021, the department offered benefits for three major disasters: the Middle Tennessee tornado, Southeast Tennessee tornadoes, and Middle Tennessee severe storms and flooding. These benefits are federally funded.
- **<u>Federal-State Extended Benefits (Extended)</u>** is a temporary program activated during periods of high and rising state unemployment rates. When active, the program allows workers who have exhausted their entitlement to regular unemployment to claim up to 13 additional weeks of benefits. Ordinarily, costs are shared equally between the state and federal governments; however, federal law provided for temporary full federal funding of benefits for March 18, 2020, through September 11, 2021.

Pandemic Programs

Pandemic programs are temporary programs the federal government created and the department implemented in response to the COVID-19 pandemic. The federal government reimburses the department for 100% of benefits it pays to pandemic program claimants.

- **<u>Pandemic Unemployment Assistance (Pandemic)</u>** is modeled on the Disaster program. It provided temporary benefits to workers who had exhausted, or were ineligible for, regular Unemployment Insurance (such as part-time workers, the self-employed, and contractors) who lost work for certain COVID-19 related reasons.
- **<u>Pandemic Emergency Unemployment Compensation (Pandemic Extension)</u>** provided a maximum of 53 additional weeks of benefits to individuals who had exhausted their rights to regular Unemployment Insurance.
- **<u>Federal Pandemic Unemployment Compensation (Pandemic Supplement)</u>** provided a supplemental weekly payment to individuals who received at least $1 in benefits from another Unemployment Insurance subprogram. The weekly supplement was $600 (in addition to the claimant's other benefits) for weeks of unemployment ending April 4, 2020, through July 25, 2020, and $300 for weeks of unemployment ending January 2, 2021, through July 3, 2021.
- **<u>Lost Wages Assistance (Lost Wages)</u>** provided a supplemental weekly payment of $300 to individuals who received at least $100 in benefits from another Unemployment Insurance program for weeks of unemployment from August 7, 2020, through September 5, 2020.
- **<u>Mixed Earner Unemployment Compensation (Mixed Earner)</u>** provided a supplemental weekly payment of $100 to individuals receiving benefits other than Pandemic, whose prior earnings included both wages from traditional employment and at least $5,000 from self-employment. The department paid the Mixed Earner supplement to eligible claimants for weeks of unemployment ending from January 2, 2021, through March 14, 2021.

Under federal law, the Pandemic, Pandemic Extension, Pandemic Supplement, and Mixed Earner programs expired on September 6, 2021. Governor Bill Lee opted to withdraw Tennessee's participation in these programs early, effective July 3, 2021.

Table 1 provides an overview of all Unemployment Insurance subprograms the department administered in fiscal year 2021. The overview includes the name of the program, the intended target population to benefit from the program, when the program was active and available to beneficiaries, as well as the weekly benefit amount and the number of weeks individuals could receive these benefits.

Table 1
Active Unemployment Insurance Programs in Fiscal Year 2021

Program Name	Target Population	Date(s) Active (for Temporary Programs)	Weekly Benefit Amount	Maximum Duration
Tennessee Unemployment Compensation (Tennessee)	Workers with past wage or salary earnings in Tennessee.	Permanent program	$30 – $275, depending on past earnings	26 weeks
Unemployment Compensation for Ex-Federal Employees (Ex-Federal)	Workers separated from federal employment.	Permanent program		
Unemployment Compensation for Ex-Servicemembers (Ex-Service)	Workers transitioning from military service to the civilian labor force.	Permanent program		
Disaster Unemployment Assistance (Disaster)	Workers whose employment was lost or interrupted by a Presidentially declared major disaster and who were not ineligible for Tennessee, Ex-Federal, or Ex-Service benefits (such as those with an insufficient earnings history, self-employed, contractors, and gig workers).	Middle Tennessee Tornado: March 8, 2020 – September 5, 2020 Southeast Tennessee Tornadoes: April 12, 2020 – October 24, 2020 Middle Tennessee Storms: March 25, 2021 – November 6, 2021	$109 – $275, depending on past earnings	26 weeks
Federal-State Extended Benefits (Extended)	Workers who remain unemployed after exhausting their entitlement to benefits under the Tennessee, Ex-Federal, Ex-Service, Pandemic, or Pandemic Extension programs.	July 1, 2020, through November 7, 2020	$30 – $275, depending on past earnings	13 weeks
Pandemic Unemployment Assistance (Pandemic)	Workers whose employment was affected by the COVID-19 pandemic who exhausted or were ineligible for Tennessee, Ex-Federal, and Ex-Service benefits (such as those with insufficient earnings history, self-employed, contractors, and gig workers).	January 27, 2020, through July 3, 2021	$120 – $275, depending on past earnings	75 weeks
Pandemic Emergency Unemployment Compensation (Pandemic Extension)	Workers who were still unemployed after exhausting their entitlement to Tennessee, Ex-Federal, or Ex-Service benefits.	April 4, 2020, through July 3, 2021	$30 – $275, depending on past earnings	53 weeks
Federal Pandemic Unemployment Compensation (Pandemic Supplement)	Supplementary weekly benefit payable to claimants entitled to at least $1 of other unemployment benefits for a given week.	Series A: April 4, 2020, through July 25, 2020 Series B: December 27, 2020, through July 3, 2021	Series A: $600 Series B: $300	53 weeks
Mixed Earners Unemployment Compensation (Mixed Earners)	Supplementary weekly benefit payable to claimants receiving benefits other than the Pandemic program, whose prior earnings included both wages from traditional employment and at least $5,000 from self-employment.	January 2, 2021, through March 14, 2021	$100	10 weeks
Lost Wages Assistance Program (Lost Wages)	Supplementary weekly benefit payable to claimants who received at least $100 in benefits from another Unemployment Insurance program.	August 7, 2020, through September5, 2020	$300	5 weeks

General Eligibility Criteria and Determination Processes for Unemployment Claims

The department uses the GUS (Geographic Solutions Unemployment System) application to process eligibility determinations for unemployment claims. Claimants submit an initial application for unemployment benefits in the system via the jobs4tn.gov website, which interfaces directly with GUS. GUS initiates various automated processes to help the department determine the claimants' eligibility for benefits. If these processes yield information that could potentially disqualify a claimant's eligibility, GUS flags the claim with an issue and attaches a work item. The work item triggers department personnel to manually review and resolve the issue on the claim. Management has configured business rules[2] in GUS to prevent claims with significant issues from paying benefits until department personnel have reviewed the claims to determine the claimants' eligibility.

The department's **major eligibility determination processes** are as follows:

Identity Verification

The department uses two identity verification mechanisms on every new claim filed to deter individuals from filing fraudulent claims using stolen personally identifiable information.

1. LexisNexis identity verification software, integrated into GUS, presents the claimant with multiple-choice questions pertaining to the claimant's identity.
2. GUS interfaces with the Social Security Administration's databases to verify the accuracy of key personal information from the claimant's application.

If either method cannot authenticate a claimant's identity, GUS flags the claim with an issue to prevent payment and generates a letter instructing the claimant to submit two forms of identification within seven days. GUS routes a work item to a Program Specialist as a prompt to check whether the claimant has submitted acceptable documentation and to resolve the issue or disqualify the claim as appropriate.

Immigration Verification

The department's application for unemployment benefits collects citizenship information from all claimants. When a claimant identifies as a non-citizen, GUS flags the claim with an issue to prevent payment and generates a letter instructing the claimant to submit proof of lawful immigration and work authorization status within 10 days. GUS also interfaces with the U.S. Citizenship and Immigration Services' databases to verify the claimant's immigration status. GUS routes a work item to a Program Specialist to determine whether the claimant has submitted acceptable proof, to review information GUS retrieved from U.S. Citizenship and Immigration Services, and to resolve the issue or disqualify the claim as appropriate.

[2] Business rules are instructions programmed into GUS directing the system how to process claims in accordance with state and federal eligibility requirements.

Monetary Eligibility

The department determines a claimant's monetary eligibility for benefits and weekly benefit amount based on sufficient earnings from four quarters of recent employment ("base period"). The claimant provides base period employment and earnings history when applying for benefits; the department uses various sources to verify this information (see **Table 2**).

Table 2
Sources of Base Period Earnings Information

<table>
<tr><th>Type of Earnings</th><th>Verification Source</th></tr>
<tr><td>Tennessee wages</td><td>Tennessee quarterly wage reports

State law requires Tennessee employers to submit quarterly reports to the department, listing wages paid by employee name and Social Security Number. GUS automatically retrieves the claimant's base period earnings from these reports.</td></tr>
<tr><td>Federal wages</td><td rowspan="3">Interstate Connection Network (ICON)

ICON is a system that facilitates the exchange of wage and claims data between states and federal entities. GUS automatically interfaces with ICON to obtain base period federal, military, or out-of-state wages for claimants who indicate they have earnings from one or more of these sources.</td></tr>
<tr><td>Military wages</td></tr>
<tr><td>Out-of-state wages</td></tr>
<tr><td>Self-employment</td><td>Claimant-provided evidence of self-employment

When a claimant files for benefits based on self-employment, GUS generates a letter prompting the claimant to submit evidence of self-employment, including but not limited to tax returns, state or federal business licenses, and check stubs.</td></tr>
</table>

GUS generates a monetary determination letter to the claimant, listing the claimant's earnings from all base period employers and the weekly benefit amount the claimant may be entitled to receive if the claimant meets all other eligibility criteria. The letter instructs the claimant how to report additional employers or wages to the department if the monetary determination appears incomplete or inaccurate.

Non-monetary Eligibility

Non-monetary eligibility requires the department to establish that a claimant has lost their most recent employment due to no fault of their own. In general, a claimant meets this requirement in one of three ways:

1. lack of work – the employer laid off the employee or reduced the employee's working hours,

2. quit – the employee quit with good cause,[3] or
3. discharge – the employer terminated the employee because of performance issues other than gross misconduct.

Claimants select the reason for their unemployment on the initial application for benefits. GUS generates a request letter to the claimant's separating employer notifying the employer of the claim and the reason the claimant gave for unemployment. The employer has seven days to respond to the letter to dispute the claim.

GUS creates an issue and related work item on all claims based on a claimant's quitting or discharge from employment (even if the employer does not dispute the claim), and on all claims where the employer disputed the claimant's separation reason. The work item prompts a department adjudicator to evaluate the facts provided by both claimant and employer, gather additional information if necessary, and determine whether the claimant's separation qualifies for unemployment benefits under the applicable state or federal law.

The department's non-monetary eligibility determination processes differ for Disaster and Pandemic claims. GUS automatically flags Disaster claims for manual review and approval because claimants must provide documentation to support their eligibility for Disaster benefits. Until December 27, 2020, GUS did not routinely flag Pandemic claims for manual review because federal guidance instructed the department to accept a claimant's self-certification that employment was impacted for a qualifying COVID-19 reason as evidence of eligibility. The federal guidance specifically prohibited the department from requesting supporting documentation from Pandemic claimants except to address a reasonable suspicion of fraud.

After department personnel have resolved all issues requiring manual review on a claim, GUS issues a decision letter to the claimant and base period employers explaining the department's basis for the decision and the parties' right to appeal within 15 days. Claimants have the right to appeal if the department denies their claim for benefits. Likewise, employers may appeal approved claims to protect their state unemployment tax rate from future increases.

Weekly Certifications

After filing an initial claim for benefits, claimants must file weekly certifications via jobs4tn.gov to attest to their continued ability to work and availability for work; disclose income earned during the week; and report on work search activities. GUS automatically disqualifies the week as ineligible for payments if a claimant certifies no longer being unemployed, earning excess income, or not actively searching for and available to accept suitable work.

[3] Department adjudicators determine whether a claimant quit for good cause on a case-by-case basis. In general, good cause exists if the claimant quit for reasons attributable to the employer (for example, workplace harassment or significant and adverse changes to conditions of employment). The department also accepts resigning to follow a spouse subject to military transfer orders as quitting with good cause. Personal reasons (such as lack of childcare or to return to school) do not meet the good cause standard.

Overpayments

The department's eligibility determination processes serve as internal controls to prevent ineligible claimants from receiving unemployment benefits. The nature of the Unemployment Insurance program, however, is such that the department does not always have timely access to accurate information necessary to determine a claimant's eligibility for benefits. For example, the department must rely on claimants to accurately self-report earnings from temporary and part-time employment during the weekly certification process. The department does not receive corroborating data to validate a claimant's self-reported earnings until the department receives wage reports from employers at the end of each quarter. Therefore, management has established detective controls in the department's Benefit Payment Control unit to identify and investigate potentially improper payments. These controls include cross-matches to compare the department's claims data with information from external sources, such as

- state vital statistics records, to identify payments issued after a claimant's date of death;
- state inmate records, to identify payments issued to incarcerated individuals;
- state payroll records, to identify payments to active state employees;
- quarterly employer wage reports, to verify claimants' self-reported weekly earnings; and
- state and national directories of new hires, to identify claimants who continued claiming benefits after returning to work.

Upon determining that a claimant has received benefits to which the claimant is not entitled, whether due to fraud or error, a Benefit Payment Control auditor establishes an overpayment on the claimant's file. The department's UI Recovery unit is responsible for recouping overpayments and uses a variety of escalating techniques to achieve this purpose from establishing repayment plans with claimants to intercepting claimants' federal tax refunds. Furthermore, when a claimant with an outstanding overpayment debt qualifies for benefits on a new claim, federal and state law requires the department to apply new benefit payments toward the outstanding overpayment.

Prior Audit Results

Our prior audit reported two findings related to Unemployment Insurance eligibility, which stated the department

- did not issue written eligibility determinations on Tennessee, Ex-Service, Ex-Federal, Disaster, and Pandemic claims to all interested parties;
- did not identify Tennessee claims with disagreeing employer responses;
- improperly issued Disaster benefits to claimants who did not meet Disaster eligibility criteria because they were not unemployed as a direct result of a major disaster, or because they were already eligible for Tennessee benefits;
- accepted Disaster claims filed late;

- did not collect documentation to substantiate Disaster claimants' past employment or earnings; and
- did not issue Pandemic claimants the correct weekly benefit amount.

Management concurred with the prior findings and attributed the conditions to the impact of the COVID-19 pandemic and system issues. Based on the results of our audit work for fiscal year 2021, we determined the department resolved the prior finding condition relating to written eligibility determinations. As described below, the remaining conditions from the prior year are repeated for fiscal year 2021; in addition, we identified new instances of noncompliance with federal and state eligibility requirements.

Current Audit Results

We provide the results of our current audit below. As a result of our review, we identified $1,932,148 in total state and federal questioned costs for the Unemployment Insurance, Disaster Unemployment Assistance, and Lost Wages Assistance programs. We provide the total questioned costs by eligibility area, program, and federal Assistance Listing Number in **Table 11** and **Table 12** on pages 44 and 45. Except where otherwise noted, our sampling unit for testwork purposes was a payment for one week of unemployment. When our testwork on payments disclosed noncompliance with eligibility requirements that affected other payments in a claim series, we questioned costs associated with those payments too.

Conditions and Criteria

Identity Verification

Federal law requires all claimants to provide a Social Security Number as a condition of eligibility for unemployment benefits. Pursuant to federal guidance in Unemployment Insurance Program Letter 16-21, "a state must have a system to reasonably ensure that the name and Social Security Number used to establish eligibility for unemployment compensation belong to the individual filing the claim."

The department issued Pandemic benefits to claimants who failed identity verifications for Tennessee benefits

During our audit period, department management discovered that claimants who failed to pass the LexisNexis identity verification on a claim for Tennessee benefits could file a subsequent claim for Pandemic benefits and receive payments without first verifying their identity with the department. Based on review of communications between the department and the GUS vendor, the Director of UI Integrity discovered this issue in September 2020 and requested a system change to carry over unresolved identity verification issues from Tennessee claims to subsequent Pandemic claims. He also requested that the vendor retroactively apply this change to 43,133 Pandemic claims that had not started paying yet. The vendor completed final implementation of this change on October 26, 2020. In November 2020 and March 2021, however, the Director of UI Integrity identified Pandemic claims still affected by this problem, which the vendor attributed to the coding change not capturing incomplete claims. The vendor retroactively corrected an additional 258 claims.

Initial federal guidance for the Pandemic program instructed states to rely on claimants' self-certifications of eligibility for Pandemic benefits but to perform monitoring activities for Pandemic claims for suspicious activity and request supporting documentation to address indicators of fraud. Without identity verification failures carrying over to Pandemic claims, the department lacked an effective internal control to detect and prevent payment on fraudulent claims. The department paid approximately $381 million in Pandemic benefits on over 152,000 claims before the vendor implemented corrective coding changes in October 2020. Management lacked the manpower to feasibly determine which of those active claims had prior identity verification issues and suspend future payment on those claims pending confirmation of the claimant's identity. As a result, neither we nor management had sufficient information to calculate questioned costs associated with Pandemic identity theft.

Department personnel did not verify claimant identities prior to payment resulting in questioned costs

We performed testwork on a sample of GUS work items for failed LexisNexis identity verifications and a sample of GUS work items for failed Social Security Administration identity verifications to determine whether department personnel reviewed proof of identity documentation prior to issuing payment on the claim. Based on our testwork, we found GUS released payment on claims with failed identity verification issues without prior review and approval by department personnel. We provide the details of our testwork, including the results of our review, in **Table 3**.

Table 3
Identity Verification Work Item Testwork Results

Description	Total Population of Work Items	Work Items Tested	Work Items with Unverified Identities
LexisNexis identity verification work items	212,068	60	11
Social Security Administration identity verification work items	39,568	60	1

Because our review focused on management's control activities related to work items processed by staff and information systems and not on claimant payment amounts, we did not question costs related to identity verification from our LexisNexis and Social Security Administration testwork.

We also tested samples of Tennessee, Ex-Service and Ex-Federal, Pandemic, and Disaster weekly benefit payments for compliance with subprogram eligibility requirements. This testwork identified payments to claimants who had failed LexisNexis or Social Security Administration identity verification but department personnel did not review documentation to manually verify these claimants' identities prior to payment. See **Table 4** for the results of our testwork.

Table 4
Identity Verification Testwork Results

Subprogram	Total Population of Payments		Payments Tested		Payments to Claimants with Unverified Identities	
	Number	Dollar Amount	Number	Dollar Amount	Number	Dollar Amount
Tennessee	4,124,874	$863,038,602	60	$12,489	0	-
Ex-Service and Ex-Federal	21,065	$4,998,066	60	$19,683	5	$51,358
Pandemic	3,001,442	$466,469,215	60	$10,920	15	$123,470
Disaster	1,415	$193,242	41[4]	$5,339	0	-

Immigration Verification

State and federal law prohibits payment of unemployment benefits to non-citizens who are not lawfully permitted to work in the United States. The department collects citizenship information from all claimants via the initial application for benefits. In accordance with federal guidance issued in Unemployment Insurance Program Letter 12-03, GUS interfaces with the U.S. Citizenship and Immigration Services databases to verify the lawful immigration status of non-citizen claimants.

Department personnel did not verify claimant immigration status prior to payment

From the population of 12,706 immigration work items generated in fiscal year 2021, we tested a random nonstatistical sample of 60 work items to determine whether department personnel reviewed documentation to verify the lawful immigration status of non-citizen claimants prior to approving the claim for payment. Based on our testwork, the department issued payments on claims with unverified immigration status for 3 of 60 (5%) work items. This occurred when department personnel approved a claim for payment even though the claimant did not provide proof of lawful immigration status **or** when GUS did not function as expected and automatically approved claims for payment despite the presence of unresolved immigration issues.

Because our review focused on control activities related to management's process to handle work items processed by staff and information systems and not on claimant payment amounts, we did not question costs related to immigration verification testwork.

Monetary Eligibility

To qualify for benefits, claimants must meet monetary eligibility criteria established in state and federal law, including work history and past earnings requirements. Monetary eligibility law also

[4] The department issued DUA benefits to 123 claimants in fiscal year 2021. Because of the program's small size, we determined we had obtained sufficient appropriate audit evidence to support our conclusions after testing 41 claimants instead of 60 as we did with other subprograms.

determines a claimant's weekly benefit amount. Our audit work disclosed conditions relating to noncompliance with monetary eligibility requirements in all unemployment subprograms.

Claimants received incorrect weekly benefit amounts from the Tennessee, Extended, and Pandemic Extension programs

Eligible Tennessee, Ex-Federal and Ex-Service, Extended, and Pandemic Extension claimants received a weekly benefit amount ranging from $30 to $275, based on average wages of at least $780.01 from the claimant's two base period quarters with the highest total earnings. Section 50-7-301(b), *Tennessee Code Annotated*, provides a schedule of average high quarter earnings ranges and the corresponding weekly benefit amount for Tennessee claimants. In accordance with federal law, the department applies the formula in state law to determine weekly benefit amounts for eligible Ex-Federal and Ex-Service, Extended, and Pandemic Extension claimants.

We obtained the populations of Tennessee, Ex-Federal and Ex-Service, Extended, and Pandemic Extension payments the department issued in fiscal year 2021 and used data analytics to identify high-risk payments for monetary eligibility testwork. We used base period wage data for each claimant to recalculate the weekly benefit amount for each payment and compared our calculation to the department's weekly benefit amount calculation. We separated our results into three groups and assigned a risk level to each:

	Risk Level
1. **Match:** Our weekly benefit amount recalculation matched the department's calculation. The payments in this group appeared to meet monetary eligibility requirements.	**Low**
2. **Different Weekly Benefit Amount:** Our weekly benefit amount recalculation differed from the department's calculation.	**High**
3. **Insufficient Base Period Wages:** We could not recalculate a weekly benefit amount because the claimant did not appear to have at least of two quarters of base period wages on record.	**High**

See **Table 5** for the results of our data analytics-based risk assessment of payments for monetary eligibility compliance.

Table 5
Identification of High-Risk Payments through Data Analysis
Tennessee, Ex-Federal/Ex-Service, Extended, and Pandemic Extension Payments

Group	Subprogram			
	Tennessee	Ex-Federal/ Ex-Service	Extended	Pandemic Extension
Total Number of Payments	4,124,874	21,065	27,560	2,185,856
Total Dollar Amount	$863,038,603	$4,998,066	$6,262,747	$433,050,355
Match				
Number of Payments	3,753,363	18,870	26,193	2,122,649
% of Total	91%	94%	95%	97%
Dollar Amount	$817,265,283	$4,686,957	$6,086,835	$422,695,099
Different Weekly Benefit Amount				
Number of Payments	370,609	2,160	1,359	57,426
% of Total	9%	6%	5%	2%
Dollar Amount	$45,636,546	$304,162	$174,904	$9,156,269
Insufficient Base Period Wages				
Number of Payments	902	35	8	5,781
% of Total	<1%	<1%	<1%	<1%
Dollar Amount	$136,774	$6,947	$1,008	$1,198,987

The items in the **Match** group appeared to meet monetary eligibility requirements, so we identified these items as low risk and performed no further audit work on these results. From the high-risk groups, **Different Weekly Benefit Amount** and **Insufficient Base Period Wages**, we selected random nonstatistical samples of *Tennessee*, *Ex-Federal* and *Ex-Service*, *Extended*, and *Pandemic Extension* payments for testwork. We reviewed documentation in GUS for each payment to explain differences between the department's weekly benefit amount determination and our recalculated amount.

Our testwork in the **Different Weekly Benefit Amount** group for *Extended* and *Pandemic Extension* payments disclosed inaccurate weekly benefit amount determinations, resulting in claimants receiving overpayment and underpayment of benefits, with total questioned costs of $37,813. Our testwork in this group for *Tennessee*, *Ex-Federal*, and *Ex-Service* payments resulted in no errors. Instead, we found allowable adjustments, corrections, and reductions in benefits due to declared earnings explained the differences between the department's weekly benefit amount determination and our recalculation.

Based on our testwork in the **Insufficient Base Period Wages** group, we identified *Tennessee* and *Extended* payments to claimants who did not meet monetary eligibility criteria for those subprograms, resulting in total questioned costs of $15,101. Our testwork in this category for *Ex-Federal*, *Ex-Service*, and *Pandemic Extension* payments resulted in no errors. Instead, we found additional support in GUS to substantiate claimants' monetary eligibility for those benefits.

See **Table 6** for the results of **Different Weekly Benefit Amount** and **Insufficient Base Period Wages** testwork.

Table 6
Results of Monetary Eligibility Different Weekly Benefit Amount Testwork
Tennessee, Ex-Federal/Ex-Service, Extended, and Pandemic Extension Payments

Testwork and Subprogram	Payments Tested		Payments with Monetary Eligibility Compliance Errors			
	Number	Dollar Amount	Number	%	Total $ Overpaid	Total $ Underpaid
Different Weekly Benefit Amount						
Tennessee	25	$4,611	-	-	-	-
Ex-Federal/Ex-Service	25	$3,443	-	-	-	-
Extended	60	$7,416	3	5%	$919	$7
Pandemic Extension	60	$9,770	10	17%	$314	$139
Insufficient Base Period Wages						
Tennessee	25	$3,618	12	48%	$2,093	-
Ex-Federal/Ex-Service	35	$6,947	-	-	-	-
Extended	8	$1,008	7	88%	$1,008	-
Pandemic Extension	25	$5,127	-	-	-	-

Claimants received Disaster and Pandemic benefits without providing evidence of past employment, and the department did not adjust weekly benefit amounts to reflect claimants' past earnings, resulting in questioned costs

Federal law directs states to calculate weekly benefit amounts for Disaster and Pandemic claimants based on the same formula as the state's regular unemployment program. Furthermore, federal law stipulates that eligible Disaster and Pandemic claimants are entitled to a minimum weekly benefit amount equal to 50% of the state's average weekly benefit amount—regardless of prior earnings history. The U.S. Department of Labor determines 50% of each state's average weekly benefit amount quarterly. In Tennessee, minimum weekly benefit amounts were

- $120 for Pandemic claimants and for Disaster claimants affected by the March 2020 tornado in Middle Tennessee,
- $121 for Disaster claimants affected by the April 2020 tornadoes in Southeast Tennessee, and
- $109 for Disaster claimants affected by the March 2021 storms in Middle Tennessee.

Disaster claimants must submit documentation of their employment and self-employment so that department staff can review evidence of prior earnings to determine the appropriate weekly benefit amount. Disaster claimants who fail to submit this documentation within 21 calendar days of filing are ineligible for benefits. Claimants who submit evidence of employment or self-employment which does include past earnings amounts are eligible only for the minimum weekly benefit amount from the Disaster program.

For the Pandemic program, initial federal guidance issued in April 2020 did not require claimants to submit documentation as evidence of prior employment or self-employment. Instead, the U.S. Department of Labor instructed states to allow claimants to self-attest to their employment history and base period earnings. Under these guidelines, claimants who wished to qualify for more than the weekly Pandemic benefit amount of $120 were to provide documentation to substantiate their self-attested past earnings within 21 days.

In January 2021, the U.S. Department of Labor issued more stringent guidance to states regarding administration of the Pandemic program. Under the new rules,

- claimants who filed a new claim for Pandemic benefits on or after January 31, 2021, were required to submit documentation substantiating employment or self-employment within 21 days of application; and
- claimants who had an existing Pandemic claim as of December 27, 2020, were required to submit documentation substantiating employment or self-employment within 90 days.

From the population of 3,001,442 Pandemic payments totaling $466,469,215 and the population of 1,415 Disaster payments totaling $193,242 the department issued in fiscal year 2021, we selected nonstatistical, random samples from each program to determine compliance with monetary eligibility requirements. Based on our testwork, the department paid claimants who failed to submit required documentation and paid incorrect amounts of Disaster and Pandemic benefits:

- The department issued 27 of 60[5] of Pandemic payments tested (45%) and 28 of 41 Disaster payments tested (68%) to claimants who did not submit evidence of prior employment or self-employment within the required timeframe. This condition resulted in federal questioned costs of $521,289.
- The department assigned incorrect weekly benefit amounts for 11 of 41 Disaster payments tested (27%). These claimants received weekly benefit amounts ranging from $120 to $155, despite providing documentation to substantiate monetary eligibility for higher weekly benefit amounts. Ultimately we did not question costs on this condition because despite the incorrect weekly benefit amount determination, we found that all 11 claimants failed to satisfy non-monetary Disaster eligibility requirements, and thus were not entitled to any Disaster payments.
- The department assigned incorrect weekly benefit amounts for 9 of 60 Pandemic payments tested (15%). Seven claimants received more than the minimum weekly benefit amount despite providing no proof of past earnings to substantiate the higher amount, resulting in questioned costs of $36,580. Two claimants were underpaid a total of $5,903 because they received the minimum weekly benefit amount despite providing documentation to support a higher entitlement.

[5] Our initial sample of 60 included 7 payments on claims that ended before claimants were required to provide documentation of past employment. We discarded those 7 payments from our sample and replaced them with payments on claims for which the new rules applied.

Claimants received Disaster, Pandemic, and Pandemic Extension payments while concurrently claiming or eligible for benefits from other unemployment programs, resulting in questioned costs

As a condition of eligibility, the Disaster, Pandemic, and Pandemic Extension programs require that the claimant is not qualified for benefits under any other state or federal unemployment program. For the Disaster program, this is articulated in 20 CFR 625.4, which states,

> An individual shall be eligible to receive a payment of DUA [Disaster benefits] with respect to a week of unemployment, in accordance with the provisions of the Act and this part if . . .
>
> (i) The individual is not eligible for compensation . . . for such week under any other Federal or State law.

Likewise, 15 USC 9021(3)(A)(i) stipulates that Pandemic benefits are payable to individuals who are "not eligible for regular compensation or extended benefits under State or Federal law." Furthermore, 15 USC 9025(a)(2) establishes,

> The State will make payments of pandemic emergency unemployment compensation to individuals who —
>
> (A) have exhausted all rights to regular compensation under the State law or under Federal law with respect to a benefit year (excluding any benefit year that ended before July 1, 2019);
>
> (B) have no rights to regular compensation with respect to a week under such law or any other State unemployment compensation law or to compensation under any other Federal law. . .

We compared the population of 1,415 Disaster payments the department issued in fiscal year 2021 to payments issued under the department's other unemployment programs during the same period. This analysis disclosed 62 Disaster payments that appeared to be issued concurrently with other unemployment benefits. We performed testwork and found in 56 of 62 payments tested, claimants received simultaneous Disaster and Tennessee, Pandemic, or Pandemic Extension benefits for the same weeks of unemployment. Federal law prohibits claimants from collecting concurrent benefits from these programs, and we identified federal questioned costs totaling $41,516 arising from these claims.

We selected nonstatistical random samples from the populations of Pandemic, Disaster, and Pandemic Extension payments issued in fiscal year 2021 to test claimants' eligibility for benefits from other programs. Based on our testwork, the department paid 2 of 60 Pandemic payments tested (3%) and 5 of 41 Disaster payments tested (12%) to claimants who had sufficient base period earnings to qualify for Tennessee benefits. Under federal law, claimants must exhaust all rights to Tennessee benefits before claiming Pandemic or Disaster benefits.

We also found that for 1 of 60 Pandemic Extension payments tested (2%), claimants were eligible to claim regular unemployment benefits in other states, and should have exhausted these benefit sources before receiving Pandemic Extension payments in Tennessee.

Ineligible claimants received Pandemic Supplement and Lost Wages benefits, and claimants received duplicate payments and incorrect weekly benefit amounts, resulting in questioned costs

According to 15 USC 9023(b)(3)(A) and U.S. Department of Labor guidance set forth in Unemployment Insurance Program Letter 15-20, claimants who received at least $1 of benefits from Tennessee, Ex-Federal, Ex-Service, Pandemic Extension, Pandemic, or a Trade Readjustment Allowance program[6] for a week of unemployment were eligible for a supplementary Pandemic Supplement benefit of either $600 or $300, as applicable (see **Table 1**).

An August 8, 2020, Presidential memorandum entitled *Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019* set forth eligibility requirements for supplementary payments of $300 to unemployed workers through the Lost Wages program. A core requirement was that claimants must receive at least $100 from Tennessee, Ex-Federal, Ex-Service, Pandemic, Extended, or Trade Readjustment Allowance programs to qualify for a Lost Wages payment for that week.

We obtained the populations of Pandemic Supplement and Lost Wages payments the department issued in fiscal year 2021 and used data analytics to identify payments that did not have a corresponding minimum amount of non-supplementary unemployment benefits (see **Table 7** for the results of our data analytics).

Table 7
Results of Pandemic Supplement and Lost Wages Data Analytics

Subprogram	Population		Supplementary Payments With Sufficient Other Benefits		Supplementary Payments Without Sufficient Other Benefits	
	Number	Dollar Value	Number	Percentage	Number	Percentage
Pandemic Supplement	5,286,975	$2,184,780,927	5,285,746	>99%	1,229	<1%
Lost Wages	1,487,251	$446,144,550	1,450,533	98%	36,718	2%

We then tested nonstatistical, random samples of 60 Lost Wages payments and 60 Pandemic Supplement payments from the population of Supplementary Payments Without Sufficient Other Benefits to determine compliance with eligibility criteria. Our testwork of Lost Wages benefits resulted in no errors.

For the Pandemic Supplement program, we found the department issued 6 of 60 payments for incorrect benefit amounts. These comprised

[6] The Pandemic Supplement program increased unemployment benefits for eligible claimants who received at least $1 from the following Unemployment Insurance programs: Tennessee Unemployment Compensation, Unemployment Compensation for Federal Employees, Unemployment Compensation for Ex-Servicemembers, Pandemic Emergency Unemployment Compensation, Pandemic Unemployment Assistance, Extended Benefits, Trade Readjustment Allowances, and Disaster Unemployment Assistance.

- 5 payments to claimants whose weekly benefits were either not applied to unpaid overpayment debts or were not applied to the correct benefit category, resulting in overpaid benefits totaling $655 and underpaid benefits totaling $335; and
- 1 payment to a claimant who received $2,100 in additional Pandemic Supplement benefits for a week of unemployment instead of $600.

We performed additional data analytics on the population of Pandemic Supplement benefits to determine whether the department issued the correct weekly benefit amount each week, in accordance with the schedule exhibited in **Table 1**. Our analytics disclosed 136,282 payments totaling $12,371,428 that did not appear to be for the correct amount of $600 or $300, as applicable. We selected a random nonstatistical sample of 60 payments from these results for testwork. We found for 5 of 60 Pandemic Supplement payments tested (8%), the department issued the incorrect benefit amount, resulting in overpaid benefits totaling $3,046.

Claimants received Mixed Earner benefits without providing evidence of past earnings from self-employment

The U.S. Department of Labor issued operating guidance for the Mixed Earner program in Unemployment Insurance Program Letter 15-20 change 3, which states,

> Individuals who apply for MEUC [the Mixed Earner program] are required to submit documentation substantiating their self-employment income for purposes of the state determining their eligibility for MEUC . . . Individuals may submit this documentation at any time while the MEUC program is in effect . . . However, until the individual provides the documentation and the state can determine that it substantiates that the amount of self-employment income meets MEUC eligibility requirements, MEUC payments may not begin.

The federal guidance further established that claimants should provide a copy of their income tax return for the most recently completed tax year prior to application for regular unemployment benefits. Acceptable documentation also includes pay stubs, bank receipts, business records, accounting ledgers, invoices, and billing statements that substantiate self-employment income of at least $5,000 for the most recent tax year.

We obtained the population of 763 Mixed Earner payments totaling $76,300 the department issued to 99 claimants in fiscal year 2021. We tested a sample of 60 claimants for compliance with Mixed Earner eligibility requirements. Based on our testwork, the department issued Mixed Earner benefits to 50 of 60 claimants tested (83%) without verifying evidence of self-employment earnings.

Non-Monetary Eligibility

Along with monetary eligibility requirements, claimants must meet non-monetary eligibility criteria to qualify for unemployment benefits. For most programs, individuals must have had lost their job through no fault of their own to receive unemployment benefits. For Disaster benefits, claimants must be unemployed as a direct result of a federally declared natural disaster and must file for and collect benefits within a prescribed period of time. Our audit work disclosed conditions relating to noncompliance with non-monetary eligibility requirements in the Tennessee and Disaster subprograms.

Department personnel did not manually review and approve claims for Tennessee benefits to ensure claimants lost their jobs through no fault of their own, resulting in questioned costs

Under Section 50-7-303(a), *Tennessee Code Annotated,* conditions render claimants ineligible for Tennessee benefits, such as voluntarily quitting work, and termination from work for misconduct. When a claimant's job loss is for reasons other than lack of work, department personnel must adjudicate (manually determine eligibility on) claims by reviewing information from the claimant and the claimant's most recent employer to assess whether the claimant is unemployed through no fault of their own.

From the population of 4,124,874 Tennessee payments totaling $817,265,283 issued in fiscal year 2021, we selected a nonstatistical, random sample of 60 payments to determine whether claimants met non-monetary eligibility criteria. Based on our testwork, 14 of 60 payments (23%) related to claims the department automatically approved despite indicators of potentially disqualifying separations from employment requiring adjudication that resulted in $226,178 in questioned costs These included

- 6 payments on claims where the employer disputed the claimant's separation reason,
- 5 payments on unadjudicated quit claims,
- 2 payments on unadjudicated discharge claims, and
- 1 payment on a claim where both the claimant and employer represented that the claimant was still employed.

Claimants received Disaster benefits for job loss unrelated to an eligible major disaster, did not file timely for benefits, and received payments outside the allowable period, resulting in questioned costs

According to 20 CFR 625.5, Disaster benefits are payable to workers whose unemployment is caused by a Presidentially declared major disaster. This means that the claimant, as a direct result of a major disaster,

- is unable to reach his or her place of employment or self-employment,
- is unable to commence employment or self-employment,
- has become the breadwinner for a household because the head of the household died as a result of the disaster, or
- cannot work because of an injury caused by the disaster.

Furthermore, 20 CFR 625.4 states that eligible individuals are entitled to receive a payment of Disaster benefits for each week of unemployment occurring during a disaster assistance period. Federal regulations define this period as beginning with the first week following the date the major disaster began, and ending with the 26th week after the major disaster was declared.

On filing deadlines, 20 CFR 625.8(a) states,

> An initial application for DUA [Disaster benefits] shall be filed by an individual with the State agency of the applicable State within 30 days after the announcement date of the major disaster as the result of which the individual became unemployed . . . An initial application filed later than 30 days after the announcement date of the major disaster shall be accepted as timely by the State agency if the applicant had good cause for the late filing.

We obtained the populations of 1,415 Disaster payments the department issued in fiscal year 2021 and used data analytics to identify payments to claimants who did not file for Disaster benefits within 30 days of the announcement of the major disaster and who received Disaster benefits after the end of the disaster assistance period. We then performed further testwork on each payment that, based on our analytics, did not appear to comply with the requirements of the Disaster program. See **Table 8** for the results of our analytics and **Table 9** for the results of our subsequent testwork.

Table 8
Identification of High-Risk Disaster Payments through Data Analysis

Payments Analyzed	Claim Filed Late Without Evidence of Good Cause		Payments Outside the Disaster Assistance Period	
	Number of Payments	Percentage of Total Payments	Number of Payments	Percentage of Total Payments
1,415	43	3%	24	2%

Table 9
Disaster Payment Timely Filing and Disaster Assistance Period Testwork Results

Testwork Description	Payments Tested	Number of Errors
Claim filed late without evidence of good cause	41[7]	35
Payments for weeks of unemployment after the disaster assistance period	24	23

We also selected a random, nonstatistical sample of 41 payments from the population of 1,415 Disaster payments the department issued in fiscal year 2021 to test compliance with other aspects of Disaster non-monetary eligibility. Based on our testwork, for 30 of 41 payments tested (73%), claimants whose unemployment was not the direct result of an applicable major disaster received Disaster benefits. Most of these claimants attested that their unemployment was affected by the COVID-19 pandemic, which does not qualify as a major disaster for Disaster eligibility purposes.

Our audit work on Disaster payments non-monetary eligibility resulted in questioned costs totaling $338,983.

[7] Our data analytics results included two claimants whom we tested and found noncompliant with timely filing requirements in our prior year audit; we did not retest these claimants during the current audit.

Weekly Certifications

Section 50-7-302(a)(4), *Tennessee Code Annotated,* requires claimants to demonstrate they are "able to work, available for work, and making a reasonable effort to secure work" each week. Claimants attest that they are able to work and available for work on their weekly certification for benefits. Claimants must demonstrate they are making an effort to secure work by documenting contact with at least three employers on their weekly certification, or by accessing career services at an American Job Center.

State law exempts certain claimants from these requirements, such as those participating in department-approved training. Federal law exempted claimants from performing work searches if they were unable to do so for an approved COVID-19 related reason. This law also modified work search expectations for self-employed individuals claiming benefits under the Pandemic program. Furthermore, Governor Bill Lee suspended the ability to work and work search requirements for all claimants for part of the fiscal year, effective March 19, 2020, through October 4, 2020.

Claimants received benefits for weeks they did not qualify for unemployment because they were unable to work, unavailable to work, or not actively seeking work, resulting in questioned costs

We selected random, nonstatistical samples from the populations of Tennessee, Ex-Federal and Ex-Service, Disaster, Extended, and Pandemic Extension benefits paid in fiscal year 2021 to test for compliance with weekly certification requirements. Based on our testwork, the department issued benefits to claimants who were not able to work and available to work, and claimants who failed to fulfill work search requirements and did not have a qualifying exemption. We identified questioned costs totaling $99,335 for improper payments to claimants who were not able for and available to work, and questioned costs totaling $10,115 for improper payments to claimants who did not complete required work search activities. See **Table 10** for the results of our testwork.

Table 10
Weekly Certification Testwork Results – Able, Available, and Actively Seeking Work
Tennessee, Ex-Federal and Ex-Service, Disaster, Extended, and Pandemic Extension Benefits

Subprogram	Population of Payments	Number of Payments Tested	Payments to Claimants Not Able for and Available to Work		Payments to Claimants for Weeks Without Work Search Activities	
			Number	Percentage	Number	Percentage
Tennessee	4,124,874	60	-	-	3	5%
Ex-Federal/ Ex-Service	21,065	60	-	-	16	27%
Disaster	1,415	41	40	98%	5	12%
Extended	27,560	60	2	3%	7	12%
Pandemic Extension	2,185,856	60	-	-	-	-

Overpayments

The U.S. Department of Labor requires state Benefit Payment Control units to implement certain processes to detect improper payments in regular, temporary, and pandemic Unemployment Insurance programs. These include cross-matches of payments to the national directory of new hire data and quarterly wage records.

Furthermore, in May and August 2020, the U.S. Department of Labor issued guidance encouraging states to implement other methods and strategies to deter and prevent fraud, including cross-matches of payments to vital statistics records and the State Directory of New Hires.

Additionally, 29 CFR 99.300 establishes,

> The auditee shall . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Benefits paid on claims filed under identities belonging to deceased individuals

We obtained the population of 2,466 work items created in fiscal year 2021 arising from the department's cross-match of unemployment payment data with Tennessee Department of Health vital statistics records. These work items direct Benefit Payment Control auditors to investigate payments issued to deceased individuals and stop future payments on those claims.

We also obtained all vital statistics records from the Tennessee Department of Health and performed our own cross-match between these records and unemployment payments issued in fiscal year 2021. Historically, we have encountered data reliability issues with state vital statistics records, so with the support and permission of department management we used the U.S. Department of Treasury's Do Not Pay service to validate the death dates of claimants who appeared in our cross-match against federal databases. The Do Not Pay service provided conclusive or probable death validation for 93 claimants. We then performed testwork by comparing these 93 claimants to the department's work items to ascertain whether the department detected benefits paid to deceased individuals.

We removed 4 of the 93 claimants from testing after we determined that those claimants had miskeyed their Social Security numbers, resulting in false positive matches to vital statistics records. Those claimants subsequently provided the department supporting identity documentation to correct their Social Security numbers. Of the remaining 89, we found 41 deceased claimants who did not appear in the department's own vital statistics cross-match.

We determined that most of these individuals died before an unemployment claim was filed in their name, indicating identity theft. The department's mechanism to prevent filing of claims under deceased identities is the Social Security Administration and LexisNexis procedures described in the **Identity Verification** section of this finding. In these cases, however, Social Security Administration or LexisNexis controls were not effective for one of three reasons:

- the controls timed out during the claims filing process and did not generate an issue preventing payment on the claim;
- the automated controls generated an issue on the claim to prevent payment; however, GUS inappropriately resolved the issue automatically instead of routing the claim to department personnel for manual review; or
- the automated controls generated an issue on the claim and routed the claim to department personnel for manual review, but allowed the claim to begin paying immediately.

Furthermore, the department relies on identity verification procedures to prevent payment to identities that are already deceased at the time of initial filing. As a result, Benefit Payment Control's vital statistics cross-match is programmed only to find claimants who died *while* actively claiming benefits.

We identified questioned costs totaling $410,709 for improper payments collected using the identities of deceased individuals.

Questioned Costs

We questioned costs for improper payment of Unemployment Insurance benefits totaling $1,932,148 as shown in **Table 11** and **Table 12**. This amount encompasses federal questioned costs for improper Extended, Disaster, Pandemic, Pandemic Extension, Mixed Earner, Lost Wages, and Pandemic Supplement benefits totaling $1,840,953, and state questioned costs for improper payments from the state trust fund for Tennessee, Ex-Service, and Ex-Federal benefits totaling $91,195.

Table 11
Unemployment Insurance Eligibility Questioned Costs

Eligibility Criteria	Tennessee	Ex-Federal/ Ex-Service	Pandemic	Disaster	Extended	Pandemic Extension	Mixed Earner	Lost Wages	Pandemic Supplement
Identity Verification									
Department issued Pandemic benefits to claimants who failed identity verifications for Tennessee benefits	-	-	-	-	-	-	-	-	-
Department personnel did not verify claimant identities prior to payment	-	$20,158	$53,570	-	-	-	-	$12,600	$88,500
Immigration Verification									
Department personnel did not verify claimant immigration status prior to payment	-	-	-	-	-	-	-	-	-
Monetary Eligibility									
Incorrect weekly benefit amounts	-	-	$36,580	-	$919	$314	-	-	-
Insufficient base period wages	$2,093	-	-	-	$1,008	-	-	$1,200	$10,800
No documentation of past employment/earnings	-	-	$88,785	$66,378	-	-	$38,800	-	$366,126
Concurrent benefits from other programs	-	-	$5,040	$4,441	-	$535	-	$4,200	$27,300
Claimant did not exhaust regular unemployment compensation	-	-	-	-	-	$3,880	-	-	$3,000
Ineligible and duplicate additional pandemic payments	$453	-	$271	-	-	-	-	-	$4,477
Non-Monetary Eligibility									
Disqualifying and potentially ineligible separations	$58,278	-	-	-	-	$45,200	-	$15,300	$107,400
Disaster claimants not affected by an eligible major disaster	-	-	-	$17,318	-	-	-	-	$57,600
Disaster application filed late and payments outside the disaster assistance period	-	-	-	$69,065	-	-	-		$195,000
Weekly Certifications									
Claimants not able to work and available for work	-	-	-	$24,275	$3,660	-	-	-	$71,400
Claimants did not complete required work searches	$825	$3,859	-	-	$1,608	$223	-	-	$9,000
Overpayments									
Deceased individuals	$5,529	-	$133,380	-	-	-	-	-	$271,800
Totals:	**$67,178**	**$24,017**	**$317,626**	**$181,477**	**$7,195**	**$50,152**	**$38,800**	**$33,300**	**$1,212,403**

Table 12
Summary of Unemployment Insurance Eligibility Questioned Costs by Funding Source

Federal Assistance Listing Number	Program	Funding Source	Total Questioned Costs
17.225	Tennessee	State unemployment trust fund[8]	$67,178
	Ex-Federal/Ex-Service		$24,017
	Pandemic	Federal	$317,626
	Extended		$7,195
	Pandemic Extension		$50,152
	Pandemic Supplement		$1,212,403
	Mixed Earner		$38,800
97.034	Lost Wages		$33,300
97.050	Disaster Unemployment		$181,477
		Grand Total:	**$1,932,148**

Cause

As noted in our prior audit findings related to Unemployment Insurance eligibility, department management did not design and implement internal controls, including controls integrated in its information systems, that ensured compliance with federal regulations. The existing control structure did not address the risks associated with the number, timing, nature, and complexity of the federal programs overseen by the department and the volume of applicants for these programs. Specifically, the internal control structure was not designed to manage the number of temporary programs implemented due to the pandemic and natural disasters in addition to changes in federal guidance for regular programs.

According to management, the department had to assess and respond to the risk of providing benefits to ineligible claimants against the risk of not providing timely benefits to eligible claimants. Additionally, the department's operating environment was subject to frequent change due to new federal programs and changing federal guidance. Since March 2020, department management reacted to new known deficiencies by reporting over 1,000 incidents (unexpected system behaviors) and requesting over 800 data corrections, and worked with the vendor to identify and correct claims processing issues. These corrections, however, did not always address the root cause of system incidents, and the department encountered recurring problems in GUS that the vendor had previously told management were fixed.

Additionally, to respond to the increased volume of applications, including the number of cases of extensions beyond 26 weeks, management increased the department's available resources by contracting with temporary staffing agencies to manage the volume of applications.

[8] The department pays Tennessee, Ex-Federal, and Ex-Service benefits from the state's unemployment trust fund. Tennessee employers contribute to this trust fund in the form of unemployment payroll taxes; therefore, these are not considered federal questioned costs.

Effect

Without internal control processes designed to address and adapt to periods of high unemployment, the department increases the risk of improper payments to ineligible claimants. By not ensuring the vendor identifies and takes corrective action to fix claims processing errors within GUS, department management increases the risk of information systems controls not operating as designed or achieving the desired result.

Additionally, federal regulations address actions that federal agencies may impose if a state entity does not comply with the U.S. Constitution, federal statutes, regulations, or the terms and conditions of a federal award. According to 2 CFR 200.208(c), "Specific conditions," these actions may include

- requiring reimbursement instead of advance payments;
- not allowing the agency to proceed to the next phase until it submits evidence of acceptable performance;
- requiring additional, more detailed financial reports or additional project monitoring;
- requiring the agency to obtain technical or management assistance; or
- establishing other prior approvals.

If the federal agency determines the state agency cannot remedy its noncompliance through the above actions, 2 CFR 200.339, "Remedies for noncompliance," outlines additional actions the federal agency may take. Depending on the circumstances, these actions may include

- temporarily withholding payments until the noncompliance has been corrected,
- denying the use of funds,
- partly or fully suspending or terminating the federal award,
- suspending or debarring the agency,
- withholding further awards for the project or program, or
- pursuing other available legal remedies.

Recommendation

The Commissioner of Labor and Workforce Development should work with Unemployment Insurance program management to design and implement internal controls to mitigate the risks of improper payments to ineligible claimants. Such internal controls should ensure the department complies with state and federal program requirements. Management should review the exceptions identified and, when appropriate, disqualify ineligible claimants and initiate recovery of improper payments.

Management must work with their vendor partner to identify and implement any necessary coding changes to retroactively correct improper system handling of claims and benefit payments. Management should ensure information system controls operate as designed and achieve the desired result and ensure their vendor partner takes appropriate action to remedy any deficiencies. Although management demonstrated ongoing monitoring of information systems operations by identifying deficiencies and requesting the necessary corrective actions, we identified further deficiencies within the GUS system and its operations; therefore, management should direct the vendor to increase the testing of changes to the system and direct the vendor to make necessary changes for ongoing system deficiencies.

Management's Comment

We concur. From the start of the pandemic thru the end of the period of performance, June 30th, 2021, the department received 1,232,976 initial claims. That number does not include PEUC or EB claims. In the previous seven years, 2013 through 2019, the department received a combined, seven-year, total of 1,346,376 initial claims. There were no federal programs during that time. Stated concisely, TDLWD received seven years' worth of work from the onset of the pandemic.

At the beginning of the pandemic, the department was staffed for a 3.5 percent unemployment rate. Therefore, in TN, adjudicators are the sole merit staff with the training and qualifications to issue determinations on claims. The number of adjudicators fluctuated between 45 and 75 during the performance period. Due to the volume of claims, TDLWD was forced to forgo traditional claims processing methods; otherwise, we would still be processing claims from April 2020 in March of 2022. Instead, the department used the system to process and adjudicate many of the claims and get money to people who desperately needed it. The department applied business rules to the process to ensure the highest level of integrity and accuracy possible.

The department was tasked with starting up and creating a new unemployment program to allow benefits to be paid to individuals who had never before been eligible. The department had to work with the UI system Vendor to implement all federal programs, including PUA (pandemic unemployment assistance), PEUC (Pandemic Emergency Unemployment Compensation), and EB (Extended Benefits). With changing guidance from the US Department of Labor, and multiple iterations of the pandemic programs, the department was consistently required to go back and make adjustments on previously completed claims and make changes to the programs.

The department's internal controls were successful in identifying the many errors within the system and each time an error was identified, the system vendor was notified. Per the auditors, "Since March 2020, department management reacted to new known deficiencies by reporting over 1,000 incidents (unexpected system behaviors) and requesting over 800 data corrections and worked with the vendor to identify and correct claims processing issues." When these errors within the system are identified, the department notifies the vendor. The vendor then corrects the issues in a staging environment. The department tests within that environment to validate the correction has been made. It then moves to the production environment, and that same process is repeated.

This is completed by a handful of people with other duties as the department is not staffed to handle processing the number of claims received and the number of errors that occurred during this time frame. We rely on the system vendor to correct the mistakes when found, but unfortunately, these errors consistently reappear. The department cannot stop processing claims due to system errors, as demonstrated in the number of OPCs entered. The department always notifies the vendor when errors are found to correct issues. These decisions were made knowing that controls were in place to identify and correct potential errors later in the unemployment process through mechanisms such as Appeals, Benefit Accuracy Measurement (BAM), Benefit Quality and Timeliness (BTQ), quality control performed by the TRAC unit and by claims management, back-end crossmatches performed by Benefit Payment Control (BPC), and error reports such as the payment exception report.

All claims that were presented to us as potential issues have been reviewed. However, overpayments have not been created for all applicable claims. The creation of overpayments and/or the correction of issues for all applicable claims is scheduled to be completed by January 31, 2023. With the balance of wanting to pay people in need and attempting to minimize errors, the audit verified that the controls the department had in place were effective given the circumstance.

Finding Number	2021-003
Assistance Listing Number	17.258, 17.259, and 17.278
Program Name	WIOA Cluster
Federal Agency	Department of Labor
State Agency	Department of Labor and Workforce Development
Federal Award Identification Number	AA-30740-17-55-A-47, AA-32192-18-55-A-47, AA-33257-19-55-A-47, AA-34796-20-55-A-47, AA-36347-21-55-A-47
Federal Award Year	2018 through 2021
Finding Type	Material Weakness and Noncompliance
Compliance Requirement	Subrecipient Monitoring
Repeat Finding	N/A
Pass-Through Entity	N/A
Questioned Costs	N/A

Workforce Services Division management did not perform required programmatic subrecipient monitoring, did not ensure staff followed policies and procedures for programmatic subrecipient monitoring, and did not review subrecipients' Single Audits

Background

The Workforce Innovation and Opportunity Act (WIOA) cluster of federal programs helps participants overcome barriers to obtaining employment by providing education, training, job search, and other support services. The WIOA cluster consists of three core programs: Adult, Dislocated Worker, and Youth. The U.S. Department of Labor (USDOL) awards funding for these programs through formula grants to states. In Tennessee, the Workforce Services Division (WSD) within the Tennessee Department of Labor and Workforce Development administers WIOA programs.

American Job Centers

The WIOA cluster of programs provides employment services to individuals through a network of American Job Centers (AJCs).[9] Individuals may visit an AJC to determine whether they are eligible to receive services and, if so, obtain free employment assistance. The WSD awards grants to nine subrecipients, known as Local Workforce Development Boards[10] (LWDBs), to oversee the AJCs in their Local Workforce Development Area. Each LWDB serves multiple counties; contracts with a One-Stop Operator (OSO) to manage the operations of the AJCs; and appoints a Fiscal Agent who is responsible for the accounting and finances for the AJCs.

For fiscal year 2021, LWD expenditures for the WIOA Cluster totaled $49,705,534. The expenditures for each program are outlined in **Table 1**.

[9] The Workforce Investment Act of 1998 established One-Stop centers which were physical locations where individuals may visit and determine if they are eligible for employment assistance from a variety of federal programs. When WIOA repealed and replaced the Workforce Investment Act, it changed the name of One-Stop centers to American Job Centers. During the COVID-19 Pandemic, certain AJCs were closed or offered virtual services online.
[10] According to CFR 679.300, the Local Workforce Development Board "is to serve as a strategic leader and convener of local workforce development system stakeholders."

Table 1
WIOA Cluster Expenditures by Program

Program	FY21 Expenditures*	Percentage of Cluster
Adult	$16,742,507	34%
Youth	$13,593,964	27%
Dislocated Workers	$19,369,063	39%

*This is total expenditures, which includes amounts paid to subrecipients and amounts spent on statewide activities.
Source: Auditor prepared from LWD's FY21 Schedule of Expenditures of Federal Awards.

Condition, Criteria, and Cause

WSD Staff Did Not Perform Programmatic Monitoring

WSD had a *Monitoring Guide* for program year 2020–2021 which addresses the responsibility for and frequency of monitoring. According to the *Monitoring Guide*:

- WSD staff must perform quarterly desktop programmatic reviews,[11] and
- WSD staff must perform annual on-site programmatic reviews.

According to the Workforce Services Director, WSD staff follow the *USDOL Employment and Training Administration (ETA) Core Monitoring Guide* to conduct programmatic monitoring reviews. The *ETA Core Monitoring Guide* includes comprehensive monitoring activities designed to "evaluate the management and administration of the grant, the quality of the program and/or services, and the performance of the grant to determine if the program is operating in compliance with the grant agreement and in a manner that ensures achievement of its goals and outcomes." The guide also includes checklists and forms to document the monitoring activities.

Based our discussions with management and our review of available documents we found the following:

- WSD staff did not conduct any programmatic monitoring of subrecipients for the Adult and Youth programs, which made up 61% of the WIOA Cluster expenditures.
- WSD did not conduct on-site programmatic monitoring of subrecipients for the Adult, Youth, or Dislocated Worker programs.
- WSD staff conducted desktop programmatic monitoring reviews of subrecipients for the Dislocated Worker program in quarter 3; however, staff are required to conduct monitoring in all four quarters.
- When WSD staff conducted the 3rd quarter Dislocated Worker programmatic monitoring reviews, they did not follow the *ETA Core Monitoring Guide*.

[11] WSD staff are responsible for monitoring the subrecipient's programmatic activities for the WIOA cluster programs, such as eligibility determinations, and PAR Unit staff are responsible for monitoring fiscal related activities, such as reviewing expenditures to ensure they comply with federal requirements.

Title 29, *United States Code*, Chapter 32, Section 3244(a)(4), "Monitoring," states, "Each Governor of a State shall conduct on an annual basis onsite monitoring of each local area [LWDAs] within the State to ensure compliance with uniform administrative requirements…" Pursuant to the Office of Management and Budget's *Uniform Grant Guidance* and Title 2, *Code of Federal Regulations* (CFR), Part 200, Section 332, "Requirements for Pass Through Entities," LWD is required to monitor the LWDAs' activities "as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved."

Additionally, "Administrative Provisions under Title I of the Workforce Innovation and Opportunity Act," Title 20, *Code of Federal Regulations*, Part 683, Section 410(b), states that the Governor is responsible for developing the State monitoring system, which must

1. provide for annual on-site monitoring local areas' [LWDAs] compliance with the Office of Management and Budget's *Uniform Grant Guidance*;
2. ensure that established policies to achieve program performance and outcomes meet the objectives of WIOA and WIOA regulations;
3. help the Governor determine whether subrecipients and contractors have demonstrated substantial compliance with WIOA requirements;
4. help the Governor determine whether to disapprove a local plan for failure to make acceptable progress in addressing deficiencies; and
5. ensure compliance with the nondiscrimination, disability, and equal opportunity requirements as established in WIOA regulations.

According to the Director of Program Integrity, the department met the annual onsite requirement through the PAR Unit annual onsite fiscal reviews. The Director also stated that the department monitors subrecipients through data validation to ensure information in their Virtual One-stop (VOS) case management system matches relevant supporting documentation. Based on our review, however, these activities did not meet the requirements established in the *Monitoring Guide* or *ETA Core Monitoring Guide*.

Subrecipient Single Audit Requirements

Although LWDAs submitted their Single Audit reports to WSD, WSD management did not review the reports to ensure that the LWDAs took action on any of the findings noted. We reviewed the 9 LWDA Single Audit reports issued during the fiscal year ended June 30, 2021, and found that one audit report that contained a Single Audit finding concerning an accounting error. Because there was no one assigned to review these reports, management did not require or consider the LWDA's corrective action or issue a management decision letter for the finding noted. Based on discussions with management, the employee who previously reviewed the single audit reports left the agency, and the responsibility to review single audit reports was not reassigned during the unit reorganization.

Pursuant to the OMB's *Uniform Grant Guidance* and "Audit Requirements," Title 2, *Code of Federal Regulations* (CFR), Part 200, Section 501,

(a) *Audit required*.[12] A non-federal entity [LWDAs] that expends $750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.

Furthermore, as the pass-through entity, LWD is required by 2 CFR 200.332 to verify that all subrecipients that spend $750,000 or more obtain a Single Audit within 9 months after the subrecipient's fiscal year-end. As part of that Single Audit, if a subrecipient receives an audit finding, the department must issue a management decision within six months of the audit report's release, indicate if the department agreed with the finding, and describe any corrective action the subrecipient must take. LWDAs submit their Single Audit reports annually to the WSD's Program Integrity Unit for the division's review and to obtain LWD's management decision when there are findings.

Risk Assessment

Based on our review of the LWD 2020 Financial Integrity Act risk assessment, management identified risks and controls related to subrecipient monitoring for fiscal-related activities in their risk assessment but did not identify and address the risk of inadequate subrecipient monitoring for programmatic activities, and as such did not design and implement effective controls governing the required programmatic monitoring activities. Additionally, management did not identify and address the risk of not reviewing subrecipient single audit findings, not obtaining a corrective action plan, and not issuing a management decision letter.

<u>Effect</u>

When department staff do not perform sufficient subrecipient programmatic monitoring, management cannot ensure subrecipients' have reasonably complied with federal statutes, regulations, and terms and conditions of the grant award; nor can management ensure that subaward performance goals were achieved.

In addition, when management does ensure staff follow written procedures for programmatic monitoring, the risk that management and staff will not prevent or detect unallowable program activities increases.

When LWD management does not review LWDAs' single audit results, including single audit findings, it increases the risk that management may be unaware of deficiencies identified by the auditors and may not ensure that subrecipient management takes action and responds to noncompliance or areas for improvement identified in Single Audits

Additionally, federal regulations address actions that federal agencies may impose if a state entity does not comply with the U.S. Constitution, federal statutes, regulations, or the terms and conditions of a federal award. According to 2 CFR 200.208(c), "Specific conditions," these actions may include

[12] An independent audit is an examination of financial records, accounts, business transactions, accounting practices, and internal controls conducted by a third party, such as a CPA firm.

- requiring reimbursement instead of advance payments;
- not allowing the agency to proceed to the next phase until it submits evidence of acceptable performance;
- requiring additional, more detailed financial reports or additional project monitoring;
- requiring the agency to obtain technical or management assistance; or
- establishing other prior approvals.

If the federal agency determines the state agency cannot remedy its noncompliance through the above actions, 2 CFR 200.339, "Remedies for noncompliance," outlines additional actions the federal agency may take. Depending on the circumstances, these actions may include

- temporarily withholding payments until the noncompliance has been corrected,
- denying the use of funds,
- partly or fully suspending or terminating the federal award,
- suspending or debarring the agency,
- withholding further awards for the project or program, or
- pursuing other available legal remedies.

Recommendation

Workforce Services Division management should ensure staff are aware of their monitoring responsibilities and perform sufficient monitoring to identify areas of noncompliance. The Assistant Commissioner should ensure that WSD staff conduct monitoring in accordance with federal and state guidelines, including carrying out on-site monitoring and desktop reviews. Management should implement effective controls to address the risks noted in this finding, update the risk assessment as necessary, and take action if deficiencies occur. As part of this process, management should assign staff to continually monitor risks and assess mitigating controls.

Management's Comment

We concur. The Department of Labor and Workforce Development will revise the current program monitoring guide and update the current risk assessment by May 2022 to demonstrate how we will mitigate this risk moving forward. This revision will include additional internal controls and programmatic monitoring instruments for subrecipient monitoring. This process will be documented through revised standard operating procedures which clearly define roles, responsibilities, and frequency of programmatic subrecipient monitoring and review of subrecipients' Single Audits by department staff.

Finding Number	2021-004
Assistance Listing Number	17.225
Program Name	Unemployment Insurance
Federal Agency	Department of Labor
State Agency	Department of Labor and Workforce Development
Federal Award Identification Number	UI-34086-20-55-A-47 and UI-35676-21-55-A-47
Federal Award Year	2020 and 2021
Finding Type	Significant Deficiency and Noncompliance
Compliance Requirement	Period of Performance
Repeat Finding	N/A
Pass-Through Entity	N/A

Questioned Costs

Assistance Listing Number	Federal Award Identification Number	Amount
17.225	UI-35676-21-55-A-47	$199,345.84

The Department of Labor and Workforce Development obligated federal Unemployment Insurance grant funds before the beginning of the period of performance

Background

The Unemployment Insurance program is a federal-state partnership designed to ensure the economic security of workers who lose their jobs through no fault of their own. The U.S. Department of Labor is responsible for allocating annual administrative grant funds to states, establishing overall program policies, and monitoring state performance and conformity with federal requirements. In Tennessee, the Department of Labor and Workforce Development (department) is responsible for administering the state's Unemployment Insurance program. The department uses its federal grant funding for administrative costs such as staffing, equipment, and other expenditures necessary to carry out its program responsibilities, which include determining worker eligibility for benefits and collecting quarterly unemployment taxes from Tennessee employers.

The department signs an annual funding agreement with the U.S. Department of Labor before the start of each federal fiscal year. The agreement sets forth a grant expenditure period, identifying the obligation beginning and ending dates during which time the department may obligate (commit to spend) the federal funds and the liquidation date by which the department must liquidate (spend) the federal funds. The agreement also provides an extended grant expenditure period for funds the department specifically uses on information technology projects to automate program operations.

The minimum expenditure period on each annual Unemployment Insurance grant is 15 months; therefore, the department had two active grants in fiscal year 2021. See **Table 1** for the grant expenditure periods for the department's grant funding for federal fiscal years 2020 and 2021.

Table 1
Unemployment Insurance Grant Expenditure Period – Federal Fiscal Years 2020 and 2021

Obligation Dates	2020 Grant		2021 Grant	
	General Program Administration	Program Automation	General Program Administration	Program Automation
Beginning Date	October 1, 2019	October 1, 2019	October 1, 2020	October 1, 2020
Ending Date	December 31, 2020	September 30, 2022	December 31, 2021	September 30, 2023
Liquidation Date	March 31, 2021	December 31, 2022	March 31, 2022	December 31, 2023

Source: Unemployment Insurance annual funding agreements for federal fiscal years 2020 and 2021.

Condition and Cause

We obtained the population of the department's Unemployment Insurance administrative expenditures for fiscal year 2021 totaling $121,267,912. We compared the dates as documented in the accounting records to the obligation (beginning and ending) and liquidation dates established in the federal award. We inquired with management and reviewed supporting documentation for transactions that, based on our analysis, the department obligated outside the period allowed by the annual funding agreement. We were able to resolve the questions we had regarding expenditures that appeared to occur after the period of performance ended; however, we found that the department charged expenditures totaling $199,355 to the 2020 and 2021 Unemployment Insurance grants that were incurred before each grant's beginning date. See **Table 2**.

Table 2
Expenditures Obligated Prior to Unemployment Insurance Grant Beginning Dates

Description of Expenditures	Month(s) and Year Obligated	Total Obligated Before Grant Beginning Date 2021 Grant
Telecommunications costs	August and September 2020	$108,385.86
Information technology resources	July, August, and September 2020	$90,839.98
Filing fees[13]	August and September 2020	$120.00
	Totals:	**$199,345.84**

Based on discussion with the department's Controller and review of documentation, the telecommunications and information technology resource expenditures related to centralized service costs. These are costs for shared business functions the state's Department of Finance and Administration (F&A) incurs and allocates amongst departments that use the centralized services. The state's Department of Finance and Administration (F&A) bills the department for these costs one month in arrears, and personnel in F&A's Division of Accounts record the related journal entries; however, Department of Labor and Workforce Development fiscal management[14] did not have an effective internal control in place to ensure staff obligated and liquidated the expenditures

[13] We found one small filing fee expenditure charged before the 2020 grant as well.
[14] Under the Executive Branch central accounting initiative, the Department of Labor and Workforce Development fiscal staff are employed by the Department of Finance and Administration.

within the period of performance and did not have a process in place to identify and correct errors that occurred.

Regarding filing fees, due to delays between incurring filing fees and receiving invoices, department personnel inadvertently charged this expenditure to the incorrect grant.

Risk Assessment

We reviewed the department's 2020 Financial Integrity Act Risk Assessment and determined that management listed the risk of charging supplier invoices from outside the period of performance to the federal grant. Management identified fiscal staff's review of items charged to federal grant projects as an internal control to mitigate this risk, but this control was not in place for journal entries recorded by F&A Division of Accounts personnel. The control referenced in the risk assessment is in place for journal entries recorded by Department of Labor and Workforce Development fiscal personnel.

Criteria

The department's annual funding agreement with USDOL for the 2021 grant states,

> UI Administration – These funds are for States to administer the State UI, Unemployment Compensation of ex-service members (UCX) and Unemployment Compensation of Federal Employees (UCFE) programs and available for obligation by the Grantee (State) beginning October 1, 2020, and shall be available for obligation by the States through December 31, 2021, and unless an extension is otherwise approved, funds are to be expended/liquidated by March 31, 2022, except that funds used for automation shall be available for State obligation through September 30, 2023, . . . and unless an extension is otherwise approved, funds are to be expended/liquidated by December 31, 2023.

Likewise, the department's annual funding agreement for the 2020 grant establishes a basic obligation period beginning October 1, 2019, and ending December 31, 2020, with a liquidation deadline of March 31, 2021.

Title 2, *Code of Federal Regulations* (CFR), Part 200.62, states,

> *Internal control over compliance requirements for Federal awards* means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:
>
> (a) Transactions are properly recorded and accounted for, in order to:
>
> (1) Permit the preparation of reliable financial statements and Federal reports;
>
> (2) Maintain accountability over assets; and
>
> (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;

(b) Transactions are executed in compliance with:

   (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and

   (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and

(c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Furthermore, 2 CFR 200.71 states,

> When used in connection with a non-Federal entity's utilization of funds under a Federal award, obligations means orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period.

According to the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*, Principle 10.03, "Management designs appropriate types of control activities for the entity's internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system."

Effect

When fiscal management does not review expenditures to ensure the transactions occurred within the grant's obligation and liquidation periods, management cannot ensure that expenditures are charged to the appropriate grant award. As a result, management increases the risk that funds will be expended outside of the period of performance. By not applying expenditures within the period of performance established in the grant award agreement, department management charged expenditures to the incorrect grant award, resulting in unallowable costs of $199,355.

Additionally, under the OMB's *Uniform Grant Guidance*, the federal awarding agency may pursue other remedies to address deficiencies and achieve state compliance, as outlined in 2 CFR 200.

Recommendation

Management should make correcting journal entries to apply the expenditures identified in this finding to the correct grant. Management should establish internal controls to ensure that expenditures are only applied to grants for which the expenditure was obligated during the grant's period of performance. Management should implement internal controls to address the risks noted in this finding, update the risk assessment as necessary, and take action if deficiencies occur. As part of this process, management should assign staff to continually monitor risks and assess mitigating controls.

Management's Comment

We concur. A journal entry will be recorded by March 31, 2022, to correct the items noted by moving allowable costs from the FY21 grant to the appropriate FY20 or FY19 grant. Controls have been implemented to prevent reoccurrence. After a grant closes and during the closeout period, the accounting managers will review charges to ensure they are applied to the appropriate grant. This control activity will also be added to the internal control checklist and require sign off upon competition.

Finding Number	2021-005
Assistance Listing Number	17.225
Program Name	Unemployment Insurance
Federal Agency	Department of Labor
State Agency	Department of Labor and Workforce Development
Federal Award Identification Number	UI-31319-18-55-A-47, UI32627Q10, UI34086310, UI35676DO0, UI-31319-18-55-A-47, UI32627Q10, UI34086310, and UI35676DO0
Federal Award Year	2018 through 2021
Finding Type	Material Weakness and Noncompliance
Compliance Requirement	Reporting
Repeat Finding	N/A
Pass-Through Entity	N/A
Questioned Costs	N/A

Department management lacked procedures to ensure the accuracy of the ETA 9050 and ETA 9052 reports, resulting in the overstatement of the ETA 9050 reports; and management was unable to provide supporting information for the ETA 9055 reports

Background

The Unemployment Insurance (UI) program is a federal-state partnership to ensure the economic security of workers who lose their jobs through no fault of their own. The U.S. Department of Labor provides grant funding for each state to design and administer its own Unemployment Insurance program in compliance with federal requirements. In Tennessee, the Department of Labor and Workforce Development (the department) operates the state's Unemployment Insurance program to process claims and issue direct benefit payments to individuals during times of involuntary unemployment.

The U.S. Department of Labor Office of Unemployment Insurance's Employment and Training Administration (ETA) administers a performance management system, "UI Performs," to ensure states provide effective, consistent, and efficient services to workers and employers. As part of the performance management system, ETA requires states to submit performance reports on certain core measures. Each core measure encompasses key performance areas and allows ETA to monitor the effectiveness of the UI program in that state.[15] The department's core measures and the reports associated with those measures[16] are provided in **Table 1**.

[15] The scope of our audit includes examining the performance reports to determine if they are accurate, based on review of supporting documentation and to determine if they were submitted timely. Compliance with federal performance measures is not in the scope of this audit.
[16] This is not a comprehensive list of all core measures or reports; we have only listed those core measures that are relevant to the reports included in the scope of this audit.

Table 1
Core Measures and Associated Performance Report

Core Measures	Associated Performance Report	Acceptable Levels of Performance
First Payment Promptness: The time it takes states to issue benefits to claimants for the first payable week of unemployment.	ETA 9050	≥87% of all first payments made within 14 days.
Non-monetary Determination Time Lapse: The time it takes states to make decisions on issues that could prevent an individual from receiving unemployment benefits, other than those relating to past earnings.	ETA 9052	≥80% of non-monetary determinations made within 21 days of the date the issue was first identified.
Average Age of Pending Lower Authority Appeals: The average age of all appeals of unemployment determinations that have been filed but not decided by the state's lower-level appeals authority.*	ETA 9055	Average age of pending lower authority appeals is ≤ 30 days.
Average Age of Pending Higher Authority Appeals: The average age of all appeals of unemployment determinations that have been filed but not decided by the state's higher-level appeals authority.*	ETA 9055	Average age of pending higher authority appeals is ≤ 40 days.

*Tennessee's lower-level appeals authority is the department's Appeals Tribunal, which is the first line of appeals. The higher-level appeals authority is the department's Office of Administrative Review, which is where decisions made by the Appeals Tribunal can be appealed.
Source: *ETA 401 Handbook, 5th Edition.*

Report Review and Approval Process

The department uses the Geographic Solutions Unemployment System (GUS) to administer the UI program and has a contract with Geographic Solutions, Inc (GSI), a third-party vendor, to maintain the system. Department staff use GUS to maintain and process the data to generate the ETA 9050, ETA 9052, and ETA 9055 reports. The Unemployment Program Specialist retrieves the applicable report from GUS and emails the reports to applicable staff, who review the reports for accuracy.

- ETA 9050 and ETA 9052 – These reports go to the UI Integrity Division Director, who stated he reviews both reports for reasonableness based on his program knowledge.
- ETA 9055 (lower-level appeals information) – This part of the report goes to the Administrative Services Assistant. The Administrative Services Assistant runs a daily report of outstanding appeals from GUS, and the Director of Appeals follows up with Administrative Law Judges about these appeals. The Administrative Services

Assistant compiles these daily reports into an Excel spreadsheet and reconciles this spreadsheet with the ETA 9055 report to ensure accuracy.

- ETA 9055 (higher-level appeals information) – This part of the report goes to the Senior Associate Counsel who compares the report with an Excel spreadsheet of active appeals, which she maintains and updates daily to determine accuracy.

Each of these individuals emails the Unemployment Program Specialist to communicate their approvals regarding the accuracy or reasonableness of the reports. Once the Unemployment Program Specialist obtains the approved report, she submits the report to the U.S. Department of Labor.

Condition, Criteria, and Cause

Reasonableness Review of the ETA 9050 and ETA 9052 Reports

To determine that the department submitted accurate federal reports, we discussed the report review process with the UI Integrity Division Director. We found that although he conducted reasonableness reviews of the reports, neither he nor the Unemployment Program Specialist evaluates the integrity of GUS supporting data before submission of the reports to USDOL.

Based on our further discussions with the UI Program Integrity Director, he was unaware that the department should have additional procedures to evaluate the supporting data of the ETA 9050 and ETA 9052 report before submission. Historically, the department has had problems generating accurate federal reports from GUS because of various technical system issues impacting the integrity/accuracy of the underlying data supporting the reports. Given these system risks, management cannot ensure the accuracy of the reports without formal procedures to verify the sufficiency and accuracy of the supporting data. Both individuals involved in reviewing the ETA 9055 stated that the reason they implemented their review process is because GUS has not always provided accurate data; however, without more than a "reasonableness" review, management cannot be sure they have submitted accurate federal reports.

According to the Government Accountability Office's *Standards for Internal Control in the Federal Government*, Principle 11.17, "Management . . . evaluates the unique risks that using a service organization presents for the completeness, accuracy, and validity of information submitted to and received from the service organization." Additionally, Principle 13.04 states,

> Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements. Relevant data have a logical connection with, or bearing upon, the identified information requirements. Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent. Management evaluates both internal and external sources of data for reliability. Sources of data can be operational, financial, or compliance related. Management obtains data on a timely basis so that they can be used for effective monitoring.

According to the Government Accountability Office's *Standards for Internal Control in the Federal Government*, Principle 10.03, "Management designs appropriate types of control activities for the entity's internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system." Additionally, Principle 10.03 goes on to state, "Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination . . . Documentation and records are properly managed and maintained."

Inaccurate Reporting for ETA 9050 through May 2021

Given that the UI Integrity Division Director only conducted a reasonableness review of the ETA 9050 and 9052 reports, we performed audit work to test the accuracy of these reports. For the ETA 9052, we sampled 2 of the 12 monthly reports for Fiscal Year 2021. Our audit work did not reveal any discrepancies between the reported amounts and non-monetary determinations supporting these amounts. Although we noted no discrepancy with the ETA 9052 report, we noted that the department submitted overstated ETA 9050 reports to the USDOL, which is discussed further below. For the ETA 9050, we initially selected a sample of 2 reports, the July 2020 and the June 2021 report, from a population of all 12 monthly reports for the State Fiscal Year. We then generated these two reports from GUS to obtain all underlying supporting payments. We found that the department's June 2021 report contained the same number of benefit payments to claimants as the report we generated; however, the July 2020 report contained more payments than the report we generated. See **Table 2** for more details.

Table 2
ETA 9050 Differences
July 2020 ETA 9050

Report Line	LWD Submitted Report	Auditor Run Report	Difference
Total Intra-State Payments*	16,468	14,558	1,910
Total Inter-State Payments	726	297	429
Total Payments	17,194	14,855	2,339

*Intra-state payments are made to claimants who claim benefits under Tennessee law; inter-state payments are made to claimants who claim benefits under the unemployment insurance laws of more than one state.
Source: Auditor prepared.

According to the UI Integrity Division Director, an error within GUS's computer coding logic resulted in duplicate payments for the reports covering July 2020 through May 2021. GSI discovered the logic error in May 2021 and fixed the error in June 2021 before management submitted the June 2021 report. Due to this coding error, we expanded our review and generated the remaining 10 monthly reports (August 2020 through May 2021) from GUS and compared those reports with the respective reports submitted to USDOL. Our comparison revealed management reported more payments in these 10 reports than was reflected in the reports we generated from GUS. Given the coding error, we believe the reports submitted for July 2020 through May 2021 contained more payments than they should have due to the duplicate payments. We performed no further audit work with the July 2020 through May 2021 reports.

We performed further audit work related to the June 2021 report. From the 11,638 payments comprising the June 2021 report, we selected a sample of 60 payments and successfully traced the payment date to underlying source information within GUS.

No Supporting Documentation for ETA 9055s

To determine if the department accurately reported the ETA 9055 report, we selected a sample of 2 reports, the July 2020 and June 2021 report, from a population of all 12 monthly ETA 9055 reports for state fiscal year 2021. We then "generated" these two reports from GUS[17] to compare with respective reports submitted by the department; however, neither report matched the ones the department submitted to USDOL.

According to the UI Integrity Division Director, the reports submitted to the U.S. Department of Labor were accurate at the time the department submitted those reports; however, neither management nor we could match supporting appeals data housed in GUS with the ETA 9055 reports submitted to the USDOL. Given the problems with GUS, management could have maintained the underlying support when generating the reports as documentation of their accuracy reviews; however, management did not retain the source data. As a result, we could not test the appeals comprising the reports submitted to USDOL to ensure that this underlying data was accurate.

According to the U.S. Department of Labor Office of Unemployment Insurance's *ETA Handbook 401, 5th Edition*, which contains instructions for state agencies for the preparation and submittal of UI reports, Section L. Record Retention, ". . . source data supporting counts should be retained for at least three years."

When we were unable to obtain the source data to complete our work, the UI Integrity Division Director stated that management would work with GSI to retain the source data for ETA 9055 reports. We verified that the department submitted a request with the vendor in December 2021 to correct this issue. On February 2, we discussed the status of the request with the UI Integrity Division Director, who stated that although the department has attempted to request that GSI archive the report as of the date that staff run the report, the report that GSI archives is from the last date of the reporting period and not the run date. The Director stated that he would continue to work toward a resolution with GSI, but that he plans to begin using the archived report from the last day of the reporting period as the basis of the report going forward.

The department administers federal grant awards which are subject to "Uniform Administrative Guidance," Title 2, Code of Federal Regulations (CFR), Part 200. Specifically, 2 CFR 200.302, "Financial management," states

> Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal award, must be sufficient to permit the preparation of reports required by general and program-

[17] The department provided the auditors with read-only access to the live version of GUS, and the auditors used their GUS access to generate these reports.

specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations and the terms and conditions of the Federal award.

Risk Assessment

We reviewed the department's 2020 risk assessment and found that management had not identified the risk of failing to maintain supporting documentation required by federal regulations, including sufficient documentation of the department's internal control activities and source data to support the ETA reports. Additionally, management did not identify the risk of an information systems processing error impacting federal reports, and thus management had not implemented control activities to address the risk.

Effect

When department staff do not proactively perform procedures to ensure that reports generated and the underlying data obtained from GUS is reliable, management increases the risks of reporting inaccurate and incomplete data to the USDOL.

Additionally, federal regulations address actions that federal agencies may impose if a state entity does not comply with the U.S. Constitution, federal statutes, regulations, or the terms and conditions of a federal award. According to 2 CFR 200.208(c), "Specific conditions," these actions may include

- requiring reimbursement instead of advance payments;
- not allowing the agency to proceed to the next phase until it submits evidence of acceptable performance;
- requiring additional, more detailed financial reports or additional project monitoring;
- requiring the agency to obtain technical or management assistance; or
- establishing other prior approvals.

If the federal agency determines the state agency cannot remedy its noncompliance through the above actions, 2 CFR 200.339, "Remedies for noncompliance," outlines additional actions the federal agency may take. Depending on the circumstances, these actions may include

- temporarily withholding payments until the noncompliance has been corrected,
- denying the use of funds,
- partly or fully suspending or terminating the federal award,
- suspending or debarring the agency,
- withholding further awards for the project or program, or
- pursuing other available legal remedies.

Recommendation

The U.S. Department of Labor has identified core measures by which it assesses program health at the state level; therefore, accurate performance reporting is critical for program oversight. Given the ongoing issues with GUS, management should establish procedures to analyze and validate the accuracy of the underlying data supporting their performance reports. Management should also work with GSI to regularly review GUS and ensure GUS operates as designed and that the reports provided to the U.S. Department of Labor are complete and accurate. Management should also obtain and retain the underlying data supporting the submitted performance reports.

Additionally, management should evaluate the effectiveness of the control activities for the risks identified in this finding, update the department's risk assessment to reflect any new controls management implements, and take action if deficiencies occur. As part of this process, management should assign staff to continually monitor risks and assess mitigating controls.

Management's Comment

We concur.

As stated during the audit, the data available for the ETA 9050 was correct as of the date the report was pulled and submitted. Below is the explanation as to why the report changed after it was initially submitted.

Geographic Solutions, the department's system vendor states, "there was an issue discovered in late May early June 2021 for another client that identified offsets for one week - that in some cases were the first compensable week - that were spread across multiple payment register ids with the same payment stub/week-end date. As you know, there were a lot of opportunities for offset payments for those recently separated due to the pandemic that had outstanding overpayments. This confused the existing logic. The fix was to report those payments while eliminating any duplicate payment records for the same week. A refresh for all states was done on 6/15/2021. I do want to note that we went through the logic on this report very carefully and made the adjustments based on the data we were seeing especially early on in the pandemic, to ensure that the first compensable week was reported correctly, especially as states started waiving the waiting week."

All reports prior to June 15, 2021, have been resubmitted to USDOL as amended/corrected reports. The report for July 2020 that was re-submitted matches the totals the auditor mentions in the finding. The issue causing the differences has been corrected by Geographic Solutions. The Integrity Director and Program specialist did the best they could during this time, which was the height of the pandemic.

As stated during the audit, the data available for the ETA 9055 reports was correct, based on the date the report was pulled and submitted. Below is the explanation as to why the report changed when the audit was done. To correct the issue the ETA 9055 will now be archived in the Geographic Solutions report data warehouse. This is effective February 18, 2022.

Geographic Solutions states: "there are several factors at play here. The ETA 9055 is not run on the data warehouse so it's a real-time report. In other words, for a particular time period, it pulls the report as the data stands now for that particular period. That said the factors that would impact the results over the period are:

1. Timing - obviously the more time passes between running the report initially and then looking at it now is that there is opportunity for change.
2. Data changes - that change is often manifested in changes to the data itself. During the pandemic there has been unprecedented number of data changes although not as numerous in appeals.
3. Changes/updates in logic - whether by internal or externally derived questions or issues and we would research and revise as needed if the report required it. For example, for this report in August 2021 there are two OPCs that might impact the numbers: They are linked to the OPC. For these it was discovered that for some older appeals that were dismissed that had an unexpected most recent status that did not indicate they were dismissed (essentially status codes of either 5-Withdrawn; 6-Dismissed; 10-Canceled - some records for this client were showing up as not that status or without a notification of dismissal sent and thus were being picked up again as pending. So, we implemented some defensive coding for those kind of situations in the logic. The report would utilize that coding change post August 2021."

Finding Number	2021-007
Assistance Listing Number	17.258, 17.259, and 17.278
Program Name	Workforce Innovation and Opportunity Act Cluster
Federal Agency	Department of Labor
State Agency	Department of Labor and Workforce Development
Federal Award Identification Number	AA-30740-17-55-A-47, AA-32192-18-55-A-47, AA-33257-19-55-A-47, AA-34796-20-55-A-47
Federal Award Year	2017 through 2020
Finding Type	Material Weakness and Noncompliance
Compliance Requirement	Eligibility
Repeat Finding	N/A
Pass-Through Entity	N/A
Questioned Costs	N/A

Workforce Services Division management did not have internal controls in place to ensure that American Job Center case managers recorded accurate exit dates and made accurate eligibility determinations

Background and Criteria

The Workforce Innovation and Opportunity Act (WIOA) cluster of federal programs helps participants overcome barriers to obtaining employment by providing education, training, job search, and other support services. The WIOA cluster consists of three core programs: Adult, Dislocated Worker, and Youth. The U.S. Department of Labor (USDOL) awards funding for these programs through formula grants to states. In Tennessee, the Workforce Services Division (WSD) within the Tennessee Department of Labor and Workforce Development administers WIOA programs.

American Job Centers

The WIOA cluster of programs provides employment services to individuals through a network of American Job Centers (AJCs).[18] Individuals may visit an AJC to determine whether they are eligible to receive services and, if so, obtain free employment assistance. The WSD awards grants to nine subrecipients, known as Local Workforce Development Boards[19] (LWDBs), to oversee the AJCs in their Local Workforce Development Area. Each LWDB serves multiple counties, contracts with a One-Stop Operator (OSO) to manage the operations of the AJCs, and appoints a Fiscal Agent who is responsible for the accounting and finances for the AJCs.

[18] The Workforce Investment Act of 1998 established One-Stop centers which were physical locations where individuals may visit and determine if they are eligible for employment assistance from a variety of federal programs. When WIOA repealed and replaced the Workforce Investment Act, it changed the name of One-Stop centers to American Job Centers. During the COVID-19 Pandemic, certain AJCs were closed or offered virtual services online.
[19] According to CFR 679.300, the Local Workforce Development Board "is to serve as a strategic leader and convener of local workforce development system stakeholders."

Determining Eligibility and Documenting WIOA Services

Each AJC employs AJC case managers who are responsible for determining applicant eligibility and documenting the types of services each participant receives and when these services occur. AJC case managers determine whether applicants meet the federal requirements for the Adult, Dislocated Worker, or Youth programs by collecting, verifying, and reviewing information and documentation required by federal regulations, such as a driver's license for date of birth, proof of citizenship, and a mailing address. AJC case managers document their initial eligibility determinations in Virtual One-Stop (VOS), the division's case management system, and then continue to use VOS to document the dates and types of services participants receive.

Discontinuing (Exiting) WIOA Services

USDOL's Training Employment Guidance Letter (TEGL) 10-16, Change 1 allows states to develop a common exit policy to discontinue (or exit) participant services for a variety of federal programs administered by USDOL simultaneously. According to TEGL 10-16:

> [i]f a state chooses to retain or implement a common exit policy, the policy must require that a participant is 'exited' when that individual has not received services for 90 days . . . from any of the [United States Department of Labor]-administered programs to which the common exit policy applies, in which the participant is enrolled.

In compliance with this TEGL, the WSD established the *Common Exit Policy from WIOA Partner Programs,* which provides the common exit policy for the following federal programs: Adult, Dislocated Worker, Youth Activities (Title I), Wagner-Peyser Employment Service programs (Title III), Trade Adjustment Act/ Trade and Globalization Adjustment Act (TAA/TGAA), and Jobs for Veterans State Grants (JVSG).

According to WSD management, AJC case managers are responsible for logging the types and dates of services provided to each participant. VOS uses that information to automatically exit participants from all programs (governed by the common exit policy) after 90 days have elapsed from the last date of service for any of these programs. Once VOS exits a participant from these programs, the system then retroactively records the participant's exit date as the last date of service provided by any program in the common exit policy, in accordance with TEGL 10-16, Change 1, which states that the "date of exit is applied retroactively to the last date of service."

Exit Dates and Federal Reporting

To evaluate the effectiveness of the program, USDOL requires WSD to prepare performance reports which include key measures providing participant wages for the 2nd quarter and 4th quarter after their exit date. This allows USDOL to measure the effectiveness of the WIOA programs in getting participants into stable, long-term employment after they exit the program.

WSD Management and staff use the VOS system to manage the underlying data for the USDOL performance reports. AJC case managers input the source data for each participant in the VOS system, and WSD staff retrieve the VOS data to prepare the USDOL performance reports.

Internal Control over Compliance with Federal Requirements

The federal government requires non-federal entities, including WSD, to design and implement internal controls over federal awards. According to Title 2, *Code of Federal Regulations*, Part 200, Section 303, "Internal Controls," a non-federal agency must

> (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.
>
> (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.

Additionally, the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*, Principle 10.03, states, "Management designs appropriate types of control activities for the entity's internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system."

<u>Condition and Cause</u>

Exit Date Reporting

To determine whether participants exited the program in accordance with federal guidelines and department policies, we selected a nonstatistical, random sample of 60 participants from a total population of 6,107 participants who exited the 3 WIOA programs between July 1, 2020, and June 30, 2021, and tested these participants to ensure case managers exited the participants from the program in accordance with the WSD common exit policy. For 23 of 60 WIOA participants tested (38%), case managers exited participants between 98 and 963 days late, averaging 306 days late.

Based on discussion with the WSD staff and review of guidance from USDOL's website, we determined that the department did not provide adequate guidance or training to ensure AJC case managers correctly logged participants' last date of service in VOS. Based on our discussion with the Grants Program Manager and the Labor Workforce Development Division Director and our review of departmental guidance regarding exits, VOS automatically exits a participant 90 calendar days after the date the AJC case manager recorded as the last date the participant received services; however, case managers often entered a **projected** date of a participant's last service in the VOS system. Case managers selected the **projected** date at the time they initially offered the services to participants. The case manager, however, failed to update the **projected** date when the actual last service date was determined. When AJC case managers do not update the projected date in VOS to reflect the actual last service date, VOS automatically calculates an incorrect exit date based on the projection.

Eligibility Determinations

To determine whether the WIOA program management and staff only provided services to eligible participants, we selected a stratified sample of 60 participants from a total population of 14,726 participants who were enrolled in one of the three WIOA programs between July 1, 2020, and June

30, 2021, and tested these participants to ensure program management determined participants' eligibility for the program according to federal guidance.

Although our sample review of eligibility determinations identified only minor errors, we noted that WSD management and staff had not established control activities, such as programmatic monitoring or other eligibility determinations review procedures, including obtaining proper supporting documentation for the determinations, to ensure staff complied with the federal eligibility requirements. We also found that the department did not conduct programmatic monitoring for the Adult and Youth program and only limited monitoring for the Dislocated Worker program. This is discussed further in **Finding 2021-003**.

Risk Assessment

We also reviewed the department's 2020 Financial Integrity Act Risk Assessment. We found the risk assessment did not include the risk that the department would not ensure proper eligibility determinations and exits for the Adult, Dislocated Worker, and Youth programs. Without an identified risk for eligibility and participant exits, management did not ensure staff entered updated exit dates into the VOS system and did not establish mitigating controls to address the eligibility determination risk and to ensure compliance with federal eligibility regulations.

Effect

When case managers do not accurately record the last day a participant receives services, management faces an increased risk that the department may report inaccurate information to USDOL, which relies on these reports to determine the effectiveness of WIOA's programmatic goals. Additionally, when department management does not design and implement internal controls over eligibility determinations, management's risk of ineligible individuals receiving benefits from WIOA programs is increased.

Additionally, federal regulations address actions that federal agencies may impose if a state entity does not comply with the U.S. Constitution, federal statutes, regulations, or the terms and conditions of a federal award. According to 2 CFR 200.208(c), "Specific conditions," these actions may include

- requiring reimbursement instead of advance payments;
- not allowing the agency to proceed to the next phase until it submits evidence of acceptable performance;
- requiring additional, more detailed financial reports or additional project monitoring;
- requiring the agency to obtain technical or management assistance; or
- establishing other prior approvals.

If the federal agency determines the state agency cannot remedy its noncompliance through the above actions, 2 CFR 200.339, "Remedies for noncompliance," outlines additional actions the federal agency may take. Depending on the circumstances, these actions may include

- temporarily withholding payments until the noncompliance has been corrected,

- denying the use of funds,
- partly or fully suspending or terminating the federal award,
- suspending or debarring the agency,
- withholding further awards for the project or program, or
- pursuing other available legal remedies.

Recommendation

The Commissioner of the Tennessee Department of Labor and Workforce Development should work with management in the Workforce Services Division to provide additional guidance and training to ensure AJC case managers record exit dates based on the last day participants actually receive services in accordance with federal guidelines and regulations. The Commissioner should also work with Workforce Services Division management to establish control activities, such as programmatic monitoring or other eligibility determinations review procedures, including obtaining proper supporting documentation for the determinations, to ensure AJC case managers comply with the federal eligibility requirements, including timely exits from the program.

The Commissioner should assess all significant risks, including the risks noted in this finding, in the department's documented risk assessment. The risk assessment and the mitigating controls should be adequately documented and approved by the Commissioner.

Management's Comment

We concur. The Department of Labor and Workforce Development will provide training to all American Job Center case managers responsible for eligibility determinations and exiting workforce program participants by September 2022. This training will focus on compliance with requirements described in State Workforce Development Board Policy. The Workforce Services Division will revise the current program monitoring guide and update the current risk assessment by May 2022 to demonstrate how we will mitigate this risk and monitor participant eligibility and program exit moving forward.

Finding Number	2021-008
Assistance Listing Number	93.778
Program Name	Medicaid Cluster
Federal Agency	Department of Health and Human Services
State Agency	Department of Finance and Administration
Federal Award Identification Number	2005TN5ADM and 2105TN5MAP
Federal Award Year	2020 and 2021
Finding Type	Material Weakness and Noncompliance
Compliance Requirement	Matching
Repeat Finding	N/A
Pass-Through Entity	N/A
Questioned Costs	$3,612,265

Fiscal staff within the Division of TennCare did not ensure matching requirements were met for the Medicaid Cluster, resulting in questioned costs of $3,612,265

Background and Criteria

TennCare is Tennessee's Medicaid program that provides health insurance coverage to certain groups of low-income individuals, such as pregnant women, children, caretaker relatives of dependent children, and other adults with disabilities. Under the Medicaid program, the U.S. Department of Health and Human Services (HHS) provides federal funds to the Division of TennCare to cover a portion of the TennCare program's medical assistance expenditures and administrative expenditures. The remaining funds are provided by the state based on the federal/state matching requirements.

According to the provisions of Title 42, *Code of Federal Regulations* (CFR), Part 433, Section 10(a), the federal government, through Sections 1903 and 1905 of the Social Security Act, provides "payments to States, on the basis of a Federal medical assistance percentage, for part of their expenditures for services under an approved State plan." HHS uses the calculation outlined in 42 CFR 433.10(b) to determine the federal medical assistance percentage. HHS recalculates the federal medical assistance percentage each federal fiscal year, which runs from October 1 to September 30. The federal medical assistance percentage was 65.21% for federal fiscal year 2020 and 66.1% for federal fiscal year 2021.

According to the provisions of 42 CFR 433.15(a), the federal government, through Section 1903 of the Social Security Act, provides "payments to States, on the basis of specified percentages, for part of their expenditures for administration of an approved State plan." HHS provides federal funds at the specified percentage rates of 50%, 75%, or 90%, depending on the type of expenditure. For example, the federal government provides 75% of the funding for ongoing information systems expenditures.

When the Division of TennCare receives a new grant award from HHS, the division's Contracts Unit enters the award, including the applicable federal percentages, in Edison, the state's accounting system. The division's Fiscal Office codes eligible expenditures to the appropriate grant award to ensure Edison applies the correct federal percentage to the expenditures and automatically calculates the federal portion and the state portion of the expenditures. The division's Fiscal Office then requests federal reimbursement with the remaining portion secured through state matching funds.

Condition and Cause

We analyzed all TennCare program expenditures from July 1, 2020, through June 30, 2021, totaling $8,439,515,010, to determine if the division appropriately calculated the federal share of costs charged to the federal award. During this analysis, we identified two instances where the division's Fiscal Office inappropriately charged state expenditures to the 2020 and the 2021 federal awards, resulting in a total of $3,612,265 in federal questioned costs.

One overcharge resulted when the division's Fiscal Office staff coded an adjusting journal entry to the incorrect grant award year. Specifically, staff made an adjusting journal entry intended to charge expenditures to the grant associated with federal fiscal year 2020, which had a federal medical assistance percentage of 65.21%. However, the division's accountant incorrectly coded several line items of the journal entry to charge the federal fiscal year 2021 grant award. Since the federal fiscal year 2021 grant had a federal medical assistance percentage of 66.1%, the coding error resulted in an overcharge to the grant resulting in federal questioned costs of $3,610,433. See **Table 1** for the details.

Table 1
Summary of Questioned Medical Assistance Costs

Cost Description	Amount
Total Dollars of Line Items in Error	$ 405,666,667
Federal Allocation Charged	268,145,667
Correct Federal Allocation	264,535,234
Federal Questioned Costs	**$ 3,610,433**

Source: Auditor prepared from our review of Edison transactions.

The second overcharge occurred as a result of an Edison system coding error which affected how journal entries distribute administrative costs. Edison and division management were unaware that the system update created this coding issue. Once we identified the code error[20] and discussed with division staff, staff recognized they had to manually search for and correct incorrect cost distributions. In this situation, division staff had not identified this one incorrect cost distribution, resulting in additional federal questioned costs of $1,832, as exhibited in **Table 2**:

[20] According to the division's Controller, as of December 22, 2021, the Edison team is currently testing a coding fix to correct this issue.

Table 2
Summary of Questioned Administrative Costs

Cost Description	Amount
Total Amount of Expenditure	$ 199,653
Federal Allocation Charged	151,571
Correct Federal Allocation	149,739
Federal Questioned Costs	**$ 1,832**

Source: Auditor prepared from our review of Edison transactions.

We were able to review the entire population of transactions for our audit period and found these to be the only two overcharges related to matching. Title 2, *Code of Federal Regulations* (CFR), Part 200, Section 516(a)(3), requires us to report known costs greater than $25,000 for a type of compliance requirement for a major program. For this program, we determined that known questioned costs exceeded $25,000.

<u>Risk Assessment</u>

We reviewed the Division of TennCare's December 2020 Financial Integrity Act Risk Assessment and determined that management listed the risk of transactions recorded at the wrong federal financial percentage. While management identified the risk, management's control of the Controller's or designee's review and approval did not identify these two instances.

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) provides a comprehensive framework for internal control practices in federal agencies and serves as a best practice for other government agencies, including state agencies. According to Green Book Principle 7, "Identify, Analyze, and Respond to Risks,"

> **7.09** . . . When risk response actions do not enable the entity to operate within the defined risk tolerances, management may need to revise risk responses or reconsider defined risk tolerances. Management may need to conduct periodic risk assessments to evaluate the effectiveness of the risk response actions.

<u>Effect</u>

When the division's Controller or designee does not identify expenditures that are incorrectly recorded, the division increases the risk of the state receiving federal awards in error, leading to questioned costs.

Additionally, federal regulations address actions that federal agencies may impose if a state entity does not comply with the U.S. Constitution, federal statutes, regulations, or the terms and conditions of a federal award. According to 2 CFR 200.208(c), "Specific conditions," these actions may include

- requiring reimbursement instead of advance payments;
- not allowing the agency to proceed to the next phase until it submits evidence of acceptable performance;

- requiring additional, more detailed financial reports or additional project monitoring;
- requiring the agency to obtain technical or management assistance; or
- establishing other prior approvals.

If the federal agency determines the state agency cannot remedy its noncompliance through the above actions, 2 CFR 200.339, "Remedies for noncompliance," outlines additional actions the federal agency may take. Depending on the circumstances, these actions may include

- temporarily withholding payments until the noncompliance has been corrected,
- denying the use of funds,
- partly or fully suspending or terminating the federal award,
- suspending or debarring the agency,
- withholding further awards for the project or program, or
- pursuing other available legal remedies.

Recommendation

The Division of TennCare's Chief Financial Officer should ensure fiscal staff review program expenditures for the correct federal medical assistance percentage and the correct administrative percentage. The division's Chief Financial Officer should ensure that fiscal staff who prepare and review manual journal entries are fully trained so that they are aware of their internal control responsibilities and can properly fulfill their duties. Additionally, division management should evaluate the effectiveness of the control activities for the risks identified in this finding, update the division's annual risk assessment to reflect any new controls management implements as necessary, and take action if deficiencies occur. As part of this process, management should assign staff to continually monitor risks and assess mitigating controls.

Management's Comment

We concur with the finding. We have a monthly process to analyze transactions to ensure the correct funding percentages are used. The journal in question normally would not have drawn federal funds, however, an error occurred, and the journal did draw federal funds in this instance. Our previous review process excluded journals that don't draw federal funds, and therefore it was missed. We have revised our monthly review process to include all transactions, so this kind of event will not occur again. All federal funds drawn in error were immediately returned to the federal government as soon as they were found, and there was no negative impact to the TennCare budget.

Finding Number	2021-009
Assistance Listing Number	93.778
Program Name	Medicaid Cluster
Federal Agency	Department of Health and Human Services
State Agency	Department of Finance and Administration
Federal Award Identification Number	2005TN5MAP and 2105TN5MAP
Federal Award Year	2020 and 2021
Finding Type	Significant Deficiency and Noncompliance
Compliance Requirement	Eligibility
Repeat Finding	2020-008
Pass-Through Entity	N/A
Questioned Costs	$14,352

As noted in the prior two audits, TennCare management did not promptly address TennCare's Medicaid eligibility process deficiencies, resulting in $19,986 in federal and state questioned costs

Background

TennCare is Tennessee's Medicaid program, funded at both the federal and state level, which provides health insurance coverage to certain groups of low-income individuals, such as pregnant women, children, caretaker relatives of dependent children, and adults with disabilities. In general, the Division of TennCare makes three types of payments on behalf of its members:

- capitation or administrative payments[21] to managed care organizations that contract with the division to deliver services to members;
- fee-for-service claims paid directly to providers for services[22] provided to certain members, such as children enrolled in the Department of Children's Services' (DCS) foster care or adoption assistance program, or for certain costs relating to Medicare for members who are enrolled in both Medicaid and Medicare; and
- reimbursements to benefit managers for services, such as pharmacy, dental, and health services.

[21] The division contracts with three managed care organizations and only pays them a capitation rate per member per month to provide services to TennCare members. According to a separate contract with BlueCross BlueShield of Tennessee, TennCare Select is a benefits manager that manages and coordinates care and maintains a network of healthcare providers for a select group of TennCare members, such as immigrants ineligible for full Medicaid needing emergency services. For TennCare Select, the division pays BlueCross BlueShield an administrative rate per member per month and reimburses them for all services (claims) provided to TennCare members.
[22] The types of services provided include, but are not limited to, medical, behavioral health, and case management services.

Division’s Eligibility Determination Process for Medicaid Applicants and Members

Initial Eligibility Process

The division uses the Tennessee Eligibility Determination System (TEDS) to determine an applicant’s eligibility. Applicants apply for eligibility using TennCare Connect, TEDS’ public-facing web portal. In addition to TennCare Connect, the division continues to accept applications through each of following methods:

- by phone or online through the Federally Facilitated Marketplace;[23]
- by phone or a paper application;
- online through the TennCare Access partner portal;[24] or
- by visiting a Department of Human Services office for in-person assistance with applying online, by paper, or by phone.

Whether an applicant applies by phone, paper, in-person, through the Federally Facilitated Marketplace, through TennCare Access, or through TennCare Connect, the applicant’s demographic, income, and household information is entered into TEDS for automated processing, thereby removing the need for human intervention in many cases. When TEDS requires human intervention for eligibility determinations, such as when the system identifies discrepancies in application information or cannot verify information, the system automatically assigns an eligibility caseworker to process the application manually in TEDS[25] to determine if the applicant is eligible for any available TennCare eligibility category (including children, pregnant women, parents or caretakers of children, or other categories for certain adults). If the division determines that an applicant or member is not eligible for Medicaid benefits, the individual may appeal the division’s decision.

Eligibility Renewals Paused

Pursuant to the Families First Coronavirus Response Act, the division is not permitted to terminate members who were enrolled when the federal COVID-19 public health emergency period began. As such, the division paused Medicaid eligibility renewals, eligibility changes to lower categories, and terminations on March 18, 2020. During this pause, the division is only allowed to terminate Medicaid coverage for existing members due to the member’s death, when a member voluntarily terminates coverage, or when a member becomes a resident in another state. As of December 6, 2021, the public health emergency remains in effect.

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[23] The U.S. Department of Health and Human Services operates the Federally Facilitated Marketplace, an organized marketplace of health insurance plans where individuals can apply for health insurance, including Medicaid.

[24] The division partners with the Department of Health, certain hospitals, and certain long-term care providers to assist an individual in the application process.

[25] According to division management, TEDS is a task-based system where an eligibility caseworker may have to manually verify an applicant’s information (such as Social Security Administration payment history or family composition) to continue processing eligibility.

Prior Audit Results

As noted in the prior audit, the division did not have an effective key internal control for determining eligibility. As a result, we reported the following compliance issues:

- TEDS errors and caseworker processing errors were affecting eligibility determinations, and
- division management did not have sufficient documentation to support eligibility determinations.

In the division's six-month follow-up report to the Comptroller's Office, dated September 24, 2021, management stated that

> Our corrective actions for this finding are complete except for the cases that need an action that cannot be completed while the federal public health emergency is in place. . . . The remaining cases will be addressed as soon as possible once the federal public health emergency is lifted. TennCare has corrected all worker errors identified in the finding. TennCare has also corrected the three TEDS system errors. . . . Member Services has implemented a new monthly case reading tool and review process that requires eligibility operations supervisors, with assistance from the quality assurance review staff, to review and score at least five cases per eligibility caseworker per month. . . . We have made changes to Member Services staff training. . . . Additionally, we updated our eligibility related Risk Assessment.

Current Audit Results

For the current audit, we determined that division management did not resolve the eligibility issues noted in the prior audit. We performed testwork in three areas:

- TennCare members' eligibility,
- issuance of pseudo Social Security numbers, and
- emergency medical services for immigrants.

Condition, Cause, and Criteria: TennCare Members' Eligibility

According to the *Rules of Tennessee Department of Finance and Administration Bureau of TennCare,* Chapter 1200-13-13-.02(3), regarding Medicaid eligibility requirements, each TennCare member must meet the technical and financial requirements for medical assistance as listed in the *Rules of the Tennessee Department of Human Services,* or meet the Supplemental Security Income eligibility requirements and be approved for benefits by the Social Security Administration, or be an eligible woman diagnosed with certain types of cancer.

In order to determine if the division made payments on behalf of individuals that met state and federal eligibility requirements for TennCare benefits, we selected random, nonstatistical samples from two different populations of capitation payments paid on behalf of members.

From a population of 18,657,154 capitation payments, totaling $7,271,036,309, which the division paid on behalf of its members to managed care organizations during fiscal year 2021, we tested a sample of 60 capitation payments, totaling $27,878.

To further explain our methodology, we vetted the population of capitation payments above and found that a segment of the population (467,506 capitation payments, totaling $171,144,894,[26] during fiscal year 2021) included payments related to both the Medical Assistance Program and the Children's Health Insurance Program. Due to the nature of the electronic documentation, however, we could not readily determine through our data matches the related eligibility category or the federal program associated with the payments. In order to determine if the division appropriately determined the member's eligibility for this segment of the population, we selected an additional sample of 25 capitation payments, totaling $8,396. From the sample of 25 capitation payments, we determined the payments were for Medicaid members. Ultimately, our total 85 sample items included only capitation payments for Medicaid members.

Based on our review, we determined that for 6 of 85 payments tested (7%), an eligibility caseworker did not verify eligibility prior to approving the member's case for the capitation payments. We found the following errors:

- For 1 payment, an eligibility caseworker inappropriately approved benefits for 1 member in the household's application. The division's Eligibility Quality Control Director stated the caseworker processed coverage for the individual in error by indicating she was a caretaker of a minor child. As a result, we identified federal questioned costs totaling $2,373 and a remaining $909 in state questioned costs.
- For 1 payment, we determined the individual was still receiving Modified Adjusted Gross Income[27] (MAGI) pregnancy coverage that should have ended on June 30, 2021. According to the division's Eligibility Quality Control Director, an eligibility caseworker entered an override in error, which prevented the preterm notice from mailing at the end of her post-partum period. Due to the public health emergency, the division is not permitted to make eligibility changes to a lower category; therefore, we did not question any costs.
- For 3 payments, the caseworker should have requested proof of income from the members; however, the caseworker changed the income verification to show the member attested to income, and Caretaker Relative benefits were reapproved without proof of income documentation. According to the division's Eligibility Quality Control Director, for 2 payments the cases were updated and reapproved; therefore, we did not question costs. For the third payment, we identified federal questioned costs totaling $205 and a remaining $78 in state questioned costs.
- For 1 payment, there was new proof of income documentation in the case, but the information had not been entered on the income screen. According to the division's Eligibility Quality Control Director, the caseworker failed to input the information

[26] The 467,506 capitation payments, totaling $171,144,894, were not included in our population of 18,657,154 capitation payments, totaling $7,271,036,309, in our TennCare member sample.
[27] The division uses Modified Adjusted Gross Income (MAGI) to determine Medicaid eligibility. MAGI is adjusted gross income plus any untaxed foreign income, non-taxable Social Security benefits, and tax-exempt interest.

from the proof of income into TEDS. After we brought this to the director's attention, the case was updated and reapproved; therefore, we did not question any costs.

Condition, Cause, Criteria: Issuance of Pseudo Social Security Numbers

According to 42 CFR 435.910(f), the division cannot deny or delay services to otherwise eligible members pending issuance or verification of the member's Social Security number (SSN). According to the division's Assistant Commissioner of Member Services, an eligibility caseworker may have to assign a pseudo (temporary) SSN to a member upon enrollment in TennCare if the member cannot provide an SSN at the time of application. The division assigns pseudo SSNs when members meet one of the following conditions:

- a newborn who has not been issued a valid SSN,
- a child in DCS custody who qualifies for the federal adoption assistance program and may be applying for a new SSN,
- an immigrant[28] who is ineligible for full Medicaid receives payments for emergency services,
- a person who is in the process of applying for an SSN,
- a person approved by the Federally Facilitated Marketplace who has incomplete SSN data, or
- a person who files an application without an SSN but can be approved based on information submitted.

In order to determine if the division issued pseudo SSNs to eligible members, we tested a nonstatistical, random sample of 60 members from a population of 31,728 members who had a pseudo SSN and had a birthdate prior to July 1, 2019.

Based on our review, we determined that for 4 of 60 members tested (7%), TEDS and an eligibility caseworker inappropriately approved eligibility, which caused the assignment of a pseudo SSN to individuals. We identified the following errors:

- As noted in the prior audit, 1 member initially applied for CoverKids[29] pregnancy coverage and noted on her application that she was not a U.S. citizen, thus should only be eligible for the CoverKids pregnancy category. When cases were converted from the existing CoverKids system to TEDS, the person's status was changed to a U.S. citizen. According to the Eligibility Quality Control Director, a caseworker corrected the information in TEDS; however, the member was approved for Caretaker benefits

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[28] Immigrants are individuals who may or may not be in the U.S. legally; certain immigrants, such as student visa holders, legal permanent residents with this status for less than five years, or undocumented individuals, do not meet the federal immigration requirements to receive TennCare.
[29] The division also operates CoverKids, the state's Children's Health Insurance Program, which is a federal program that provides health insurance to eligible children up to age 18 as well as eligible pregnant women. Pregnant women who are not U.S. citizens may be eligible to receive CoverKids benefits.

despite the correction. As a result, we identified federal questioned costs totaling $2,842 and a remaining $1,125 in state questioned costs.

- For 1 member, TEDS indicated that the individual was a non-U.S. citizen receiving Child MAGI benefits. According to the Eligibility Quality Control Director, the individual should have been approved for a reasonable opportunity period (ROP);[30] however, they were approved for full Medicaid without pending for citizenship. She stated that the TEDS contractor corrected the system error through a data fix on February 21, 2022. As a result, we identified federal questioned costs totaling $2,216 and a remaining $872 in state questioned costs.
- For 1 member, TEDS indicated that the individual was a non-U.S. citizen receiving Hospital Presumptive Eligibility (HPE) pregnancy benefits. According to the Eligibility Quality Control Director, TEDS was unable to terminate the HPE coverage when it should have due to an open appeal. Once the appeals caseworker closed the appeal, an eligibility caseworker should have rerun eligibility, so coverage was not closed. As a result, we identified federal questioned costs totaling $2,011 and a remaining $792 in state questioned costs.
- For 1 member, TEDS indicated the individual was a non-U.S. citizen receiving Caretaker Relative benefits. According to the Eligibility Quality Control Director, an eligibility caseworker processed an emergency medical services application incorrectly. She stated this caused the individual to be tested for Caretaker Relative benefits and granted an ROP to provide citizenship. This appeal extended the eligibility from the November 30, 2019, application, which caused the case to continue pending for proof of citizenship due to the ROP. She stated benefits have been terminated effective November 5, 2021. As a result, we identified federal questioned costs totaling $4,596 and a remaining $1,816 in state questioned costs.

Condition, Cause, Criteria: Emergency Medical Services for Immigrants

The division provides payments for emergency medical services on behalf of immigrants who otherwise would not be eligible for Medicaid. According to the division's Policy 020.005, "Emergency Medical Services,"

> coverage will not begin prior to the date of application, and coverage will not begin prior to the date of admission. Coverage will be limited to the length of time required to stabilize the emergent episode. Only the services involved in the emergency itself will be reimbursed and coverage is only provided for the single episode of care.

From a population of 107 immigrants who received an emergency medical service during fiscal year 2021, we tested a nonstatistical, random sample of 60 emergency medical service segments[31] to determine that the correct begin and end dates were used for the eligibility segment.

[30] A reasonable opportunity period (ROP) is a 90-day period in which an applicant may provide proof of citizenship. The ROP is required by 42 CFR 435.956.

[31] An emergency medical service segment is the approved date range for healthcare coverage.

Based on our review, we determined that for 5 of 60 payments tested (8%), TEDS and TennCare staff approved payments for emergency medical services outside of the emergency medical services segment. We identified the following errors:

- For 3 immigrants who received emergency medical services during the audit period, the division did not limit coverage to the dates of the emergency medical services. According to the Eligibility Quality Administrator, these errors occurred when the caseworker did not follow the process or made mistakes. In the first case, the caseworker placed an override in TEDS in error using the public health emergency as justification to keep the benefits open. In the second case, the caseworker entered the end date incorrectly, which caused the eligibility benefits to close before they should have. For the remaining case, the caseworker approved benefits a day earlier than she should have. As a result, we identified federal questioned costs totaling $99 and a remaining $38 in state questioned costs.
- For 1 immigrant who received emergency medical services during the audit period, we noted no issues with the emergency services benefits received. However, based on our review of the case, we noted that when her emergency medical service segment ended, she was moved into CoverKids-Pregnant. According to the Eligibility Quality Administrator, on June 16, 2021, the individual submitted a member portal application indicating she was pregnant. When the eligibility caseworker processed the application, they failed to update the circumstance start and change dates, which caused TEDS to run the eligibility back to the emergency medical services application date of October 4, 2020. Given the caseworker error and control weakness, the division could have paid for additional coverage the individual was not eligible for. We determined that no payments were made between October 4, 2020, the date the emergency services ended, and June 15, 2021; therefore, we did not question any costs.
- For 1 immigrant who received emergency medical services during the audit period, TEDS did not approve the appropriate eligibility dates. The individual was approved for emergency services benefits beginning January 21, 2021, through February 4, 2021, although there was only medical documentation supporting services performed on January 21, 2021. According to the Eligibility Quality Administrator, the caseworker entered the correct beginning and end dates for the medical services, but a system error resulted in the eligibility span staying open. He stated the TEDS contractor will be correcting this issue in the 17.0 release, which is scheduled to be implemented on December 12, 2021. As a result, we identified federal questioned costs totaling $10 and a remaining $4 in state questioned costs.

<u>Questioned Costs</u>

While total known questioned costs for the above errors related to the Medical Assistance Program totaled less than $25,000, Title 2, *Code of Federal Regulations* (CFR), Part 200, Section 516(a)(3), requires us to report known and likely questioned costs greater than $25,000 for a type of compliance requirement for a major program. For this program, we determined that likely questioned costs exceeded $25,000.

Risk Assessment

We reviewed the Division of TennCare's December 2020 Financial Integrity Act Risk Assessment and determined that management listed two risks related to eligibility determinations.

Management identified the risk of an eligibility caseworker or TEDS performing inaccurate eligibility determinations, member case changes, and redeterminations. Management identified two controls to mitigate these risks:

- TEDS will generate canned and ad hoc reports relating to system functionality and worker performance; and
- the Compliance and Policy Group will monitor the performance of the interfaces that feed information from, and into, TEDS.

In addition, management identified the risk of the Member Eligibility Department being unable to sufficiently perform eligibility determinations, case changes, and redeterminations in TEDS. Management identified three controls to mitigate these risks:

- Member Services eligibility staff supervisors will review a sample of case entries during their case review made by each direct report on a monthly basis;
- the Compliance and Policy Group will provide training to new Member Eligibility employees, and to existing employees as requested, regarding system functionality; and
- the Eligibility Operations Group will perform quality checks on all case actions performed by new Member Eligibility employees during their new hire probationary periods.

Management has informed us that once they can resume eligibility renewals, they expect the instances of noncompliance to be less. Management also indicated that during this year they were focused on rewriting training materials for caseworkers on how to use TEDS, working through the remaining legacy system conversion cases, and dealing with impacts from the ongoing public health emergency.

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) provides a comprehensive framework for internal control practices in federal agencies and serves as a best practice for other government agencies, including state agencies. According to Green Book Principle 7, "Identify, Analyze, and Respond to Risks,"

> **7.09** . . . When risk response actions do not enable the entity to operate within the defined risk tolerances, management may need to revise risk responses or reconsider defined risk tolerances. Management may need to conduct periodic risk assessments to evaluate the effectiveness of the risk response actions.

Effect

When division staff and TEDS do not process Medicaid eligibility determinations correctly, the division increases the risk of providing Medicaid benefits to ineligible individuals, thereby allowing them to receive a benefit they are not entitled to receive and rendering related costs unallowable.

Additionally, federal regulations address actions that federal agencies may impose if a state entity does not comply with the U.S. Constitution, federal statutes, regulations, or the terms and conditions of a federal award. According to 2 CFR 200.208(c), "Specific conditions," these actions may include

- requiring reimbursement instead of advance payments;
- not allowing the agency to proceed to the next phase until it submits evidence of acceptable performance;
- requiring additional, more detailed financial reports or additional project monitoring;
- requiring the agency to obtain technical or management assistance; or
- establishing other prior approvals.

If the federal agency determines the state agency cannot remedy its noncompliance through the above actions, 2 CFR 200.339, "Remedies for noncompliance," outlines additional actions the federal agency may take. Depending on the circumstances, these actions may include

- temporarily withholding payments until the noncompliance has been corrected,
- denying the use of funds,
- partly or fully suspending or terminating the federal award,
- suspending or debarring the agency,
- withholding further awards for the project or program, or
- pursuing other available legal remedies.

Recommendation

The Assistant Commissioner should ensure that eligibility workers are fully trained so that they understand their responsibilities relating to Medicaid eligibility and can properly determine if the members are eligible for benefits. In addition, the Assistant Commissioner should work with the TEDS contractor to continually monitor and reassess TEDS performance to ensure it correctly processes determinations and terminations.

Additionally, division management should evaluate the effectiveness of the control activities for the risks identified in this finding, update the division's annual risk assessment to reflect any new controls management implements as necessary, and take action if deficiencies occur. As part of this process, management should assign staff to continually monitor risks and assess mitigating controls.

Management's Comment

We concur.

During the review period TennCare processed almost 350,000 applications and took action on hundreds of thousands of existing cases. Even though we now have a modern eligibility determination system that can automatically process much of this work, worker intervention is still necessary for many cases. To ensure that TennCare eligibility workers provide the highest quality for our applicants and members, TennCare currently has more controls in place than we ever have before. These include, but are not limited to, the following:

1) Robust case reading process that includes monthly goals and scores, as well as targeted improvement

   On a monthly basis each manager of TennCare eligibility workers reviews cases determined by each staff member and inputs quality scores into a case reading tool. There are measures in place to ensure that managers are scoring cases uniformly and the items being reviewed are aligned with state and federal audits. Quality goals are incorporated in Individual Performance Plans and staff who consistently miss goals are put on Performance Improvement Plans. Each eligibility worker can review their findings in published reports, and those reports can be viewed at the unit or division level. Monthly conferences are held to discuss case read findings and broad findings can result in policy updates or new training materials. The Member Services Quality team reviews additional cases of workers who do not meet their quality goals in a given month. This is a process that began in December 2020 and has been praised by federal auditors who recently reviewed the TennCare eligibility process. During the last employee review cycle 97% of all cases reviewed within the TennCare Member Services Eligibility Operations Group met quality standards.

2) New worker secondary review process

   Newly hired staff are not permitted to perform final case authorizations without supervisor review for the first three months of employment. If the underlying case action is not correct upon supervisor review, managers will provide targeted coaching to correct the behavior.

   This secondary review process is also used for seasoned employees whose quality case reading scores are not sufficient. This is a tool used while caseworkers are undergoing Process Improvement Plans.

3) Process Improvement Plans (PIPs)

   Process Improvement Plans are used to help eligibility caseworker staff meet quality and production goals. They involve a focused support between the employee's manager and a member of the TennCare Human Resources staff. Weekly meetings are held and the number of cases read are more than doubled until the employee has improved to an acceptable level. If performance does not improve, the employee may be dismissed.

4) Reports

   The TennCare Eligibility Determination System provides a reporting dashboard that allows management more access to eligibility data than ever before. With this data we have created dashboards at multiple levels that display quality reviews and scores down to the individual worker level. We also have daily reports that identify pending cases by worker queue that managers review throughout the day. The system also allows management a real time view into task volume and age, which is used to ensure work is being completed in a timely manner and allows TennCare to identify problems or anomalies quickly.

Although human error will never be fully eliminated in such a complicated program, one way we have been working towards that goal is by improving training for Member Services staff. As discussed in the FY2020 audit, we completed an overhaul of training materials in 2021. We have begun training new staff using the revised curriculum and retraining of existing Member Services staff to focuses on business processes and more hands-on system scenarios will begin in February 2022. By mid-year 2022 all staff responsible for processing cases will receive new computer-based training related to the processing of cases, including income determinations. The training will consist of assigned computer-based training, quizzes, and a virtual lab. During the lab, they will work independently to complete several practice scenarios followed by a final practice which serves as the assessment. There will be a facilitator available throughout the lab session to answer any questions. Once an assessment is passed, workers will proceed to the next section.

Additionally, all newly-hired staff attend facilitator-led training that includes both policy and systems focused learning. Guided practices and independent practices are included for each unit of training. New employees are also tested with independent practices. Furthermore, all eligibility caseworkers also receive unit-specific training, special trainings when problem areas are identified, and weekly meetings with subject matter experts to discuss refresher policies arising from case reading common errors.

TennCare does work with the TEDS contractor to continually monitor and assess the TEDS system performance to ensure it correctly processes determinations and terminations. There are robust escalation channels for eligibility or appeals staff to identify issues and raise those both internally and to our systems vendor for analysis and resolution, including promotion of new code. TennCare continually assesses those escalation pathways to look for ways to improve the system. The global pandemic has impacted system performance in many ways. First, annual renewals which reassess member eligibility have been suspended due to the public health emergency since March 2020. Second, TennCare was required to hold most negative eligibility actions during the public health emergency and many of the systematic changes necessary to effectuate that moratorium was completed through temporary data fixes rather than coding changes. This decision was made in March 2020 when we believed the pandemic would be a short-term concern. These data fixes have been difficult to manage over the last two years but will allow TennCare to unwind the moratorium more quickly once the global pandemic ends.

TennCare does have a dedicated audit-focused team within the Member Services Compliance and Policy Group who is assigned to draft the annual risk assessment and monitor controls. We will review our risk assessment and make appropriate updates.

Finding Number	2021-010
Assistance Listing Number	93.767
Program Name	Children's Health Insurance Program (CHIP)
Federal Agency	Department of Health and Human Services
State Agency	Department of Finance and Administration
Federal Award Identification Number	2005TN5021 and 2105TN5021
Federal Award Year	2020 and 2021
Finding Type	Material Weakness and Noncompliance
Compliance Requirement	Eligibility
Repeat Finding	2020-009
Pass-Through Entity	N/A
Questioned Costs	$8,428

As noted in the prior audit, management of the Division of TennCare should continue to promptly address the division's CoverKids eligibility process deficiencies, which resulted in $11,607 in federal and state questioned costs

Background

The Division of TennCare (division) oversees CoverKids, Tennessee's Children's Health Insurance Program (CHIP). Funded at both the federal and state levels, the program provides health insurance coverage to uninsured, low-income children and pregnant women not otherwise eligible for Medicaid. Prior to 2021, BlueCross BlueShield was the sole managed care organization (MCO) of CoverKids services. In general, the division made three types of payments on behalf of CoverKids members from July 1, 2020, through December 31, 2020:

- administrative payments[32] to BlueCross BlueShield;
- fee-for-service claims paid to providers for services[33] provided to members; and
- reimbursements to benefit managers for services, such as pharmacy, dental, and health services.

Beginning January 1, 2021, the division amended its contracts with two MCOs, UnitedHealthcare and Amerigroup, to allow them to also serve CoverKids members. Additionally, the division stopped paying fee-for-service claims to providers and began paying MCOs capitation payments,[34] and the MCOs now pay for health service claims provided to members. From January 1, 2021, through June 30, 2021, the division made two types of payments on behalf of CoverKids members:

[32] The division paid BlueCross BlueShield an administrative rate per member per month and reimburses the provider for all services (claims) provided to CoverKids members.
[33] The types of services provided include, but are not limited to, medical, behavioral health, and case management services. As part of its contract for fiscal year 2020, BlueCross BlueShield managed these claims on behalf of the division.
[34] The division contracts with three MCOs and only pays them a capitation rate per member per month to provide services to CoverKids members.

- monthly capitation payments to the MCOs; and
- reimbursements to benefit managers for services, such as pharmacy and dental services.

Division's Eligibility Determination Process for CoverKids Applicants and Members

Initial Eligibility Process

CoverKids applicants apply for eligibility using TennCare Connect, the public-facing web portal of the division's Tennessee Eligibility Determination System (TEDS). In addition to TennCare Connect, the division continues to accept applications through each of following methods:

- by phone or online through the Federally Facilitated Marketplace;[35]
- by phone or a paper application;
- online through the TennCare Access partner portal;[36] or
- by visiting a Department of Human Services office for in-person assistance with applying online, by paper, or by phone.

Whether an applicant applies by phone, paper, in-person, or online, the division enters the applicant's demographic, income, and household information into TEDS for automated processing and verifies the applicant's information against multiple state and federal databases. The verification determines if the applicant is eligible for any available TennCare or CoverKids eligibility category, thereby removing the need for human intervention in many cases. When TEDS requires human intervention for eligibility determinations, such as when the system identifies discrepancies in application information or cannot verify information, the system automatically assigns an eligibility caseworker to process the application manually in TEDS.[37]

Eligibility Renewals Paused

Pursuant to the Families First Coronavirus Response Act, the division is not permitted to terminate members who were enrolled when the federal COVID-19 public health emergency (PHE) period began. As such, the division paused CoverKids eligibility renewals, eligibility changes to lower categories, and terminations on March 18, 2020. During this pause, the division may only terminate CoverKids coverage for existing members who die; voluntarily terminate coverage; become residents of another state; or, for members with pregnancy coverage, when their postpartum period ends. As of December 6, 2021, the PHE remains in effect.

[35] The U.S. Department of Health and Human Services operates the Federally Facilitated Marketplace, an organized marketplace of health insurance plans where individuals can apply for health insurance, including Medicaid and CoverKids.
[36] The division partners with the Department of Health, certain hospitals, and certain long-term care providers to assist individuals in the application process.
[37] According to division management, TEDS is a task-based system where an eligibility caseworker may have to manually verify an applicant's information (such as Social Security Administration payment history or family composition) to continue processing eligibility.

Prior Audit Results

As noted in the prior audit, the division did not have an effective key internal control for determining eligibility. As a result, we reported the following compliance issue with TEDS errors and caseworker processing errors that were affecting eligibility determinations.

In the division's six-month follow-up report to the Comptroller's Office, dated September 24, 2021, management stated:

> Our corrective action for this finding is complete except for the cases that need an action that cannot be completed while the federal public health emergency is in place. . . . We also updated the worker training curriculum to increase their understanding of business processes and policies being used in the eligibility determination process. Additionally, we updated our eligibility related Risk Assessment.

Condition, Criteria, and Cause

For the current audit, we determined that division management did resolve the TEDS system error affecting eligibility determinations but did not resolve the eligibility caseworker processing errors affecting eligibility determinations as noted in the prior audit. We also identified a new issue involving a TEDS system issue for postpartum members.

Payment Testwork

To determine whether management made administrative and capitation payments for eligible CoverKids members, we tested a random, nonstatistical sample of 30 administrative payments paid between July 1, 2020, and December 31, 2020, and 30 capitation payments made between January 1, 2021, through June 30, 2021, for a total of 60 payments worth $7,358. The sample was taken from a population of 542,052 administrative and capitation payments totaling $67,026,546. Based on our review, for 5 of 60 payments tested (8%), eligibility caseworkers and TEDS did not verify the members' eligibility.

- For 4 of 60 CoverKids payments tested, an eligibility caseworker and TEDS did not verify the members' household income before enrolling them in the CoverKids program.

  According to Title 42, *Code of Federal Regulations,* Part 457, Section 380(d), "Eligibility verification," if a state "does not accept self-attestation of income, the State must verify the income of an individual by using the data sources and following standards and procedures for verification of financial eligibility. . . ."

  According to the division's Policy 200.035, "Verification," the division must verify and document all of the member's financial and non-financial information. This may occur through systematic verification in TEDS; however, if TEDS is unable to verify the member's information, TEDS will trigger a notice requesting the member to provide proof of the information required for eligibility.

For 2 payments, the division requested proof of income after TEDS could not automatically verify the reported household income of the members. One of the members returned insufficient documentation, which an eligibility caseworker incorrectly accepted as proof of income. The other member did not respond to the request for additional information; however, due to a system error, TEDS approved their renewal application anyway. As a result of these 2 errors, we identified $301 in federal questioned costs and an additional $75 in state questioned costs. For major programs, such as CHIP, 2 CFR 200.516(a)(3), "Audit findings," requires us to report known and likely questioned costs greater than $25,000 for a type of compliance requirement for a major program. Based on our review, we determined that likely questioned costs exceeded $25,000.

For the remaining 2 payments, an eligibility caseworker approved the member's eligibility without proper income verifications. In these instances, the caseworker noted "Other Acceptable Verification," which allowed TEDS to grant the member eligibility. However, no documentation of acceptable verification could be found in the system. After we brought the issue to management's attention, the division verified the reported household income from the members' applications and determined they still qualified for CoverKids coverage; therefore, we did not question costs associated with these 2 payments.

- For 1 of 60 CoverKids payments tested, an eligibility caseworker did not verify that the member was a U.S. citizen, U.S. national, or eligible non-citizen.[38]

  According to 42 CFR 457.380(b), states must verify that all applicants, except newborns, are either a U.S. citizen, U.S. national, or eligible non-citizen before granting coverage.

  For this member, an eligibility caseworker requested additional documentation to confirm citizenship on December 19, 2018, with a member response due back to the division by January 11, 2019. When the member's guardian did not return this information, an eligibility caseworker denied the member for CoverKids. According to the Eligibility Quality Control Director, after his guardian filed an appeal, a division appeals worker changed the member's citizenship status to "U.S. Citizen/National" without obtaining any verifying information and approved the member for CoverKids. On November 19, 2021, the Assistant Quality Control Director stated that division management initiated termination for this member. We identified federal questioned costs totaling $72 and an additional $18 in state questioned costs associated with this member. As noted above, for major programs, such as CHIP, we are required to report known and likely questioned costs greater than $25,000 for a type of compliance requirement for a major program. Based on our review, we determined that likely questioned costs exceeded $25,000.

[38] Most noncitizen legal residents living in the United States cannot receive Medicaid for the first five years of residency, known as the "five-year bar." However, eligible noncitizens, such as asylees and refugees, do not have a five-year waiting period.

Expanded Postpartum Member Testwork

For 12 payments included in our sample, the members who received coverage qualified for the CoverKids program due to their pregnancy status. Based on the results of our initial testwork, all 12 payments in our sample were made while these members were eligible for CoverKids benefits. However, during our review, we noted that the division's federal grantor, the Centers for Medicaid and Medicare Services (CMS), published guidance through a January 6, 2021, Frequently Asked Questions (FAQ) for the Family First Coronavirus Response Act. According to the FAQ, states should resume terminations during the public health emergency for members enrolled in CHIP who qualified for the program due to their pregnancy status at the conclusion of their postpartum period provided they do not qualify for another program. Therefore, we expanded our review to determine whether the division appropriately terminated CoverKids membership after the postpartum period for the 12 members included in our sample. Based on our review, for 7 of the 12 members tested (58%), we determined that the division did not terminate coverage after the member's postpartum period ended, which resulted in payments on behalf of ineligible individuals.

The division's Eligibility Quality Control Director stated that the division implemented TEDS system updates to review and process terminations for postpartum members on February 28, 2021. On March 17, 2021, the division began an automated process to terminate the members' benefits. Based on our review, TEDS generated pre-termination notices to these individuals, but TEDS did not terminate benefits when the members did not respond to the notices. Representatives from the contractor responsible for TEDS maintenance stated that a subsequent TEDS update on April 1, 2021, unintentionally overrode the changes. Prior to the April 1, 2021, implementation of the TEDS update, management tested and approved the update, but the testing did not identify the issue. Prior to our audit engagement, management was unaware of the system error. According to division management, the TEDS contractor developed a new TEDS system update that was implemented on December 13, 2021, to correct the system issue to terminate the members' postpartum benefits. We will review management's system fixes which were implemented after the end of our audit scope of June 30, 2021, during TennCare's 2022 Single Audit.

As a result of these errors, we identified $8,055 in federal questioned costs and an additional $3,086 in state questioned costs. For major programs, such as CHIP, 2 CFR 200.516(a)(3) requires us to report known and likely questioned costs greater than $25,000 for a type of compliance requirement for a major program. Because our 60-member sample included 12 members who were eligible based on pregnancy and 7 of those 12 (58%) should have been terminated, we believe likely questioned costs could exceed $25,000.

Risk Assessment

We reviewed the Division of TennCare's December 2020 Financial Integrity Act Risk Assessment and determined that management listed the risk of an eligibility caseworker or TEDS performing inaccurate eligibility determinations, member case changes, and redeterminations. Management identified two controls to mitigate these risks:

- TEDS will generate standard and specialized reports relating to system functionality and worker performance; and

- the Compliance and Policy Group will monitor the performance of the interfaces that feed information from, and into, TEDS.

However, based on the results of our review, these controls were not sufficient to address the identified risks.

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) provides a comprehensive framework for internal control practices in federal agencies and serves as a best practice for other government agencies, including state agencies. According to Green Book Principle 7, "Identify, Analyze, and Respond to Risks,"

> **7.09** . . . When risk response actions do not enable the entity to operate within the defined risk tolerances, management may need to revise risk responses or reconsider defined risk tolerances. Management may need to conduct periodic risk assessments to evaluate the effectiveness of the risk response actions.

Effect

When division staff and TEDS do not process CoverKids eligibility determinations correctly, the division increases the risk of keeping ineligible individuals on its membership rolls, thereby allowing them to receive a public benefit they are not entitled to receive and rendering related costs unallowable.

Additionally, federal regulations address actions that federal agencies may impose if a state entity does not comply with the U.S. Constitution, federal statutes, regulations, or the terms and conditions of a federal award. According to 2 CFR 200.208(c), "Specific conditions," these actions may include

- requiring reimbursement instead of advance payments;
- not allowing the agency to proceed to the next phase until it submits evidence of acceptable performance;
- requiring additional, more detailed financial reports or additional project monitoring;
- requiring the agency to obtain technical or management assistance; or
- establishing other prior approvals.

If the federal agency determines the state agency cannot remedy its noncompliance through the above actions, 2 CFR 200.339, "Remedies for noncompliance," outlines additional actions the federal agency may take. Depending on the circumstances, these actions may include

- temporarily withholding payments until the noncompliance has been corrected,
- denying the use of funds,
- partly or fully suspending or terminating the federal award,
- suspending or debarring the agency,

- withholding further awards for the project or program, or
- pursuing other available legal remedies.

Recommendation

The Assistant Commissioner of Member Services should ensure that eligibility caseworkers are fully trained so that they understand their responsibilities relating to CHIP eligibility and can properly determine if the members are eligible for CoverKids benefits.

In addition, the Assistant Commissioner should work with the TEDS contractor to ensure the system fix is operating as designed. Furthermore, the division should determine any additional inappropriate payments made on behalf of members whose postpartum eligibility period had ended and return those payments to the federal government.

Management should evaluate the effectiveness of control activities for the risks identified in this finding, update the risk assessment as necessary, and take action if deficiencies occur. As part of this process, management should assign staff to continually monitor risks and assess mitigating controls.

Management's Comment

We concur.

During the review period TennCare processed almost 350,000 applications and took action on hundreds of thousands of existing cases. Even though we now have a modern eligibility determination system that can automatically process much of this work, worker intervention is still necessary for many cases. To ensure that TennCare eligibility workers provide the highest quality for our applicants and members, TennCare currently has more controls in place than we ever have before. These include, but are not limited to, the following:

1) Robust case reading process that includes monthly goals and scores, as well as targeted improvement

   On a monthly basis each manager of TennCare eligibility workers reviews cases determined by each staff member and inputs quality scores into a case reading tool. There are measures in place to ensure that managers are scoring cases uniformly and the items being reviewed are aligned with state and federal audits. Quality goals are incorporated in Individual Performance Plans and staff who consistently miss goals are put on Performance Improvement Plans. Each eligibility worker can review their findings in published reports, and those reports can be viewed at the unit or division level. Monthly conferences are held to discuss case read findings and broad findings can result in policy updates or new training materials. The Member Services Quality team reviews additional cases of workers who do not meet their quality goals in a given month. This is a process that began in December 2020 and has been praised by federal auditors who recently reviewed the TennCare eligibility process. During the last employee review cycle 97% of all cases reviewed within the TennCare Member Services Eligibility Operations Group met quality standards.

2) New worker secondary review process

   Newly hired staff are not permitted to perform final case authorizations without supervisor review for the first three months of employment. If the underlying case action is not correct upon supervisor review, managers will provide targeted coaching to correct the behavior. This secondary review process is also used for seasoned employees whose quality case reading scores are not sufficient. This is a tool used while caseworkers are undergoing Process Improvement Plans.

3) Process Improvement Plans (PIPs)

   Process Improvement Plans are used to help eligibility caseworker staff meet quality and production goals. They involve a focused support between the employee's manager and a member of the TennCare Human Resources staff. Weekly meetings are held and the number of cases read are more than doubled until the employee has improved to an acceptable level. If performance does not improve, the employee may be dismissed.

4) Reports

   The TennCare Eligibility Determination System provides a reporting dashboard that allows management more access to eligibility data than ever before. With this data we have created dashboards at multiple levels that display quality reviews and scores down to the individual worker level. We also have daily reports that identify pending cases by worker queue that managers review throughout the day. The system also allows management a real time view into task volume and age, which is used to ensure work is being completed in a timely manner and allows TennCare to identify problems or anomalies quickly.

Although human error will never be fully eliminated in such a complicated program, one way we have been working towards that goal is by improving training for Member Services staff. As discussed in the FY2020 audit, we completed an overhaul of training materials in 2021. We have begun training new staff using the revised curriculum. Beginning in February 2022 we will start retraining existing Member Services staff with a focus on business processes and more hands-on system scenarios. By mid-year 2022 all staff responsible for processing cases will receive new computer-based training related to the processing of cases, including income determinations. The training will consist of assigned computer-based training, quizzes, and a virtual lab. During the lab, they will work independently to complete several practice scenarios followed by a final practice which serves as the assessment. There will be a facilitator available throughout the lab session to answer any questions. Once an assessment is passed, workers will proceed to the next section.

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TennCare does work with the TEDS contractor to continually monitor and assess the TEDS system performance to ensure it correctly processes determinations and terminations. There are robust escalation channels for eligibility or appeals staff to identify issues and raise those both internally and to our systems vendor for analysis and resolution, including promotion of new code. TennCare continually assesses those escalation pathways to look for ways to improve the system. The global pandemic has impacted system performance in many ways. First, annual renewals which reassess member eligibility have been suspended due to the public health emergency since March 2020. Second, TennCare was required to hold most negative eligibility actions during the public health emergency and many of the systematic changes necessary to effectuate that moratorium was completed through temporary data fixes rather than coding changes. This decision was made in March 2020 when we believed the pandemic would be a short-term concern. These data fixes have been difficult to manage over the last two years but will allow TennCare to unwind the moratorium more quickly once the global pandemic ends.

Based on late 2020 updated guidance from the Centers for Medicare and Medicaid Services, TennCare's federal oversight partner, changes were made to the TEDS system in March 2021 to begin reviewing for continued eligibility then potentially terminating a portion of CoverKids members who recently gave birth. This process began in March 2021 and included all cases that had been held open since the COVID-19 public health emergency began. In April 2021 another change to system then negatively impacted the plans to close coverage based on no response to notices mailed to the 12 members in this audit. This systems issue was then corrected in December 2021.

TennCare is working with the TEDS contractor to ensure this type of error does not occur in the future. A testing expert has joined the project to assess internal testing processes and to develop a plan to enhance regression testing that will automatically run after every new code release. This will help to confirm that a recent program or code change has not adversely affected existing systems processes. Further, TennCare has recently requested additional state staff to assist with testing within Member Services and has a plan to augment this testing team with contractors. Finally, the auditors have suggested that TennCare reimburse the federal government for the months when these new mothers retained coverage. Our accounting division will return funds as determined and required.

TennCare does have a dedicated audit-focused team within the Member Services Compliance and Policy Group who is assigned to draft the annual risk assessment and monitor controls, along with leadership in various units in Member Services. We will review our risk assessment and make appropriate updates.

Finding Number	2021-011
Assistance Listing Number	93.767 and 93.778
Program Name	Children's Health Insurance Program (CHIP) Medicaid Cluster
Federal Agency	Department of Health and Human Services
State Agency	Department of Finance and Administration
Federal Award Identification Number	2005TNIMPL, 2005TNINCT, 2005TN5MAP, 2005TN5ADM, 2105TNIMPL, 2105NV5MAP, 2105NV5ADM, 2105TNINCT, 2105TN5MAP, 2105TN5ADM, 2005TN5021, 2105TN5021
Federal Award Year	2020 and 2021
Finding Type	Material Weakness and Noncompliance
Compliance Requirement	Other
Repeat Finding	N/A
Pass-Through Entity	N/A
Questioned Costs	N/A

The Division of TennCare did not implement adequate internal controls in two specific areas

The Division of TennCare did not design and monitor internal controls in two areas. During our audit, we identified one internal control deficiency that was in violation of entity policies or industry-accepted best practices. Subsequent to our audit fieldwork, division management became aware of another internal control deficiency that was in violation of entity policies or industry-accepted best practices.

We reviewed the division's December 2020 Financial Integrity Act Risk Assessment and determined that management listed risks relating to these areas; however, the division did not have an effective control to mitigate the risks.

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) provides a comprehensive framework for internal control practices in federal agencies and serves as a best practice for other government agencies, including state agencies. According to Green Book Principle 7, "Identify, Analyze, and Respond to Risks,"

> **7.09** . . . When risk response actions do not enable the entity to operate within the defined risk tolerances, management may need to revise risk responses or reconsider defined risk tolerances. Management may need to conduct periodic risk assessments to evaluate the effectiveness of the risk response actions.

Ineffective implementation and operation of internal controls increases the likelihood of error, data loss, and unauthorized access to Division of TennCare information. Pursuant to Standard 6.63 of the U.S. Government Accountability Office's *Government Auditing Standards*, we omitted details from this finding because they are confidential under the provisions of Section 10-7-504(i), *Tennessee Code Annotated*. We provided the Division of TennCare with detailed information regarding the specific conditions as well as the related criteria, causes, and our specific recommendations for improvement.

Recommendation

Management should ensure that these conditions are corrected by the development and effective implementation of internal controls in these areas. 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 when deficiencies occur.

Management's Comment

We concur with this finding. A combination of ineffective communication in addition to human error led to the issues noted in these areas. However, at no point was there evidence of sensitive data used inappropriately or removed from any systems. As part of our corrective action, we will be implementing a new policy to address the one area in addition to new system functionality that will obtain more accurate information and improve processes in the future.

Finding Number	2021-012
Assistance Listing Number	21.019
Program Name	Coronavirus Relief Fund
Federal Agency	Department of the Treasury
State Agency	Department of Finance and Administration Department of Military
Federal Award Identification Number	N/A
Federal Award Year	2020 and 2021
Finding Type	Significant Deficiency and Noncompliance
Compliance Requirement	Allocable Costs/Cost Principles
Repeat Finding	N/A
Pass-Through Entity	N/A
Questioned Costs	$497,106

Management's inadequate oversight of reallocation entries resulted in duplicate expenditure billings to the Coronavirus Relief Fund

Background and Cause

The State of Tennessee was awarded over $2.6 billion as a part of the Coronavirus Relief Fund (CRF). According to the program procedures overview for CRF in Part 4, Assistance Listing 21.019, "Coronavirus Relief Fund," of the uniform guidance compliance supplement,

> The purpose of the Coronavirus Relief Fund (the Fund) is to provide direct payments to state, territorial, tribal, and certain eligible local governments to cover:
>
> 1. Necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID–19);
> 2. Costs that were not accounted for in the government's most recently approved budget as of March 27, 2020; and
> 3. Costs that were incurred during the period that begins on March 1, 2020; and ends on December 31, 2021.

The supplement also states that

> Governments otherwise have broad discretion to utilize payments for expenditures ranging from COVID-19 testing including, but not limited to, reimbursing small businesses for the costs of business interruption caused by required closures.

In addition to CRF, the Department of Military also received funds for several other grants with the largest amount being the "Disaster Grants – Public Assistance (Presidentially Declared Disasters)" (FEMA Disaster Grants Program) from the Federal Emergency Management Agency (FEMA), a part of the United States Department of Homeland Security.

Some costs incurred by the department were allowable under multiple programs, so management tried to allocate the costs to create the best financial benefit to the state. CRF is limited to the amount of funds sent to the state. Other programs such as the FEMA Disaster Grants Program have an unlimited amount of funds available due to approval of a major disaster declaration for Tennessee.

There were several changes to policy for the FEMA Disaster Grants Program that prompted management to move costs from the CRF to the FEMA Disaster Grants Program. For example, page 1 of FEMA Policy 104-21-0003, Version 2, dated September 8, 2021, states,

> This updated interim policy retroactively extends the period of work eligibility to the beginning of the incident period. It also specifies that work conducted from the beginning of the incident period through December 31, 2021, will be reimbursed at a federal cost share of 100 percent.

Prior to the issuance of this policy, the department was meeting the FEMA Disaster Grants Program match requirement through use of CRF funds, but this change allowed management to repurpose those funds previously used to meet the match for another purpose. These changing requirements caused the need for management to perform multiple adjustments with the last adjustments occurring in December 2021. In total, we observed over 300 summary reallocation journal entries adding or removing funds to the CRF program. We also saw examples of transactions moving back and forth between the programs more than once.

Management uses Edison, the state's accounting system, to track and account for federal funds. To differentiate between programs, management assigns project IDs to each expenditure entry. Ordinarily as allowable expenses are incurred, they are recorded in the system under one of the federal program's associated project IDs.

When management determined that a transaction initially recorded under one program could be funded by another program, management recorded a summary journal entry to reallocate costs from one program to another. One summary journal entry line may represent hundreds or thousands of underlying source transactions. Management attached as support for the summary entry the source transactions that were reallocated.

Recording summary entries instead of reversing original entries means that to determine the true costs funded by a program, all reallocation journals must be considered in determining the true population. Since management's process did not always evaluate prior reallocations, some original transactions were allocated multiple times to the CRF program as described in this finding.

With increased reallocations, management should have implemented enhanced oversight of reallocation activities. This would include a more holistic approach of evaluating the effects of all previous journals when performing a reallocation.

The volume of adjustments contributed to the late submission of the Schedule of Expenditures of Federal Awards (SEFA) to the Division of Accounts in the Department of Finance and Administration. The Division of Accounts is responsible for gathering SEFA information from each state agency and compiling the schedules to form the state's SEFA. The division requested

SEFA information by September 10, 2021. However, the SEFA was not submitted until January 2022.

<u>Condition and Effect</u>

Management did not have adequate procedures to ensure that items were not billed more than once to the CRF program. We identified source transactions that were allocated to the CRF program multiple times. As a result, questioned costs totaling $497,106 were noted relating to the duplicate billings to CRF.

<u>Criteria</u>

Title 2, Code of Federal Regulations, Part 200, Section 302(a), states,

> . . . the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the . . . tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

<u>Recommendation</u>

Management should develop an adequate process to ensure expenditure entries are not billed to the program more than once. Management should consider a one-to-one reversal of individual Edison original transactions as opposed to the use of summary entries to adjust funding in Edison, as this would have greatly aided in the process of generating a detailed original listing of transactions ultimately billed to the program. This is especially true in cases involving a large number of adjustments such as with this program. If management does not use a one-to-one reversal process, they should consider maintaining a master list of all source transactions allocated or reallocated to the program.

<u>Management's Comment</u>

We concur.

The questioned costs totaling $497,106 have been returned to the CRF program in FY 2022, and additional Department of Military eligible costs totaling this same amount will be drawn against the CRF in FY 2022. Through this action the total CRF funds allocated and spent by the Department of Military will remain at $105,221,467.

Regarding the recommendation to develop an adequate process to ensure expenditure entries are not billed to the same program more than once, the Department of Military's accounting office, staffed by the Department of Finance and Administration, Division of Accounts, in collaboration with Department of Military (including the Tennessee Emergency Management Agency) staff have begun an enhancement and redesign of the control activities designed to address the risk of duplicate reallocations.

The initial phase of this enhancement and redesign process includes the implementation of automated procedural searches of all journal entries to identify potential duplicates. For example, journal entry lines that were posted using the same key chartfields and amount are shown in the results.

Additional enhancements include the consistent use of one-to-one posted Edison transaction reversals and reallocations versus summary level reversals and reallocations. This will assist in making automated procedural searches more complete. Efforts are also underway to review and improve the in-place process for the exchange of necessary reallocation data between program office and accounting office staff, as well as to explore cost effective methodologies/approaches to building and maintaining a shared database of the original source transactions underlying processed reallocations.

Finding Number	2021-013
Assistance Listing Number	21.019
Program Name	Coronavirus Relief Fund
Federal Agency	Department of the Treasury
State Agency	Department of Finance and Administration Department of Human Services
Federal Award Identification Number	SLT0245
Federal Award Year	2021
Finding Type	Significant Deficiency and Noncompliance
Compliance Requirement	Subrecipient Monitoring
Repeat Finding	N/A
Pass-Through Entity	N/A
Questioned Costs	N/A

The Departments of Finance and Administration and Human Services did not monitor Coronavirus Relief Fund subrecipients

Background

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020. The CARES Act provided additional federal funds to offset the effects of the outbreak of the 2019 novel coronavirus (COVID-19) through already established federal programs, such as the Supplemental Nutritional Assistance Program (SNAP) and the Education Stabilization Fund. The CARES Act also established new programs to facilitate pandemic responses. Through the CARES Act, Congress created the Coronavirus Relief Fund (the Fund) to provide assistance to states, territories, tribes, and certain eligible local governments to cover necessary pandemic-related expenditures incurred from March 1, 2020, through December 31, 2021, that were not accounted for in the entities' most recently approved budgets.

According to the "Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments," Volume 86, *Federal Register*, page 4183 (January 15, 2021),

> . . . a State, local, or tribal government may use payments from the Fund only to cover previously unbudgeted costs of necessary expenditures incurred due to the COVID-19 public health emergency during the covered period [March 1, 2020, through December 31, 2021].[. . .] The Direct Recipient of payments from the Fund is ultimately responsible for compliance with this limitation on the use of payments from the fund.

The Department of Finance and Administration (F&A) received the Coronavirus Relief Fund award from the federal government and therefore, as the direct (or prime) recipient, was responsible for ensuring the state complied with applicable federal regulations when expending the CRF award. State leadership, through the Governor's Financial Stimulus Accountability

Group (FSAG),[39] developed a spending plan for selected state entities, and F&A provided these entities with guidance on use of the funds, including interpretations of United States Treasury's *Federal Registers* applicable to the Fund. F&A was responsible for reimbursement to these entities for eligible and allowable expenditures.

Under the spending plan, FSAG directed $150 million from the Fund to the Department of Human Services (DHS) to establish the Tennessee Community CARES Program.[40] To administer their portion of CRF for the Tennessee Community CARES Program, DHS contracted with third parties, known as grant administrators, to assist DHS with beneficiary eligibility determinations and with the review of allowable spending under the program.

Condition and Cause

F&A Responsibilities

As the prime recipient, F&A management was ultimately responsible for ensuring the state agencies executed their responsibilities within CRF regulations, including identifying and monitoring subrecipients of the CRF federal award. F&A management informed DHS and other state agencies that the subrecipient monitoring requirement was applicable to Coronavirus Relief Fund; however, F&A management, as the prime recipient, did not ensure DHS complied with these responsibilities and fulfilled their obligations.

DHS misclassified grant administrators as vendors rather than subrecipients and did not perform required subrecipient monitoring activities

When DHS entered into the contract relationships with the six grant administrators, DHS classified the relationship between the state and the nonprofit entity as a vendor-type relationship. We reviewed the contracts and analyzed the nature of the grant administrators' responsibilities and found that these entities met the characteristics of a subrecipient listed in Title 2, *Code of Federal Regulations,* Part 200, Section 331(a), because their responsibilities aligned with those of a subrecipient and not a vendor.

Under the subrecipient model, as established in 2 CFR 200.332, the pass-through entity must

> (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraph (d). . . of this section [. . .]
>
> (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes,

[39] On April 16, 2020, the Governor created the Financial Stimulus Accountability Group (FSAG) to aid in the proper fiscal management of stimulus funds, such as the $2.3 billion in Coronavirus Relief Funds, received by the state and created by the CARES Act.

[40] The goal of the Tennessee Community CARES Program is to provide funding to beneficiaries to allow them to respond to the impacts of COVID-19, specifically to be able to reach individuals that have lost wages and need financial, medical, housing, or food assistance, and to aid organizations in helping prevent the spread of COVID-19 through providing access to supplies.

regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

Based on the misclassification, DHS did not schedule monitoring activities through the Division of Audit Services for the grant administrators. We discussed the classification error with DHS management, and in response to this discussion, the department reviewed the characteristics of the contract and came to the same determination that the entities should have been subrecipients. DHS communicated this change to the Grant Administrators.

Audit Services amended DHS's subrecipient monitoring plan; however, the amended plan only included one of the six Grant Administrators because Audit Services only had time to monitor one Grant Administrator and did so in May 2021.[41] Audit Services issued a report identifying instances of the Grant Administrator approving unallowable or unsupported costs that beneficiaries had included in their request for reimbursement. The department is currently pursuing the recovery of questioned costs related to this program.

Effect

Without an accurate determination of the subrecipient relationship, management cannot ensure established control activities are performed to ensure compliance with federal requirements. Furthermore, when F&A does not perform oversight of other state entities charged with administering the federal program, management increases the risk state agencies will not meet federal compliance requirements or fulfill their own responsibilities set for by F&A, thus increasing the risks of noncompliance with federal regulations as well as fraud, waste, and abuse in federal programs. Specifically, without these controls in place, F&A and DHS increased the risks that the Grant Administrators failed to administer the eligibility and allowable cost determinations within the federal Coronavirus Relief Funds requirements.

Recommendation

As the Prime Recipient of the federal award, the Commissioner of the Department of Finance and Administration should direct the department's management and staff to design and implement internal controls to ensure that all agencies participating in temporary federal programs, such as Coronavirus Relief Funds, execute their responsibilities. F&A should develop a process to ensure subrecipients are accurately identified and properly addressed in agency risk assessments and monitoring plans when F&A collaborates with other agencies to execute a federal program. F&A and DHS management should also consider reviewing the risks identified in this finding, updating their agencies' risk assessment, and implementing controls when necessary.

Management's Comments

Department of Finance and Administration

We concur.

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[41] This was completed for the monitoring year October 1, 2020, through September 30, 2021.

As the prime recipient, F&A management will continue to communicate responsibilities and expectations to other state agencies to ensure they fulfill their federal award obligations. Specifically, F&A management will develop a process to ensure subrecipients are accurately identified and properly addressed in agency risk assessments and monitoring plans when F&A collaborates with other agencies to execute a federal program.

Department of Human Services

We concur.

The Department concurs that the grant administrators were initially misclassified as vendors, rather than subrecipients. Management did correct the classification but agree that it was changed once the program was underway. The Department has subsequently implemented a process in which subrecipient determinations are made during the contract process ensuring accurate and timely classification.

The Department concurs that required subrecipient monitoring did not completely occur during the award period. The Department's Audit Services Division monitored two of the six grant administrators. The Department's Audit Services Division issued the first monitoring report on August 27, 2021, the second monitoring report was issued on February 17, 2022.

Finding Number	2021-014
Assistance Listing Number	84.010, 84.027, 84.173, 84.367, 84.424, 84.425B, 84.425C, 84.425D, and 84.425R
Program Name	Title I Grants to Local Educational Agencies Special Education Cluster Supporting Effective Instruction State Grants Student Support and Academic Enrichment Program Grants Education Stabilization Fund
Federal Agency	Department of Education
State Agency	Department of Education
Federal Award Identification Number	S010A170042, S010A180042, S010A190042, S010A200042, H027A180052, H027A190052, H027A200052, H173A180095, H173A190095, H173A200095, S367A180040, S367A190040, S367A200040, S424A180044, S424A190044, S424A200044, S425B200027, S425C200027, S425C210027, S425D200047, S425D210047, and S425R210005
Federal Award Year	2017 through 2021
Finding Type	Material Weakness (84.010, 84.027, 84.173, 84.367, 84.424 and 84.425) and Noncompliance (84.010 and 84.367)
Compliance Requirement	Activities Allowed or Unallowed (Material Weakness – 84.010, 84.027, 84.173, 84.367 and 84.424; Noncompliance 84.010 and 84.367) Allowable Costs/Cost Principles (Material Weakness – 84.010, 84.027, 84.173, 84.367 and 84.424; Noncompliance – 84.010 and 84.424) Subrecipient Monitoring (Material Weakness - 84.010, 84.027, 84.173, and 84.367, 84.424 and 84.425)
Repeat Finding	2020-002
Pass-Through Entity	N/A

Questioned Costs

Assistance Listing Number	**Federal Award Identification Number**	**Amount**
84.010	S010A190042, S010A200042	$103,287
84.367	S424A190044, S424A200044	$380

<u>As noted in the prior three audits, department management reimbursed subrecipients for costs that were unallowable or not adequately supported, resulting in $103,667 in federal questioned costs</u>

<u>Background</u>

<u>Education-Related Federal Program Funds</u>

The Department of Education (the department) is the pass-through entity for the following programs administered by the U.S. Department of Education:

- Title I Grants to Local Educational Agencies (Title I),[42]
- Special Education Cluster,[43]
- Supporting Effective Instruction State Grants[44] (Title II),
- Student Support and Academic Enrichment Program Grants[45] (Title IV), and
- Education Stabilization Fund (ESF).[46]

The department awards these federal program funds primarily to subrecipients, commonly known as the local educational agencies (LEAs). LEAs incur education-related costs, such as teacher salaries and benefits, and submit reimbursement requests to the department, using ePlan, the department's grants management system. The ePlan system has edit checks that automatically compare an LEA's reimbursement request line items to the LEA's approved budget and reject any amounts that exceed the line items' budget by 10% or more. Additionally, after the LEA submits its reimbursement request, the Director of Local Disbursement or the Senior Director of Local Finance reviews the reimbursement request to ensure that ePlan correctly calculated the amounts on the reimbursement request. Once the department approves the reimbursement request, it is processed for payment. The department and the federal grantor do not require subrecipients to

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[42] Title I Grants to Local Educational Agencies (Title I) is a federal program to improve the teaching and learning of children who are at risk of not meeting challenging academic standards and who reside in areas with high concentrations of children from low-income families.

[43] Pursuant to the federal Individuals With Disabilities Education Act, Special Education Cluster grants ensure that all children with disabilities receive a free, appropriate public education that emphasizes special education and related services designed to meet their unique needs. The grants also ensure that the rights of children with disabilities and their parents are protected; help states, localities, educational service agencies, and federal agencies provide for the education of all children with disabilities; and assess and ensure the effectiveness of efforts to educate children with disabilities.

[44] Supporting Effective Instruction State Grants (Title II) is a federal program to provide funds to state and local educational agencies to increase student achievement consistent with the state's challenging academic standards; improve the quality and effectiveness of teachers, principals, and other school leaders; increase the number of teachers, principals, and other school leaders who are effective in improving student academic achievement in schools; and provide low-income and minority students greater access to effective teachers, principals, and other school leaders.

[45] The Student Support and Academic Enrichment Program is a federal program to improve students' academic achievement by providing all students with access to a well-rounded education, improving school conditions for student learning, and improving the use of technology to improve the academic achievement and digital literacy of all students.

[46] The Education Stabilization Fund is a federal program designed in part to provide state educational agencies and local educational agencies (LEAs), including charter schools that are LEAs, with emergency relief funds to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation.

submit supporting documentation when filing reimbursement requests for education-related expenses; however, federal regulations require the LEAs to maintain all documentation to support their claims and to comply with federal guidelines during the reimbursement process.

Department's Responsibilities as a Grant Administrator

As a pass-through entity of federal funds, the department is responsible for providing overall program oversight, which includes, but is not limited to,

- approving only eligible subrecipients who comply with the federal program requirements and guidelines;
- providing appropriate and effective training, technical assistance, and any other necessary support to facilitate a successful program participation;
- designing effective controls to ensure subrecipients receive reimbursement payments for expenditures that are fully compliant with program requirements and guidelines; and
- monitoring subrecipients' activities to provide reasonable assurance that the subrecipients administer these federal awards in compliance with federal requirements and guidelines.

The department's Division of Local Finance and Division of Federal Programs and Oversight monitor the subrecipients to ensure that the subrecipients reasonably complied with federal and state requirements. Throughout the year, the divisions monitor a sample of subrecipients for various fiscal and programmatic objectives, including a sample of reimbursement transactions the subrecipients submitted to the department and the department subsequently paid.

Department's Internal Controls for Allowable Costs

As the non-federal entity, the department must implement internal controls over compliance requirements for federal awards; the controls must be designed to provide reasonable assurance that subrecipients comply with the federal grantor's regulations. The department relies on its fiscal monitoring activities as its primary detective control to ensure subrecipients are submitting allowable expenditures for reimbursement.

Prior Audit Results

In the prior audit finding, we found that the department reimbursed subrecipients for unallowable and unsupported costs. The Division of Local Finance's fiscal monitoring procedures did not require monitors to review subrecipient transactions and obtain supporting documentation for actual expenditures reimbursed. As a result, management could not ensure that LEAs complied with federal allowable activities/allowed cost reimbursements. Management concurred and stated the following:

> We will update the fiscal monitoring tool to implement more robust procedures for staff to follow in monitoring subrecipient transactions. The improved procedures will also require stricter controls about the adequacy of supporting documentation.

> Additionally, a monitoring tool will be developed allowing for more timely responses to issues and changes and requiring documentation for transactions reviewed.

Management explained in their six-month follow-up that they plan to develop a new process to review, throughout the year, each LEA's reimbursement requests for allowability and adequate supporting documentation. Management planned to roll out the new process to LEAs in July 2021, with reviews of reimbursement requests to begin in October 2021.

Condition and Criteria

Fiscal Monitoring Procedures Were Not Adequate to Ensure that Monitoring Activities Were Performed

We found that the Division of Local Finance's subrecipient monitoring process still did not include procedures to review the subrecipients' compliance with federal allowable activities and allowable cost requirements, including the underlying supporting documentation such as invoices and receipts for expenditure transactions. Additionally, management did not document the sampling methods used or maintain working papers or copies of other evidence to document work performed.

The department relies on its fiscal monitoring activities as its primary detective control to ensure subrecipients are submitting allowable expenditures for reimbursement. However, the design of the subrecipient monitoring process as described in the background above does not ensure that, during monitoring visits, the department's fiscal monitors review samples of supporting documentation for actual expenditures reimbursed to the LEA from federal awards. Therefore, neither management nor we could review the effectiveness of management's control that ensures the department's compliance with allowable costs requirements.

Management is responsible for designing, implementing, and monitoring internal controls in accordance with *Standards for Internal Control in the Federal Government* (Green Book), which provides a comprehensive framework for internal control practices in federal agencies and serves as a best practice for other government agencies, including state agencies. The Green Book states,

> A deficiency in internal control exists when the design, implementation, or operation of a control does not allow management or personnel, in the normal course of performing their assigned functions, to achieve control objectives and address related risks.

To achieve the department's mission, management is responsible for establishing the necessary operational processes to carry out the department's functions, objectives, and goals. These key operational processes should include effective internal controls activities, including management overseeing the processes that fulfill the department's objectives for meeting federal program compliance.

Department Reimbursed Subrecipients for Unallowable and Unsupported Costs

We tested nonstatistical, random samples of reimbursements to LEAs. See **Table 1** for the details of these populations and samples. Based on our testwork, we noted that the department reimbursed LEAs for unallowable and unsupported expenditures, resulting in $103,667 in federal questioned costs.

Table 1
Federal Program Population and Sample Information

Program	Population Items	Population Total	Sample Items	Sample Total
Title I	4,724	$272,925,473	62	$15,636,301
Title II	3,413	$36,135,062	61	$2,203,542

Source: Information obtained from Edison, ePlan, and subrecipient records.

Department Reimbursed Subrecipients for Unallowable Costs

Based on our testwork, we noted that department staff reimbursed subrecipients from two federal programs for unallowable expenditures, totaling $8,189 in federal questioned costs. See **Table 2** for a summary of questioned costs for both of the programs.

Table 2
Results of Testwork – Unallowable Costs

Federal Program	Total Unallowable (Questioned) Costs	Unallowable Cost Description
Title I	$7,865	Full meals from restaurants for parent engagement activities, and unnecessary and unreasonable expenses for grocery tote bags and a field trip
Title II	324	Meals
Total	**$8,189**	

Source: Information obtained from Edison, ePlan, and subrecipient records.

According to Title 2, *Code of Federal Regulations* (CFR), Part 200, Section 403,

> Costs must meet the following general criteria in order be allowable under Federal awards: Be necessary and reasonable for the performance of the Federal award . . . [and] be adequately documented.

In addition, the Tennessee Department of Education's guidance to subrecipients, titled "Using Federal Education Funds to Pay for Food," states, "Full meals for families/parents or students are not allowable for [parent engagement events] under any circumstances."

Department Reimbursed Subrecipients for Unsupported Costs

Based on our review of underlying supporting documentation that the subrecipients provided for the reimbursement claims we selected for review, we noted that department staff reimbursed three subrecipients from the Title I and Title II programs for unsupported expenditures, totaling $95,478 in federal questioned costs. We asked the LEAs to provide us with documentation to support their claims to the department. The LEAs either

- did not provide any supporting documentation (such as paid invoices or receipts) for expenditures claimed for reimbursement, or
- provided supporting documentation that was incomplete.

See **Table 3** for a summary of questioned costs for each of the two programs.

Table 3
Results of Testwork – Total Unsupported Costs

Federal Program	Total Unsupported (Questioned) Costs
Title I	$95,422
Title II	56
Total	**$95,478**

Source: Information obtained from Edison, ePlan, and subrecipient records.

As noted above, 2 CFR 200.403 states that costs must be adequately documented in order to be allowable under federal awards.

We questioned federal costs of $103,287 charged to the Title I program and $380 charged to the Title II program and found that likely questioned costs exceed $25,000 for both programs. Requirements in 2 CFR 200.516(a)(3) instruct us to report questioned costs when **known** or **likely** questioned costs are greater than $25,000 for a type of compliance requirement for a major program.

Risk Assessment

We reviewed the department's December 2020 Financial Integrity Act Risk Assessment and determined that management listed the risk that costs charged to a federal grant are not allowable and not adequately documented under program regulations at the subrecipient level. Management listed three internal controls to mitigate the risk:

1. Maintain a library of resources within ePlan for stakeholders and TDOE [department] staff to use, including on allowable uses;
2. Regular technical assistance training on internal controls and program rules; and
3. Annual risk-based monitoring for programmatic and fiscal requirements.

In addition, management listed the risk that monitoring documents do not contain all the appropriate questions to determine if a district is not in compliance with state or federal law. Management listed three internal controls to mitigate the risk:

1. The monitoring document was developed in collaboration with teams across the department;

2. The monitoring document is updated annually in collaboration with teams across the department; [and]
3. The monitoring document was crosschecked against the requirements outlined in ESSA [Every Student Succeeds Act] and IDEA [Individual With Disabilities Education Act].

While the listed controls are important, management did not design mitigating controls to ensure that monitors reviewed subrecipients' underlying records, based on an established sampling methodology and documentation protocol, for costs to federal programs that are not allowable or not adequately documented.

According to Green Book Principle 7, "Identify, Analyze, and Respond to Risks,"

> **7.09** . . . When risk response actions do not enable the entity to operate within the defined risk tolerances, management may need to revise risk responses or reconsider defined risk tolerances. Management may need to conduct periodic risk assessments to evaluate the effectiveness of the risk response actions.

<u>Cause</u>

The Director stated that department staff reiterated to LEAs allowable cost guidance for issues identified in the prior finding, particularly food purchases. The Director agreed that subrecipient monitoring activities should include a review of LEAs' expenditures to ensure they are allowable and properly supported.

<u>Effect</u>

When management has not fully developed controls to ensure that monitors perform and document key activities to determine LEA compliance, management cannot ensure that subrecipients used program funds for authorized purposes. Additionally, management cannot ensure expenditures complied with federal statutes, regulations, and terms and conditions of the grant award; nor can management ensure that subrecipients achieved the subaward performance goals. The lack of mitigating controls increases the risk of noncompliance with the federal program requirements and may require the state to return these funds to the U.S. Department of Education.

Additionally, federal regulations address actions that federal agencies may impose if a state entity does not comply with the U.S. Constitution, federal statutes, regulations, or the terms and conditions of a federal award. According to 2 CFR 200.208(c), "Specific conditions," these actions may include

- requiring reimbursement instead of advance payments;
- not allowing the agency to proceed to the next phase until it submits evidence of acceptable performance;
- requiring additional, more detailed financial reports or additional project monitoring;
- requiring the agency to obtain technical or management assistance; or

- establishing other prior approvals.

If the federal agency determines the state agency cannot remedy its noncompliance through the above actions, 2 CFR 200.339, "Remedies for noncompliance," outlines additional actions the federal agency may take. Depending on the circumstances, these actions may include

- temporarily withholding payments until the noncompliance has been corrected,
- denying the use of funds,
- partly or fully suspending or terminating the federal award,
- suspending or debarring the agency,
- withholding further awards for the project or program, or
- pursuing other available legal remedies.

Recommendation

The Commissioner should ensure management implements procedures for fiscal monitoring staff to review subrecipient transactions and obtain adequate supporting documentation during monitoring activities to assist the monitors in achieving these key activities. These procedures should include clear monitoring tools and sampling methodologies to guide the monitoring activities. The Commissioner should also continue to ensure program staff train and provide technical assistance to subrecipients about allowable program expenditures and the requirement to maintain documentation to support reimbursed expenditures.

Management should implement effective controls to address the risks noted in this finding, update the risk assessment as necessary, and take action if deficiencies occur. As part of this process, management should assign staff to continually monitor risks and assess mitigating controls.

Management's Comment

We concur. The department's Chief of Districts and Schools will ensure the Division of Local Finance and Division of Federal Programs and Oversight will implement effective controls to address the risks noted in this finding, update the department's risk assessment as necessary, and take the necessary action if deficiencies are identified. As part of the department's continuous improvement process, staff within the Division of Local Finance and Division of Federal Programs and Oversight staff will be assigned to continually monitor risks and assess mitigating controls. Procedures will be reviewed and revised as needed to ensure clear monitoring tools and sampling methodologies guide the agency's monitoring activities and current best practices. In addition, the department's Division of Local Finance and Division of Federal Programs and Oversight will continue to ensure program staff train and provide technical assistance to subrecipients about allowable program expenditures and the requirement to maintain documentation to support reimbursed expenditures.

Finding Number	2021-015
Assistance Listing Number	84.010, 84.367, 84.424, and 84.425D
Program Name	Title I Grants to Local Educational Agencies Supporting Effective Instruction State Grants Student Support and Academic Enrichment Program Education Stabilization Fund
Federal Agency	Department of Education
State Agency	Department of Education
Federal Award Identification Number	S010A170042, S010A180042, S010A190042, S010A200042, S010A210042, S367A170040, S367A180040, S367A190040, S367A200040, S424A170044, S424A180044, S424A190044, S424A200044, S425D200047, and S425D210047
Federal Award Year	2017 through 2020
Finding Type	Material Weakness and Noncompliance
Compliance Requirement	Eligibility (84.010, 84.367, 84.424, 84.425) and Earmarking (84.010)
Repeat Finding	N/A
Pass-Through Entity	N/A
Questioned Costs	N/A

Department management did not appropriately calculate grant allocations to local educational agencies

Background

The Tennessee Department of Education (the department) is the pass-through entity for federal programs and distributes funds to the state's 146 local educational agencies (LEAs) under the following programs administered by the U.S. Department of Education (USDOE):

- Title I Grants to Local Educational Agencies[47] (Title I),
- Supporting Effective Instruction State Grants[48] (Title II),
- Student Support and Academic Enrichment Program Grants[49] (Title IV), and

[47] Title I Grants to Local Educational Agencies is a federal program to improve the teaching and learning of children who are at risk of not meeting challenging academic standards and who reside in areas with high concentrations of children from low-income families.
[48] Supporting Effective Instruction State Grants is a federal program to provide funds to state and local educational agencies to increase student achievement consistent with the state's challenging academic standards; improve the quality and effectiveness of teachers, principals, and other school leaders; increase the number of teachers, principals, and other school leaders who are effective in improving student academic achievement in schools; and provide low-income and minority students greater access to effective teachers, principals, and other school leaders.
[49] The Student Support and Academic Enrichment Program is a federal program to improve students' academic achievement by providing all students with access to a well-rounded education, improving school conditions for student learning, and improving the use of technology to improve academic achievement and digital literacy of all students.

- the Elementary and Secondary School Emergency Relief (ESSER) component of Education Stabilization Fund.[50]

The department received federal funding as presented in **Table 1**.

Table 1
Department's Federal Funding for Fiscal Year 2021 by Program

Program	Total Federal Award Amount	LEA Allocation	State Administration and Activities
Title I	$328,541,302	$302,875,878	$25,665,424
Title II	41,689,376	40,418,974	1,270,402
Title IV	22,838,729	21,696,793	1,141,936
ESSER[51]	1,107,656,022	996,890,420	110,765,602

Source: Edison and department documentation.

Department's Responsibilities as a Grant Administrator

As outlined in Title 2, *Code of Federal Regulations* (CFR), Part 200, Sections 303 and 329, as a grant administrator for federal funds, the department must

- establish and maintain effective internal control over the federal award that provides reasonable assurance that the department manages and complies with the federal award statutes, regulations, and terms and conditions; and
- evaluate and monitor the department's compliance with statutes, regulations, and terms and conditions of federal awards.

Overview of Allocation Distribution by Funding Source

Title I

Title I is comprised of four grant formulas: basic, concentration, targeted, and education finance incentive grants. USDOE determines the amount to allocate to each state and how much should be allocated to each LEA based on their formula children[52] counts. When applicable, the department must then adjust the USDOE allocation amounts for

[50] Elementary and Secondary School Emergency Relief is one subprogram of the Education Stabilization Fund, the program under which the U.S. Department of Education was allocated federal relief funds, for the purpose of providing LEAs with emergency relief funds to address the impact of COVID-19 on elementary and secondary schools.
[51] Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, ESSER 2.0.
[52] According to 34 CFR 200.70, Formula children include children ages 5 to 17 who are "(1) From families below the poverty level based on the most recent satisfactory data available from the Bureau of the Census; (2) From families above the poverty level receiving assistance under the Temporary Assistance for Needy Families program under Title IV of the Social Security Act; (3) Being supported in foster homes with public funds; and (4) Residing in local institutions for neglected children." The number of formula children is estimated using data from the Bureau of the Census.

1. when LEAs consolidate or separate, when area boundaries are redrawn, or when changes have occurred since the Census Bureau updated its list of LEAs;[53] and
2. special LEAs that are not on the list of traditional LEAs provided to the USDOE by the Census Bureau.[54]

For all students enrolled in special LEAs, the department must determine under which traditional LEA the student is counted. The department uses this information to transfer funding from the traditional LEA to the special LEA based on the formula children criteria.

Once the department adjusts the original USDOE allocation for the special LEAs, it must then further adjust the allocations to ensure each LEA receives at least its hold-harmless amount.[55] The department determines which LEA allocations do not meet the LEAs' hold-harmless amount and proportionately reduce or raise allocations to meet the hold-harmless amount.

Title II

USDOE provides the department with Title II funding totals but does not determine how much should be allocated to each LEA. To allocate Title II funding, the department reduces the total funding by the state's administration and activities set-aside[56] and then allocates the remaining funds to the LEAs. The amount allocated to each LEA is determined based on the following:

- 20% based on the number of children ages 5 to 17 residing in the LEA's area; and
- 80% based on the number of children ages 5 to 17 residing in the LEA's area with families below the poverty line.

To determine the allocation to special LEAs, staff use population counts that they determined during the Title I allocation process as described above.

Title IV and ESSER

The department uses the Title I allocations to determine Title IV and ESSER allocations to LEAs. Title IV allocations should be proportionate to the Title I allocations the LEA received in the preceding fiscal year. ESSER allocations should be proportionate to Title I allocations for the most recent fiscal year.

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[53] For our audit period, this adjustment was not applicable.

[54] The department's special LEAs include the Achievement School District, the State Board of Education, and the state's special schools. Tennessee's Special School Districts include the Tennessee School for the Blind, the Tennessee School for the Deaf Knoxville, the Tennessee School for the Deaf Nashville, the West Tennessee School for the Deaf, and the Alvin C. York Institute.

[55] Hold-harmless requires the department to allocate to an LEA at least a certain percentage of its prior-year allocation—85%, 90%, or 95%, depending on the LEA's proportion of formula children.

[56] According to the Elementary and Secondary Education Act of 1965, as amended by the Every Student Succeeds Act, Section 2101(c)(3), "each State that receives an allotment under subsection (b) for a fiscal year shall reserve not less than 95 percent of such allotment to make subgrants to local educational agencies for such fiscal year, as described in section 2102." The department uses the remaining 5% for state administration costs.

Federal Notice of Noncompliance

Department's Noncompliance

In April 2021, the USDOE's Office of Elementary and Secondary Education (OESE) conducted a performance monitoring review of multiple programs and found the department incorrectly calculated its funding allocations to LEAs under the Title I and Title II programs. Because the department must use the Title I allocations to determine Title IV and ESSER allocations to LEAs, the department also incorrectly allocated these programs. OESE stated in the *Tennessee Consolidated Performance Review Report #2 of 2 FY 2021*, dated November 30, 2021,[57] that for the special LEAs, the department

> determines their allocations for [Title I and Title II] based on their enrollment. This approach is inconsistent with the requirements . . . for Title I, Part A because [the department] does not derive a Title I, Part A formula count for these LEAs or determine whether they meet the eligibility criteria under each formula. The approach is also inconsistent with the Title II, Part A requirements . . . because [the department] is allocating 100 percent based on the number of students in the LEA rather than 20 percent.

OESE also found that the department did not apply hold-harmless requirements for Title I for each of the four formula grants. The department instead determined if LEAs met hold-harmless requirements based on the **total** Title I allocations.

Department's Planned Corrective Action

The department began working with OESE in late summer/fall of 2021 to develop and implement corrective action. Management developed updated procedures to calculate Title I and Title II allocations and obtained approval from OESE to continue with allocation corrections for fiscal years 2018 through 2022 using those procedures. As of January 12, 2022, management was developing a plan to pay LEAs that were under allocated using other available federal funds. Once they develop this repayment plan, management indicated they must obtain approval from OESE before implementing it.

Condition

Noncompliance

As part of our Single Audit, under the Office of Management and Budget Compliance Supplement,[58] the following audit objectives are applicable for the Title I and Title II federal program:

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[57] Tennessee Consolidated Performance Review Reports can be found at https://oese.ed.gov/files/2021/11/TDOE-Performance-Review-Report-Part-1.pdf and https://oese.ed.gov/files/2021/11/TDOE-Performance-Monitoring-Review-Report-2.pdf

[58] The Compliance Supplement is based on the requirements of Title 2, *Code of Federal Regulations*, Part 200, and is issued to assist auditors in performing the required Single Audit.

- Eligibility – Determine whether amounts provided to subrecipients were calculated in accordance with program requirements.
- Earmarking – Determine whether minimum or maximum limits for specified purposes were met.

During our audit fieldwork, department management informed us about OESE's performance monitoring review results regarding

- the department's incorrect calculations for Title I and Title II allocations,
- the effect the errors had on Title IV and ESSER allocations, and
- the department's incorrect calculation of Title I hold-harmless earmarking requirement.

As such, we did not perform further tests on these objectives based on the noncompliance reported in OESE's review. See also **Finding 2021-016** regarding the department's noncompliance in calculating Title IV allocations, and how the Title I noncompliance further compounded that Title IV issue.

Risk Assessment

Because of the issues we identified, we reviewed the department's December 2020 Financial Integrity Act Risk Assessment and determined that management listed the risk of inadequate controls over the data and the funding calculation for Every Student Succeeds Act allocation for school districts. Management listed "experienced staff with detailed understanding of the mechanics" as a control to mitigate the risk; however, the control, as noted by management in our discussions, was adversely impacted due to turnover of experienced staff. Without having appropriate risk response to identify, analyze, and respond to changes, management fails to mitigate the risk and increases the likelihood of error and noncompliance.

Cause and Effect

The incorrect Title I allocations rendered Title IV and ESSER allocations incorrect, which resulted in the department over- or underfunding LEAs in four federal programs for each of the last five fiscal years. Federal requirements for these programs changed when the Every Student Succeeds Act (ESSA) was passed in fiscal year 2016, and department management indicated that they did not have to adjust allocations until fiscal year 2018. According to the department's Chief of Districts and Schools, management failed to update their procedures based on new ESSA requirements because of experienced staff turnover and the remaining staff being unaware of federal program requirement changes; therefore, staff continued with the same allocation procedures until OESE notified them that their procedures were incorrect.

Additionally, federal regulations address actions that federal agencies may impose if a state entity does not comply with the U.S. Constitution, federal statutes, regulations, or the terms and conditions of a federal award. According to 2 CFR 200.208(c), "Specific conditions," these actions may include

- requiring reimbursement instead of advance payments;
- not allowing the agency to proceed to the next phase until it submits evidence of acceptable performance;
- requiring additional, more detailed financial reports or additional project monitoring;
- requiring the agency to obtain technical or management assistance; or
- establishing other prior approvals.

If the federal agency determines the state agency cannot remedy its noncompliance through the above actions, 2 CFR 200.339, "Remedies for noncompliance," outlines additional actions the federal agency may take. Depending on the circumstances, these actions may include

- temporarily withholding payments until the noncompliance has been corrected,
- denying the use of funds,
- partly or fully suspending or terminating the federal award,
- suspending or debarring the agency,
- withholding further awards for the project or program, or
- pursuing other available legal remedies.

Criteria

Title I

In its review report, OESE summarized 34 CFR 200.72 and stated that for each special LEA, management

> must estimate the number of Title I, Part A formula children for that LEA by deriving the equivalent of the most recently available poverty estimates from the U.S. Census Bureau's Small Area and Income Population Estimates (SAIPE) branch, which the Department provides to each [state]. [A state] must then use the derived formula count to determine whether the LEA meets the eligibility criteria under each Title I, Part A formula.

In addition, 34 CFR 200.73 indicates that a state "may not reduce the allocation of an eligible LEA below the hold-harmless amounts" and requires the state to "apply the hold-harmless requirement separately for basic grants, concentration grants, targeted grants, and education finance incentive grants."

Title II

OESE explained in their review that, according to ESEA, the department must allocate Title II funds in the following manner:

- 20 percent of these funds to LEAs based on the relative number of individuals ages 5 through 17 who reside in the area the LEA serves based on the most recently available data from the U.S. Census Bureau's SAIPE branch or equivalent data derived by the [department] for LEAs for which SAIPE estimates are not available; and
- 80 percent of these funds to LEAs based on the relative numbers of individuals ages 5 through 17 who reside in the area the LEA serves and who are from families with incomes below the poverty line (based on the most recently available data from the U.S. Census Bureau's SAIPE branch or equivalent data derived by the [state] for LEAs for which SAIPE estimates are not available).

Risk Assessment

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) provides a comprehensive framework for internal control practices in federal agencies and serves as a best practice for other government agencies, including state agencies. According to Green Book Principle 7, "Identify, Analyze, and Respond to Risks,"

> **7.09** . . . When risk response actions do not enable the entity to operate within the defined risk tolerances, management may need to revise risk responses or reconsider defined risk tolerances. Management may need to conduct periodic risk assessments to evaluate the effectiveness of the risk response actions.

According to Principle 9, "Identify, Analyze, and Respond to Change,"

> **9.03** Conditions affecting the entity and its environment continually change. Management can anticipate and plan for significant changes by using a forward-looking process for identifying change. Management identifies, on a timely basis, significant changes to internal and external conditions that have already occurred or are expected to occur. Changes in internal conditions include changes to the entity's programs or activities, oversight structure, organizational structure, personnel, and technology. Changes in external conditions include changes in the governmental, economic, technological, legal, regulatory, and physical environments. Identified significant changes are communicated across the entity through established reporting lines to appropriate personnel.

Recommendation

Management should continue working with OESE to recalculate LEA allocations and make whole the underfunded LEAs. Management should also develop and implement procedures to ensure staff responsible for performing and reviewing federal award calculations are aware of current federal requirements.

Management should implement effective controls to address the risks noted in this finding, update the risk assessment as necessary, and take action if deficiencies occur. As part of this process, management should assign staff to continually monitor risks and assess mitigating controls.

Management's Comment

We concur. The department's Chief of Districts and Schools will continue to work with the U.S. Department of Education to finalize and obtain approval of a corrective action plan and once approved will promptly address the LEAs Title I, II and Title IV allocations for fiscal years 2018 through 2022 as needed.

The department's Division of Local Finance and Division of Federal Programs and Oversight will implement revised controls to address the risks noted in this finding. This work will include updating the department's risk assessment as necessary, professional development and taking the necessary actions if deficiencies are identified. Internal controls will be developed to ensure staff responsible for performing and reviewing federal award calculations are aware of current federal requirements. Moving forward, the department's Office of Finance will serve as a secondary internal check prior to annual allocations being released.

Finding Number	2021-016
Assistance Listing Number	84.424
Program Name	Student Support and Academic Enrichment Program
Federal Agency	Department of Education
State Agency	Department of Education
Federal Award Identification Number	S424A170044, S424A180044, S424A190044 and S424A200044
Federal Award Year	2017 through 2021
Finding Type	Material Weakness and Noncompliance
Compliance Requirement	Eligibility
Repeat Finding	N/A
Pass-Through Entity	N/A
Questioned Costs	N/A

Department management did not calculate and allocate Title IV funds to local educational agencies in accordance with federal regulations

Background

The Department of Education (the department) is the pass-through entity for the Student Support and Academic Enrichment program[59] (Title IV), which is administered by the U.S. Department of Education. The state department awards Title IV funds primarily to subrecipients, commonly known as local educational agencies (LEAs). To be eligible for Title IV funds, the LEA must have received Title I allocations in the state's previous fiscal year. Each fiscal year, based on a federal grant formula, the department's Office of the Chief Financial Officer (OCFO) calculates how much to allocate to each LEA. Each eligible LEA receives a minimum of $10,000 in Title IV funding.[60] Currently, the state has 146 LEAs, and because all receive Title I funds, they were all eligible for Title IV funding.

The LEA can use the Title IV funds to accomplish the program's objective to improve students' academic achievement, or the LEA can transfer the Title IV funds to other federal programs that improve the teaching and learning of children. If the LEA decides to use the funds for Title IV program objectives, the LEA must submit an application describing how it will use the funds to improve students' academic achievement.

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[59] The Student Support and Academic Enrichment program (Title IV, Part A) is a federal program to improve students' academic achievement by providing all students with access to a well-rounded education, improving school conditions for student learning, and increasing the use of technology to enhance academic achievement.
[60] According to Section 4105(a)(2) of the Elementary and Secondary Education Act of 1965, as amended by the Every Student Succeeds Act, the department cannot allocate less than $10,000 to any LEA under this subsection.

Criteria, Condition, and Cause

Deficient Allocation Process Controls Result in Noncompliance with Federal Regulations

The federal Every Student Succeeds Act[61] (ESSA) requires the department to use **prior** fiscal year Title I LEA allocations as the basis for its calculation of Title IV funds. For state fiscal year 2021, the department's allocation process involved the department's OCFO calculation and allocation of Title IV funding totaling $21,696,793 to a population of 146 LEAs.

From our review, we found that OCFO staff did not accurately calculate Title IV funds for 139 of 146 LEAs (95%), because OCFO staff used the **current** fiscal year's Title I allocations, instead of the **prior** year. We reperformed the calculations and determined that the remaining 7 LEAs correctly received the $10,000 minimum allocation. We learned that OCFO staff has not correctly calculated the Title IV allocations since fiscal year 2018 when the Every Student Succeeds Act (ESSA) changed the allocation requirements.

According to current management, the staff responsible for calculating the Title IV allocations misunderstood the federal guidance, and neither former (management in place for 2018) nor current management identified the calculation/allocation errors until we brought the errors to their attention. In addition, the Assistant Commissioner of Federal Programs and Oversight stated that the department experienced staff turnover in key management roles, which resulted in a disruption in recordkeeping and staff's unfamiliarity with the new guidance from the U.S. Department of Education.

In our effort to determine the impact of management's errors in the LEA Title IV allocations, we were also informed by the former Chief Financial Officer that management had Title I funding errors which directly impacted the Title IV calculations/allocations. As discussed in **Finding 2021-015** and reported in the U.S. Department of Education's *Tennessee Consolidated Performance Review Report,*[62] the department also incorrectly allocated Title I funds to LEAs for fiscal years 2018 through 2022. Since Title I allocations are the basis for Title IV allocations, and the **prior** fiscal year's (fiscal year 2020 for the current audit) Title I allocations were incorrect, neither management nor we were able to recalculate or determine the correct Title IV allocations for fiscal year 2021.

According to the Chief of Districts and Schools, as of January 12, 2022, management was developing a corrective action plan based on the issues noted in the performance report and a repayment plan to pay LEAs that were under allocated using other available federal funds; however, the department must obtain approval from the U.S. Department of Education before implementing. Once this approval is obtained, management plans to recalculate Title IV allocations using the **prior** year's correct Title I allocations for fiscal years 2018 through 2022 to address the issues noted in this finding.

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[61] The Every Student Succeeds Act, passed in December 2015, is a federal law that governs the U.S. K–12 public education policy. The law replaced its predecessor, the No Child Left Behind Act.
[62] Tennessee Consolidated Performance Review Reports can be found at *https://oese.ed.gov/files/2021/11/TDOE-Performance-Review-Report-Part-1.pdf* and *https://oese.ed.gov/files/2021/11/TDOE-Performance-Monitoring-Review-Report-2.pdf*

Risk Assessment

Because of the issues we identified during our audit, we reviewed the department's December 2020 Financial Integrity Act Risk Assessment and determined that management listed the risk of inadequate controls over the data and the funding calculation for ESSA allocations for school districts. Management listed "experienced staff with detailed understanding of the mechanics" as a control to mitigate the risk; however, the control, as noted by management in our discussions, was adversely impacted due to turnover of experienced staff. Without having an appropriate risk response to identify, analyze, and respond to changes, management fails to mitigate the risk and increases the likelihood of error and noncompliance.

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) provides a comprehensive framework for internal control practices in federal agencies and serves as a best practice for other government agencies, including state agencies. According to Green Book Principle 7, "Identify, Analyze, and Respond to Risks,"

> **7.09** . . . When risk response actions do not enable the entity to operate within the defined risk tolerances, management may need to revise risk responses or reconsider defined risk tolerances. Management may need to conduct periodic risk assessments to evaluate the effectiveness of the risk response actions.

According to Principle 9, "Identify, Analyze, and Respond to Change,"

> **9.03** Conditions affecting the entity and its environment continually change. Management can anticipate and plan for significant changes by using a forward-looking process for identifying change. Management identifies, on a timely basis, significant changes to internal and external conditions that have already occurred or are expected to occur. Changes in internal conditions include changes to the entity's programs or activities, oversight structure, organizational structure, personnel, and technology. Changes in external conditions include changes in the governmental, economic, technological, legal, regulatory, and physical environments. Identified significant changes are communicated across the entity through established reporting lines to appropriate personnel.

Effect

When LEAs do not receive funding as intended by both the federal and state grantors, the underfunded LEAs may lose opportunities to accomplish the program's objective to improve students' academic achievement. In addition, when the state department allocates LEA funding above the prescribed formula, management may have to identify new funding sources to avoid the potential negative consequences associated with asking LEAs to repay/refund the overallocation resulting from the department's error.

Recommendation

The Commissioner should establish the necessary internal controls to ensure staff have the knowledge and expertise to carry out the objectives of the federal program. The Commissioner should also ensure that department staff perform the Title IV allocation calculations in accordance with program guidance and provide LEAs with the appropriate allocations as soon as feasible. Management and staff should continue to work with the U.S. Department of Education to finalize and obtain approval for their corrective action plan and, once approved, promptly address the LEAs Title I and Title IV allocations as needed.

Management should implement effective controls to address the risks noted in this finding, update the risk assessment as necessary, and take action if deficiencies occur. As part of this process, management should assign staff to continually monitor risks and assess mitigating controls.

Management's Comment

We concur. The department's Chief of Districts and Schools will continue to work with the U.S. Department of Education to finalize and obtain approval of a corrective action plan and once approved will promptly address the LEAs' Title I, Title II, and Title IV allocations for fiscal years 2018 through 2022 as needed.

The department's Division of Local Finance and Division of Federal Programs and Oversight will implement revised controls to address the risks noted in this finding. This work will include updating the department's risk assessment as necessary, professional development and taking the necessary actions if deficiencies are identified. Internal controls will be developed to ensure staff responsible for performing and reviewing federal award calculations are aware of current federal requirements. Moving forward, the department's Office of Finance will serve as a secondary internal check prior to annual allocations being released.

Finding Number	2021-017
Assistance Listing Number	84.010, 84.367, 84.425C, 84.425D, and 84.425R
Program Name	Title I Grants to Local Educational Agencies Supporting Effective Instruction State Grants Education Stabilization Fund
Federal Agency	Department of Education
State Agency	Department of Education
Federal Award Identification Number	S010A170042, S010A180042, S010A190042, S010A200042, S367A180040, S367A190040, S367A200040, S425C200027, S425D200047 and S425R210005
Federal Award Year	2020 and 2021
Finding Type	Material Weakness and Noncompliance
Compliance Requirement	Reporting
Repeat Finding	N/A
Pass-Through Entity	N/A
Questioned Costs	N/A

Fiscal staff for the Department of Education did not comply with Federal Funding Accountability and Transparency Act reporting requirements for the Education Stabilization Fund

Background

The Department of Education (the department) is the pass-through entity for the following programs administered by the U.S. Department of Education:

- Title I Grants to Local Educational Agencies (Title I),[63]
- Supporting Effective Instruction State Grants[64] (Title II), and
- Education Stabilization Fund (ESF).

The ESF program combines federal disaster relief funding managed by the U.S. Department of Education from the Coronavirus Aid, Relief, and Economic Security (CARES) Act; the Coronavirus Response and Relief Supplemental Appropriations Act of 2021; and the American Rescue Plan Act of 2021. The ESF is composed of four primary subprograms:

- the Elementary and Secondary School Emergency Relief (ESSER) Fund,
- the Governor's Emergency Education Relief (GEER) Fund,

[63] Title I Grants to Local Educational Agencies (Title I) is a federal program to improve the teaching and learning of children who are at risk of not meeting challenging academic standards and who reside in areas with high concentrations of children from low-income families.

[64] Supporting Effective Instruction State Grants (Title II) is a federal program to provide funds to state and local educational agencies to increase student achievement consistent with the state's challenging academic standards; improve the quality and effectiveness of teachers, principals, and other school leaders; increase the number of teachers, principals, and other school leaders who are effective in improving student academic achievement in schools; and provide low-income and minority students greater access to effective teachers, principals, and other school leaders.

- the Emergency Assistance to Non-Public Schools (EANS) Fund, and
- the Higher Education Emergency Relief Fund (HEERF).

Reporting for the Federal Funding Accountability and Transparency Act

The Federal Funding Accountability and Transparency Act (FFATA) requires the department to report subrecipient subaward financial information through the FFATA Subaward Reporting System (FSRS) for all subawards over $30,000. According to federal regulations, reports are due "no later than the end of the month following the month in which the obligation was made." The subaward information in FSRS is then available to the public on the USA Spending website for transparency.

For the Education Stabilization Funds, the department's fiscal staff determine the eligible award amount for each subrecipient and enter the amount in ePlan, the department's grants management system. For the subrecipient to receive the grant awards, program staff require the subrecipient to submit an application through ePlan summarizing how the subrecipient plans to use the grant funds to achieve the program objectives. Once staff review and the applicable program's director approves the application, the subrecipient can request reimbursement from the grant award. Program staff issue a Grant Award Notification letter to the subrecipients with the grant information and award amounts.

Program staff provide fiscal staff with a copy of the Grant Award Notification letter, which includes the subrecipient's name, award amount, Data Universal Numbering System (DUNS) number, and grant award terms and conditions. Fiscal staff use the Grant Award Notification Letter to report subawards that are over $30,000 in FSRS.

Condition and Cause

Reporting

From ePlan, we obtained a population of 854 Title I, Title II, and ESF subawards. We then filtered the population to only include subawards over $30,000, to determine if the department complied with FFATA reporting requirements. See **Table 1** for a breakdown of each program and subprogram.

Table 1
Total Subawards by Program*

	ESF			Title I	Title II
	ESSER	GEER	EANS		
Number of all subawards	292	127	110	176	149
Total dollar amount of all subawards	$1,229,368,573	$5,565,491	$31,804,412	$301,293,691	$39,250,548
Number of subawards $30,000 and greater	292	60	97	167	132
Total dollar amount of subawards $30,000 and greater	$1,229,368,573	$4,540,492	$31,571,875	$301,165,983	$38,950,716

*Subawards reportable in fiscal year 2021.
Source: Obtained from ePlan.

From our filtered population of 748 subawards, we selected a nonstatistical, random sample of 87 subawards over $30,000. Based on our review, fiscal staff did not report subawards or did not timely report subaward information in FSRS as required; see **Table 2**.

Table 2
FFATA Noncompliance

Subawards Tested	Subaward Not Reported	Report Not Timely	Subaward Amount Incorrect	Subaward Missing Key Elements
87	10	15	0	0
Dollar Amount of Subawards Tested	**Subaward Not Reported**	**Report Not Timely**	**Subaward Amount Incorrect**	**Subaward Missing Key Elements**
$103,807,092	$3,400,362	$29,218,767	$0	$0

Source: Obtained from ePlan.

Out of 87 subawards in our sample testwork,[65] we found that fiscal staff did not report and did not timely report 25 subawards (29%) for the programs as shown in **Table 3**.

[65] For Title I and Title II sampled items, management provided evidence showing that they attempted to upload the reportable items, but the upload failed. Ultimately, management was able to upload the reportable items within 1 to 2 days after the due date; therefore, we did not report these minor delays as errors in our testwork results.

Table 3
Results of FFATA Testwork By Subprogram

	Not Reported	Report Not Timely
ESSER	1	13
GEER	1	2
EANS	8	0
Total	**10**	**15**

Source: Obtained from ePlan and FSRS.

In addition to our sample results as noted in **Table 3,** we were also told by fiscal staff that they did not report any EANS subawards, including our 8 errors, for a total of 97, and they did not report 2 additional GEER subawards not included in our sample. As of December 9, 2021, fiscal staff still had not reported 1 EANS, 3 GEER, and 1 ESSER subawards.

Based on discussion with fiscal staff, a lack of communication between fiscal and program staff resulted in the FFATA reporting errors. The department's business practice allows subrecipients to use the grant funds once the program director approves the subrecipient's application and the allocated amount is entered into ePlan, thus creating an obligation subject to FFATA reporting. According to fiscal staff, they report subaward information to FSRS based on information from the grant award notification letters they receive from program staff; however, program staff did not provide grant award notification letters to fiscal staff or did not provide the letters to fiscal staff timely to comply with FFATA reporting.

Risk Assessment

We reviewed the department's December 2020 Financial Integrity Act Risk Assessment and determined that management listed the risks of inaccurate and untimely FFATA reporting to FSRS; however, management labeled the risk "not applicable" to the department and did not include a mitigating control.

Criteria

Reporting

Appendix A to "Reporting Subaward and Executive Compensation Information," Title 2, *Code of Federal Regulations* (CFR), Part 170, states:

a. *Reporting of first-tier subawards.*

> ***Applicability.*** Unless you are exempt as provided in paragraph d. of this award term, you must report each action that equals or exceeds $30,000 in Federal funds for a subaward to a non-Federal entity or Federal agency (see definitions in paragraph e. of this award term).

> 2. *Where and when to report.*

i. The non-Federal entity or Federal agency must report each obligating action described in [the previous paragraph] of this award term to http://www.fsrs.gov.

ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)

3. *What to report.* You must report the information about each obligating action that the submission instructions posted at http://www.fsrs.gov . . .

Risk Assessment

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) provides a comprehensive framework for internal control practices in federal agencies and serves as a best practice for other government agencies, including state agencies. According to Green Book Principle 7.09, "Response to Risks,"

> Based on the selected risk response, management designs the specific actions to respond to the analyzed risks. The nature and extent of risk response actions depend on the defined risk tolerance. Operating within the defined risk tolerance provides greater assurance that the entity will achieve its objectives. Performance measures are used to assess whether risk response actions enable the entity to operate within the defined risk tolerances. When risk response actions do not enable the entity to operate within the defined risk tolerances, management may need to revise risk responses or reconsider defined risk tolerances. Management may need to conduct periodic risk assessments to evaluate the effectiveness of the risk response actions.

Effect

Not meeting the FFATA requirements increases the likelihood that the public will not have access to transparent and accurate information regarding expenditures of federal awards. Additionally, federal regulations address actions that federal agencies may impose if a state entity does not comply with the U.S. Constitution, federal statutes, regulations, or the terms and conditions of a federal award. According to 2 CFR 200.208(c), "Specific conditions," these actions may include

- requiring reimbursement instead of advance payments;
- not allowing the agency to proceed to the next phase until it submits evidence of acceptable performance;
- requiring additional, more detailed financial reports or additional project monitoring;
- requiring the agency to obtain technical or management assistance; or
- establishing other prior approvals.

If the federal agency determines the state agency cannot remedy its noncompliance through the above actions, 2 CFR 200.339, "Remedies for noncompliance," outlines additional actions the federal agency may take. Depending on the circumstances, these actions may include

- temporarily withholding payments until the noncompliance has been corrected,
- denying the use of funds,
- partly or fully suspending or terminating the federal award,
- suspending or debarring the agency,
- withholding further awards for the project or program, or
- pursuing other available legal remedies.

Recommendation

The Commissioner should ensure that the appropriate staff members understand the FFATA reporting requirements and report applicable subawards in accordance with those reporting requirements.

Management should implement effective controls to address the risks noted in this finding, update the risk assessment as necessary, and take action if deficiencies occur. As part of this process, management should assign staff to continually monitor risks and assess mitigating controls.

Management's Comment

We concur. The department's Chief of Districts and Schools will ensure that the appropriate staff members understand the FFATA reporting requirements and report applicable subawards in accordance with those reporting requirements. The department will implement effective controls to address the risks noted in this finding, update the risk assessment as necessary, and act if deficiencies occur. Additional internal controls will be developed to ensure staff responsible for this work are aware of current requirements. As part of this process, the department's Chief of Districts and Schools and Chief Operating Officer will assign staff to continually monitor risks and assess mitigating controls.

Finding Number	2021-018
Assistance Listing Number	10.553, 10.555, 10.556, 10.579, 21.019, 84.010, 84.027, 84.173, 84.367, 84.424, 84.425B, 84.425C, 84.425D, and 84.425R
Program Name	Child Nutrition Cluster Coronavirus Relief Fund Title I Grants to Local Educational Agencies Special Education Cluster Supporting Effective Instruction State Grants Student Support and Academic Enrichment Program Grants Education Stabilization Fund
Federal Agency	Department of Education
State Agency	Department of Education
Federal Award Identification Number	202020N109945, 20212(0N11(1N11(1N10)9945, 202020N850345, 202121H170345, 201818N810345, 201919N810345, 202020N810345, CARESACTCOVIDRF, S010A170042, S010A180042, S010A190042, S010A200042, H027A170052, H027A180052, H027A190052, H027A200052, H173A180095, H173A200095, S367A180040, S367A190040, S367A200040, S424A180044, S424A190044, S424A200044, S425R210005, S425D200047, S425D210047, S425C200027, S425C210027, and S425B200027
Federal Award Year	2017 through 2021
Finding Type	Significant Deficiency
Compliance Requirement	Other
Repeat Finding	2020-001
Pass-Through Entity	N/A

<u>The Department of Education did not provide adequate internal controls in one specific area</u>

The Department of Education did not provide adequate internal controls in one specific area related to state systems. This condition was in violation of state policies and/or industry-accepted best practices. We reviewed the department's December 2020 Financial Integrity Act Risk Assessment and determined that management listed risks relating to this area; however, the department did not have an effective control to mitigate the risks.

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) provides a comprehensive framework for internal control practices in federal agencies and serves as a best practice for other government agencies, including state agencies. According to Principle 7 of the Green Book, "Identify, Analyze, and Respond to Risks,"

> **7.09** . . . When risk response actions do not enable the entity to operate within the defined risk tolerances, management may need to revise risk responses or reconsider defined risk tolerances. Management may need to conduct periodic risk assessments to evaluate the effectiveness of the risk response actions. . . .

Ineffective implementation and operation of internal controls increases the likelihood of error, data loss, and unauthorized access to (audit entity) information. Pursuant to Standard 6.63 of the U.S. Government Accountability Office's *Government Auditing Standards*, we omitted details from this finding because they are confidential under the provisions of Section 10-7-504 (i), *Tennessee Code Annotated*. We provided management with detailed information regarding the specific conditions we identified as well as the related criteria, causes, and our specific recommendations for improvement.

Recommendation

Management should ensure that these conditions are corrected by the development and effective implementation of internal controls in this area. 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 when deficiencies occur.

Management's Comment

We concur. Corrective actions and corresponding information have been sent under separate cover in accordance with Section 10-7-504(i), *Tennessee Code Annotated,* for this finding.

Management will evaluate and continuously monitor all implemented controls to ensure the controls effectively mitigate the identified risks. The annual risk assessment will be updated to reflect the newly implemented controls and the mitigation of the identified risk.

Finding Number	2021-019
Assistance Listing Number	10.559
Program Name	Child Nutrition Cluster
Federal Agency	Department of Agriculture
State Agency	Department of Human Services
Federal Award Identification Number	205TN331N1099, 205TN331N8503, 215TN331N1150, and 215TN331N1199
Federal Award Year	2020 and 2021
Finding Type	Significant Deficiency and Noncompliance
Compliance Requirement	Allowable Costs/Cost Principles
Repeat Finding	2020-014
Pass-Through Entity	N/A
Questioned Costs	$141,741

For the eighth year, the Department of Human Services did not ensure Summer Food Service Program for Children subrecipients submitted accurate meal reimbursement claims, resulting in $141,741 of questioned costs

Background

The Summer Food Service Program for Children (SFSP) is a federal program under the U.S. Department of Agriculture that provides under-resourced children with nutritious meals when school is not in session—primarily during the summer months May through September—however, the program may also provide meals during school vacation breaks or during emergency school closures from October through April. As a pass-through entity for SFSP, the Department of Human Services (DHS) is responsible for approving and contracting with local private or public nonprofit organizations, called subrecipients,[66] to provide the meals directly to children. In order to receive a grant award from DHS, the subrecipients must be eligible to participate in the program and must comply with federal requirements. DHS must also approve the number of feeding sites each subrecipient operates. Furthermore, DHS is responsible for providing sufficient qualified consultative, technical, and managerial personnel to administer the program and monitor performance to ensure that subrecipients comply with program rules and regulations.

DHS management is responsible for monitoring the subrecipients' activities to provide reasonable assurance that they administer federal awards in compliance with federal requirements. Because SFSP program management does not review supporting documentation for meal reimbursement claims before issuing payments to the subrecipients, management must rely on its Division of Audit Services to ensure subrecipients comply with federal program requirements and spend grant funds accordingly. When monitoring staff find noncompliance, the Director of Operations for CACFP and SFSP must determine the next steps to remedy the subrecipient's noncompliance. Specifically, the director may require the subrecipient participate in additional training, or she could determine the noncompliance rises to the level of a serious deficiency. If the noncompliance

[66] Federal regulations refer to SFSP subrecipients as sponsors.

warrants a serious deficiency, then the Division of Audit Services must increase the frequency of monitoring visits to once a year until the subrecipient has corrected the serious deficiency.

Approved Feeding Site Capacity

As part of its internal control process, DHS program management established a subrecipient application process to provide oversight and accountability for subrecipients' operations. During the application process and before subrecipients can begin in the program, DHS program staff must approve various items pertaining to the subrecipients' meal services before the subrecipients can serve meals and submit claims for reimbursement. As part of the required items, subrecipients must provide program staff the maximum number of meals per meal type (breakfast, lunch, or snack service) that can be served at each site, known as site capacity. The capacity information is stored in the Tennessee Information Payment System (TIPS).

It is important to note, however, that management has not updated the TIPS system functions to analyze, identify, and prevent subrecipients from exceeding their maximum daily capacity when submitting reimbursement claims. Subrecipients who submit claims which exceed maximum site capacity should be analyzed by staff to determine whether a billing error or other noncompliance has occurred with the meal claim submission.

Meal Claim Reimbursement Process

During each meal service, subrecipients must complete the department-approved meal count form to document the number of meals served to children. Subrecipients use these forms to calculate reimbursement claim requests to receive payment for the meals they serve to children. Subrecipients must enter and submit total monthly meal counts to DHS through TIPS so that DHS can then review and approve the subrecipients' claims of meal services. Currently the meal counts are entered based on each individual feeding sites.

DHS does not require subrecipients to submit supporting documentation when filing claims; however, federal regulations require subrecipients to maintain all documentation to support their claims at their locations and to comply with federal guidelines during the reimbursement process.

Prior Audit Results

As reported in the seven prior audits, we reported that DHS program and monitoring staff did not ensure SFSP subrecipients complied with established federal regulations involving documentation required to support meal reimbursement claims. DHS management concurred in part with the prior audit finding and stated,

> DHS continues to work to improve the successful operation of the program and the overall integrity of the SFSP. This finding is based on test work from the summers of 2019 and 2020. The data crosses program years and does not show a contextualized picture of how the SFSP program operates. By reporting information with such a lag time and including information from two different SFSP program years DHS is unable to effectively show implemented changes. DHS hopes to continue working with the state auditors in a way where the

information shared can be utilized productively and DHS can support the Tennessee children and families served by this program.

Current Audit Results

We identified 26 subrecipients in our testwork which had also been monitored by the Division of Audit Services since 2018. Based on our review of the division's monitoring reports, the monitors found similar issues related to these subrecipients' meal reimbursement claims, which indicates that the subrecipients have not achieved permanent corrective action and have been allowed to continue in the program. We followed up with the Director of Operations for CACFP and SFSP to determine what additional actions she uses to ensure subrecipients take corrective action based on the monitoring activities. According to the director, program staff provide training to subrecipients to reiterate federal program requirements to address subrecipient noncompliance.

While training can be effective, training alone may not achieve subrecipient compliance. We also discussed with program management the steps taken when training is not sufficient to correct subrecipient noncompliance. Based on our understanding of federal regulations, when training proves ineffective, the federal regulations provide for states to initiate a serious deficiency process to address continued subrecipient noncompliance. The serious deficiency notice is designed to notify a subrecipient that permanent corrective action is expected, or the state has the authority to terminate the subrecipient from the program when the subrecipient cannot or will not establish permanent corrective action.

Condition and Criteria

During the fiscal year ended June 30, 2021, DHS paid 44 SFSP subrecipients a total of $30,066,384 through 216 reimbursement claims. Of that population, we tested 1 haphazardly selected monthly reimbursement claim for the 44 subrecipients and an additional monthly reimbursement claim for 6 of those subrecipients that we identified as high-risk,[67] totaling $9,537,126. We obtained meal count documentation from each subrecipient for the selected claims submitted in TIPS.

Based on our review of the subrecipients' meal count documentation, we determined that for 36 of 50 claims (72%) tested, DHS reimbursed subrecipients based on inaccurate, questionable, and unauthorized (over site capacity) meal reimbursement claims.

Claims Documentation Based on Inaccurate Meal Counts

Based on our testwork, we noted that for 30 of 50 claims reviewed, subrecipients could not provide documentation that matched the number of meals they submitted in TIPS as meals served.

According to Title 7*, Code of Federal Regulations* (CFR), Part 225, Section 15(c)(1),

> Sponsors shall maintain accurate records justifying all meals claimed . . . The sponsor's records shall be available at all times for inspection and audit by representatives of the Secretary, the Comptroller General of the United States, and

[67] We identified high-risk subrecipients based on the results reported in the prior year's audit findings, including prior indications of questionable activities and fraud risk factors within the program.

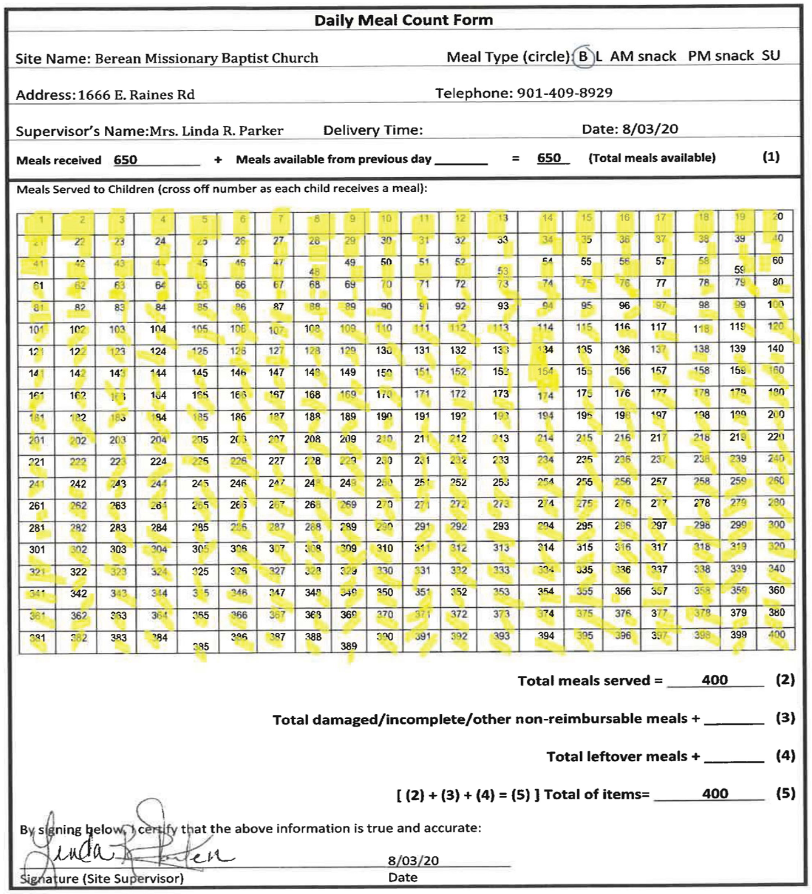
the State agency for a period of three years following the date of submission of the final claim for reimbursement for the fiscal year.

As a result, we identified $62,223 in **federal questioned costs**.

Subrecipients Provided Questionable Meal Count Documentation

Based on our review of the meal count documentation forms, for 5 of 50 meal reimbursement claims tested, subrecipients used the same photocopied form instead of completing an original meal count form for each meal service as required. From our review of the forms, the meal count forms were duplicated from another meal service as to the actual counts of meals served (e.g., a form for a breakfast service was photocopied and used for the lunch service as we could clearly establish that the tally marks and meal count totals were identical). The only discernable difference we saw on the forms consisted of changes to meal service types (such as breakfast to lunch) or dates in the signature lines, which clearly shows that the subrecipients did not prepare original forms to capture the actual meals served during each meal services, as required by federal regulations. See **Exhibit 1** for an example. When feeding site staff use photocopied forms rather than initiating a new form for each meal service, there is a heightened risk of potentially fraudulent activity.

Exhibit 1
Example of a Photocopied Meal Count Form



Daily Meal Count Form

Site Name: Berean Missionary Baptist Church   Meal Type (circle): B L AM snack PM snack SU

Address: 1666 E. Raines Rd   Telephone: 901-409-8929

Supervisor's Name: Mrs. Linda R. Parker   Delivery Time: Date: 8/03/20

Meals received 650 + Meals available from previous day ______ = 650 (Total meals available) (1)

Meals Served to Children (cross off number as each child receives a meal):

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120
121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140
141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160
161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180
181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200
201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220
221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240
241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260
261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280
281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300
301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320
321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340
341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360
361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380
381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400

Total meals served = 400 (2)

Total damaged/incomplete/other non-reimbursable meals + ______ (3)

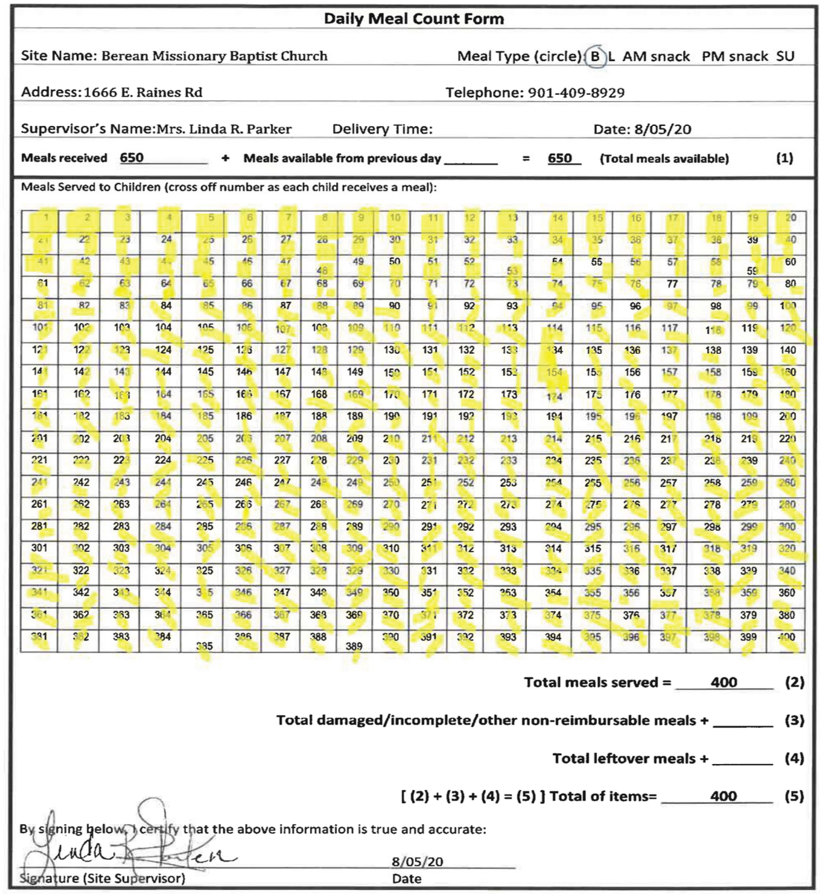
Total leftover meals + ______ (4)

[(2) + (3) + (4) = (5)] Total of items= 400 (5)

By signing below, I certify that the above information is true and accurate:

Linda R. Parker   8/03/20

Signature (Site Supervisor)   Date



Daily Meal Count Form

Site Name: Berean Missionary Baptist Church   Meal Type (circle): B L AM snack PM snack SU

Address: 1666 E. Raines Rd   Telephone: 901-409-8929

Supervisor's Name: Mrs. Linda R. Parker   Delivery Time: Date: 8/05/20

Meals received 650 + Meals available from previous day ______ = 650 (Total meals available) (1)

Meals Served to Children (cross off number as each child receives a meal):

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120
121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140
141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160
161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180
181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200
201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220
221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240
241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260
261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280
281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300
301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320
321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340
341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360
361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380
381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400

Total meals served = 400 (2)

Total damaged/incomplete/other non-reimbursable meals + ______ (3)

Total leftover meals + ______ (4)

[(2) + (3) + (4) = (5)] Total of items= 400 (5)

By signing below, I certify that the above information is true and accurate:

Linda R. Parker   8/05/20

Signature (Site Supervisor)   Date

Source: Subrecipient supporting documentation.

The 2016 *Summer Food Service Program State Agency Monitor Guide* states,

> It is very important to ensure the accuracy of meal counts, as proper meal counts play a large role in program integrity. . . . Potential common meal count problems [or] red flags [include] Recording the same number of meals served day after day.
>
> According to 2 CFR 200.403(a), costs must meet the following criteria:
>
> Be necessary and reasonable for the performance and administration of the Federal award.

As a result, we identified $38,292 in **federal questioned costs.**

<u>Subrecipients Served and Claimed Meals Above the Approved Site Capacity</u>

Based on our review of TIPS pertaining to daily meal serving capacity and our review of the meal count documentation we obtained from the subrecipients, we noted that for 15 of 50 claims reviewed, the subrecipients claimed meals above the approved maximum daily capacity for the subrecipients' feeding sites.

According to 7 CFR 225.6(d), for subrecipients that prepare their own meals, DHS is required to ensure that sites are "approved to serve no more than the number of children for which its facilities are adequate." For subrecipients that use a food vendor, DHS is required to "establish for each meal service an approved level for the maximum number of children's meals which may be served under the program."

The 2016 *Summer Food Service Program Administration Guide* states,

> Sponsors may claim reimbursement only for those meals that meet SFSP requirements. Reimbursement may not be claimed for:
>
> - Meals in excess of the site's approved level of meal service (cap for vended sponsors) (SFSP Memorandum 16-2015: Site Caps in the Summer Food Service Program: Revised, April 21, 2015) . . .
> - Meals over the cap. . . .

As a result, we identified $41,226 in **federal questioned costs**.

<u>Risk Assessment</u>

We reviewed the department's 2020 Financial Integrity Act Risk Assessment and determined that management listed the risk of subrecipients submitting unsupported claims. Management identified four controls to mitigate the risk:

- Subrecipients undergo annual program training;
- Management conducts pre-operational visits for all program applicants and subrecipients with serious deficiencies noted;

- Management reviews monthly claims prior to acceptance; and
- Subrecipient monitoring efforts.

Although we saw improvement in the department's subrecipient monitoring of SFSP during our audit (detective control), we found that management is not effectively utilizing the listed controls to mitigate the risk of paying subrecipients with unsupported claims. Management's review of monthly claims (desk review) prior to acceptance is ideally an effective control. According to the Director of Operations for CACFP and SFSP, management recognizes desk reviews as an effective tool to reduce program noncompliance. Her staff have performed desk reviews when they encounter high-risk subrecipients, but due to staffing, her team cannot perform desk reviews and process payments timely due to a short window to approve subrecipients' reimbursement claims and issue payments.

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) provides a comprehensive framework for internal control practices in federal agencies and serves as a best practice for other government agencies, including state agencies. According to Green Book Principle 7, "Identify, Analyze, and Respond to Risks,"

> **7.09** . . . When risk response actions do not enable the entity to operate within the defined risk tolerances, management may need to revise risk responses or reconsider defined risk tolerances. Management may need to conduct periodic risk assessments to evaluate the effectiveness of the risk response actions.

<u>Cause</u>

DHS program management stated that the Division of Audit Services monitors identified the same issues during their monitoring visits. The director can initiate the serious deficiency (SD) process; however, we could not determine that the director followed the SD policies, and she did not document her consideration of noncompliant subrecipients for the SD process. See **Finding 2021-020** for further details.

Management stated that they are working with the TIPS vendor to develop system enhancements to allow feeding sites to enter meal counts into TIPS immediately. Also, according to the Director of Operations for CACFP and SFSP, management hopes the enhancements will reduce mathematical errors and help DHS identify questionable meal count patterns and red flags. In some of these situations, management stated it is hard to apply immediate fixes because they identify them after the summer has ended. In our discussions with subrecipients, they said the errors were caused by either human error or lack of adequate subrecipient review. Subrecipients also stated that additional training provided by DHS would help reduce these errors.

<u>Effect</u>

While monitoring provides management with detective controls to identify subrecipients' errors, program management must take additional actions beyond subrecipient training and monitoring, such as issuing serious deficiency notices and terminating subrecipients who fail to implement permanent corrective action as required by program requirements, to ensure the integrity of the program.

Additionally, federal regulations address actions that federal agencies may impose if a state entity does not comply with the U.S. Constitution, federal statutes, regulations, or the terms and conditions of a federal award. According to 2 CFR 200.208(c), "Specific conditions," these actions may include

- requiring reimbursement instead of advance payments;
- not allowing the agency to proceed to the next phase until it submits evidence of acceptable performance;
- requiring additional, more detailed financial reports or additional project monitoring;
- requiring the agency to obtain technical or management assistance; or
- establishing other prior approvals.

If the federal agency determines the state agency cannot remedy its noncompliance through the above actions, 2 CFR 200.339, "Remedies for noncompliance," outlines additional actions the federal agency may take. Depending on the circumstances, these actions may include

- temporarily withholding payments until the noncompliance has been corrected,
- denying the use of funds,
- partly or fully suspending or terminating the federal award,
- suspending or debarring the agency,
- withholding further awards for the project or program, or
- pursuing other available legal remedies.

Recommendation

As the pass-through entity, DHS has the responsibility to impose additional conditions upon subrecipients who demonstrate continued program noncompliance, or take other action as described in 2 CFR 200.208 and 200.339. We recommend that DHS take the additional steps to ensure it only pays subrecipients for actual meals served to children rather than allowing the subrecipients to (intentionally or unintentionally) continue overbilling the state for federal reimbursement. This includes terminating the subrecipients from the program.

Management's Comment

We concur in part.

The state auditors reviewed $9,537,126 of SFSP reimbursement claims and identified an approximate 1.5% error rate. The Department continues to work to improve the successful operation of the program and the overall integrity of the SFSP. This finding is based on test work from the summers of 2020 and 2021. The data crosses program years and does not show a contextualized picture of how the SFSP program operates. By reporting information with such a lag time and including information from two different SFSP program years, the Department is unable to effectively show implemented changes. Additionally, the summers of 2020 and 2021 were heavily impacted by COVID-19, and the nationwide waivers that were implemented to support feeding children during this time. The Department is unable to determine if these waivers were considered in this casework.

The Department is in the process of implementing technology that will help support SFSP Sponsors and Sites in accurate claim reporting. This solution will be implemented for use in SFSP 2022. DHS believes that technology can help to mitigate sponsor claiming errors.

Condition: *Claims Documentation Based on Inaccurate Meal Counts*

The Department concurs that inaccurate meal counts occur in the SFSP program, as it is one of the frequent issues identified in the Department's monitoring process and the primary focus of our new technology solution for SFSP 2022.

It is important to note that six of the claims included in the questioned costs are below the state threshold for collection.

Condition: *Subrecipients Provided Questionable Meal Count Documentation*

The Department concurs that questionable meal count documentation can occur in the SFSP program; however, it does not necessarily indicate that meals were not served, or costs need to be questioned. New SFSP technology for use in 2022 will allow sites and sponsors to directly submit daily meal count data to the Department, eliminating the opportunity for duplication of meal count worksheets.

Condition: *Subrecipients Served and Claimed Meals Above the Approved Site Capacity*

The Department does not concur that meals served and claimed above the approved site capacity at self-prep sites must be disallowed, and therefore there should be no questioned costs associated with this condition. All of the sites identified in this condition are considered to be self-prep.

USDA memo SFSP 16-2015 Site Caps in the Summer Food Service Program: Revised states that, "Program regulations do not require State agencies to disallow meals served to children at self-preparation sites in excess of site caps."

The Department will continue to evaluate risks, update the Department-wide risk assessment forms, and employ effective procedures to mitigate identified risks.

Finding Number	2021-020
Assistance Listing Number	10.558 and 10.559
Program Name	Child and Adult Care Food Program Child Nutrition Cluster
Federal Agency	Department of Agriculture
State Agency	Department of Human Services
Federal Award Identification Number	215TN331N1150, 215TN331N1199, and 215TN331N2020
Federal Award Year	2021
Finding Type	Significant Deficiency and Noncompliance
Compliance Requirement	Allowable Costs/Cost Principles
Repeat Finding	2020-015
Pass-Through Entity	N/A
Questioned Costs	10.558 FY2021: $18,700 10.558 FY2022: $12,574 10.559 FY2021: $88,640 10.559 FY2022: $96,313

The Department of Human Services did not ensure that Summer Food Service Program for Children and Child and Adult Care Food Program subrecipients served and documented meals according to established federal regulations, resulting in $216,227 of federal questioned costs

Background

The Child and Adult Care Food Program (CACFP) is a year-round food program for eligible participants at childcare centers, day care homes, after-school care programs, emergency shelters, and adult day care centers. The Summer Food Service Program for Children (SFSP) provides under-resourced children with nutritious meals when school is not in session. While CACFP can operate year-round, SFSP primarily operates during the summer months—May through September—however, the program may also provide meals during school vacation breaks or during emergency school closures from October through April. Both programs are funded by the U.S. Department of Agriculture (USDA) and administered on the state level by the Department of Human Services (DHS). DHS contracts with locally based institutions, called subrecipients, who administer the programs by providing meals. Subrecipients can participate in both programs. As a pass-through entity, DHS is responsible for ensuring that subrecipients are eligible to participate in the programs and that the subrecipients comply with federal requirements.

Meal Service

To ensure they serve as many individuals as practical, subrecipients may operate the programs at one or more feeding sites. DHS requires subrecipients to count meals served and record this number on a daily meal count form. Subrecipients can claim reimbursement requests only for meals that comply with program requirements, such as meals served with all required components and within DHS-approved dates and timeframes. Meal components[68] are the USDA-required minimum portions of food components that make up a reimbursable meal for the meal type (breakfast, lunch/supper, or a snack) served.

USDA-issued COVID-19 waiver *The Nationwide Waiver of Meal Service Time Restrictions for Summer 2021 Operations,* in effect during our audit period, allowed subrecipients to serve multiple meal types at one meal service, thereby waiving the required amount of time that must elapse between one service and the next and the duration requirements of meal services. This waiver states that subrecipients must still comply with their DHS-approved application requirements to establish official meal service start and end times at each site.

Claim Reimbursement Process

After the meal service, feeding site personnel then submit the meal count forms to the subrecipient, who totals the meals served by meal type for the month. The subrecipient then enters the monthly totals and submits the monthly reimbursement claim in the Tennessee Information Payment System (TIPS). In TIPS, DHS management approves the claim reimbursement, and Edison, the state's accounting system, processes the payments to subrecipients.

Department's Subrecipient Monitoring

DHS does not require subrecipients to submit supporting documentation when filing claims; however, federal regulations require subrecipients to maintain all documentation to support their claims and to comply with federal guidelines during the meal reimbursement process. DHS's Division of Audit Services is responsible for monitoring subrecipients to obtain reasonable assurance that both subrecipients and site personnel comply with state and federal requirements.

According to the Director of Audit Services, on an annual basis he performs a subrecipient risk assessment to determine which subrecipients his team will monitor during the upcoming year.[69] When DHS monitors identify that subrecipients have not complied with federal requirements, the Division of Audit Services sends the monitoring report to program management. DHS program management addresses these meal service violations by requiring subrecipients to submit a corrective action plan, which outlines actions and steps to prevent the noncompliance from reoccurring in the future. Corrective action could also include the repayment of disallowed federal funds the subrecipient received.

Program Management's Serious Deficiency Policies

A serious deficiency (SD) is a process designed to address repeated subrecipient noncompliance and achieve permanent corrective action. In accordance with federal guidelines, program management established control policies and procedures to carry out the DHS Administrative Policies and Procedures 9.03, *Serious Deficiency Process for Child and Adult Care Food Program (CACFP)* and Administrative Policies and Procedures 10.06, *Serious Deficiency Process for*

[68] The components include a required meat/meat alternative, milk, vegetable, grain, and/or fruit.
[69] According to the 2014 *Monitoring Handbook for State Agencies: A Child and Adult Care Food Program Handbook*, DHS must review at least 33.3% of all CACFP subrecipients. According to the 2017 *Summer Food Service Program State Agency Monito Guide*, state agencies must review every subrecipient at least every three years.

Summer Food Service Program, which requires program management to start termination procedures in order to remove the subrecipient from the program and disapprove the subrecipient's application from future program participation unless the subrecipient takes appropriate permanent corrective actions to prevent the reoccurrence of the deficiencies. The control policies also outline guidance to Food Program staff when determining whether or not findings rise to the level of a SD. According to both programs' policies, if monitoring findings rise to the level of an SD, Food Program staff use the monitoring report to develop the SD notice and will route the notice to the department's Office of General Counsel (for CACFP only) and the Commissioner's designee. In general, the department's policies allow subrecipients 30 days to implement full and permanent corrective actions of the SDs or monitoring findings, unless the SD notice requires a shorter period.

When Food Program management and staff issue an SD to a subrecipient, the Division of Audit Services is required to increase monitoring for this subrecipient, which management ensures by adding them to the monitoring schedule for the next year.

<u>Prior Audit Results</u>

As noted in the prior seven audits, we reported that DHS did not ensure that SFSP subrecipients served and documented meals in accordance with federal regulations. Management concurred in part and stated,

> DHS is committed to the success and federal compliance of our SFSP sponsors. DHS will continue to provide technical assistance and training to the sponsors in question and monitor sponsors in accordance with the federal regulations. It is the responsibility of the sponsors to serve meals in compliance with the federal regulations and DHS will continue to support this responsibility and act accordingly when compliance with the federal regulations is not upheld.

Because of the continuing issues with subrecipients in the SFSP, we expanded our current testwork to include CACFP subrecipients. During our current testwork, we concluded that DHS's technical assistance and training alone are not sufficient to ensure the integrity of either program or to correct the continuing issues with subrecipients' meal reimbursements. We found the following SFSP and CACFP federal noncompliance.

<u>Current Audit Results</u>

We identified 23 subrecipients—18 SFSP and 5 CACFP—in our testwork which had also been monitored by the Division of Audit Services since 2018. Based on our review of the division's monitoring reports, the monitors found similar issues related to these subrecipients' meal reimbursement claims for both programs, which indicates that the subrecipients have not achieved permanent corrective action and have been allowed to continue in the program. We followed up with the Director of Operations for CACFP and SFSP to determine what additional actions she uses to ensure subrecipients take corrective action based on the monitoring activities. According to the director, program staff provide training to subrecipients to reiterate federal program requirements to address subrecipient noncompliance.

While training can be effective, training alone may not achieve subrecipient compliance. We also discussed with program management the steps taken when training is not sufficient to correct subrecipient noncompliance. Based on our understanding of federal regulations, when training proves ineffective, the federal regulations provide for states to initiate a serious deficiency process to address continued subrecipient noncompliance. The serious deficiency notice is designed to notify a subrecipient that permanent corrective action is expected, or the state has the authority to terminate the subrecipient from the program when the subrecipient cannot or will not establish permanent corrective action.

Sample Selection Process

Our audit period covered July 1, 2020, through June 30, 2021, the state's fiscal year. Our audit results are based on our observations of meal services that occurred from June 2021 to September 2021, and our subsequent review of reimbursement claims; therefore, our work and any identified federal questioned costs related to our audit period as well as fiscal year ending June 30, 2022 (July 2021 through September 2021 impact our June 30, 2022, single audit scope).

Summer Food Service Program for Children Meal Observations

From a population of 42 subrecipients that DHS approved to participate in the SFSP from May 2021 to August 2021 that operated a total of 1,080 feeding sites, we selected a haphazard sample of 20 subrecipients to cover the west, middle, and east grand divisions. These 20 selected subrecipients operated a total of 698 feeding sites.

We scheduled a total of 58 meal service visits at 46 different feeding sites.

Child and Adult Care Food Program Meal Observations

From a population of 273 subrecipients that DHS approved to participate in the CACFP from October 2020 to September 2021[70] that operated a total of 2,600 feeding sites, we selected 8 high-risk subrecipients for our testwork.[71] These 8 subrecipients operated 119 feeding sites.

We scheduled a total of 21 meal service visits at 16 different sites.

Claim Review for Meal Observations

At the conclusion of our on-site meal observations, we subsequently requested meal count documentation from the subrecipients to ensure that they claimed (through their reimbursement claim submitted in TIPS) the correct number of meals for the days of our scheduled meal service visits.

[70] DHS operates CACFP using the federal fiscal year, October 1 to September 30.
[71] We identified high-risk subrecipients based on the results reported in the prior year's audit findings, including prior indications of questionable activities and fraud risk factors within the program.

Current Audit Results

Based on our meal observation testwork, we identified

- for both programs, multiple instances of federal program noncompliance during our meal observations (see **Condition A**);
- CACFP subrecipients operating ineligible at-risk after-school feeding sites (see **Condition B**); and
- multiple SFSP subrecipients operating at the same feeding site locations (see **Condition C**).

Based on our reviews of the reimbursement claims, we found that subrecipients

- did not maintain accurate meal reimbursement documentation for all meals for the **day** of our meal observation (see **Condition D**),
- did not maintain accurate meal reimbursement documentation for all meals served in the **month** we reviewed (see **Condition E**),
- did not perform point-of-service meal counts (see **Condition F**), and
- provided meal count documentation that exhibited questionable meal claiming patterns (see **Condition G**).

Finally, based on our testwork and discussions with DHS program management, we found that program management did not follow control policies governing serious deficiencies to ensure subrecipients with repeated noncompliance achieved compliance through permanent corrective action (see **Condition H**).

Condition and Criteria A (Observation): Meal Service Noncompliance (Repeat Condition)

Based on our observations at subrecipient feeding sites, we identified the following errors during meal services for both SFSP and CACFP:

- At 31 of 35 SFSP meal services we observed (89%), feeding site personnel did not comply with up to 8 different federal program requirements per site while serving meals. See **Table 1**.
- At 9 of 12 CACFP meal services we observed (75%), feeding site personnel did not comply with up to 6 different federal program requirements per site while serving meals. See **Table 1**.

In terms of subrecipients, these overlapping meal service issues were found at 19 SFSP subrecipients and 5 CACFP subrecipients.

We used these resources to determine the federal program requirements governing the meal services for Summer Food Service Program for Children (SFSP) and the Child and Adult Care Food Program (CACFP):

- USDA's 2016 *Summer Food Service Program Administration Guide* (the SFSP guide);
- Title 7, *Code of Federal Regulations* (CFR), Section 226, which governs the Child and Adult Food Program; and
- USDA-issued COVID-19 waivers in effect during our audit.

Table 1
Summer Food Service Program For Children and Child and Adult Food Care Program
Program Noncompliance Observed During Meal Services

Federal Program Requirement	SFSP Number of Feeding Sites with errors	CACFP Number of Feeding Sites with errors	Waiver Impact
Subrecipients allowed children to take more than the allowable number of meals off-site. SFSP guide (p. 133); 7 CFR 226.17a(k); 7 CFR 226.17(b)(3)	15	2	
Subrecipients served meals to adults or allowed adults to pick up meals for persons who were not their own children.	10	N/A	X[72]
Subrecipients served meals outside of the approved timeframe. SFSP guide (p. 133); 7 CFR 226.20(k)	14	3	X[73]
Subrecipients served incomplete meal components. SFSP guide (p. 58); 7 CFR 226.20(c)	13	6	X[74]
Subrecipients did not correctly count the number of meals served during service. SFSP guide (p. 133); 7 CFR 226.17(b)(9); 7 CFR 226.17a(o)	15	2	
Subrecipients did not perform meal counts during the meal service. SFSP guide (p. 112), 7 CFR 226.17(b)(9)	10	1	
Subrecipients did not sign the Meal Count Form. SFSP guide (p. 184)	3	N/A	

72 *The Nationwide Waiver to Allow Parents and Guardians to Pick Up Meals for Children* allowed non-congregate feeding during COVID-19 related operations, which allowed children to take meals home to eat rather than congregating. We observed adults picking up large amounts of meals at most sites and noted violations when parents told us they picked up meals for themselves or for people other than their children.

73 *The Nationwide Waiver of Meal Time Restrictions for Summer 2021 Operations* (applicable to SFSP), and the *Nationwide Waiver of Meal Times Requirements for School Year 2021-2022* (applicable to CACFP) allowed sponsors to have flexibility for the meal service time, such as sponsors serving breakfast and lunch at the same time to reduce the number of visits a child needed to make to a site. However, the waiver states that the requirement for SFSP sponsors to establish meal service times remained in effect. We observed sponsors serving outside of the approved times.

74 *The Nationwide Waiver to Allow Meal Pattern Flexibilities for Summer 2021 Operations* waived the requirement for sponsors to serve meals that met the USDA meal pattern requirements during the COVID-19 pandemic based upon disruptions to the availability of food products. The waiver required DHS staff to approve sponsors' participation under this waiver on a case-by-case basis and required DHS to report to the FNS Regional Office when and where the waiver was in effect and for what food components. The waiver stated that FNS expected and strongly encouraged sponsors to maintain and meet the nutrition standards to the greatest extent possible. Site supervisors did not cite any food shortages as a reason why they did not serve all meal components during our meal observations.

Federal Program Requirement	SFSP Number of Feeding Sites with errors	CACFP Number of Feeding Sites with errors	Waiver Impact
Subrecipient served children not enrolled at a feeding site. SFSP guide (p. 13)	1	N/A	
Subrecipients did not maintain daily attendance. 7 CFR 226.17a(o)	N/A	4	

Source: Auditor prepared.

The above-mentioned instances of noncompliance substantiate grounds to disallow program payments. See **Conditions D and E** for the results of our review of the reimbursement claims that the subrecipients submitted and DHS approved and paid that correspond with our site visits as well as related federal questioned costs.

Condition and Criteria B (Observation): Ineligible At-Risk After-school Programs

During our meal service observations, we noted two subrecipients served meals to children at four total feeding sites; however, these sites did not meet CACFP's at-risk after-school program requirements.

According to the 2017 *At-Risk Afterschool Meals: A Child and Adult Care Food Program Guide* (page 9),

> Students who are part of school sports teams and clubs can receive Afterschool Snacks or Meals as part of a broad, overarching educational or enrichment program, but the Program cannot be limited to a sports team.
>
> Organized athletic programs that only participate in interscholastic or community level competitive sports (for example, youth sports leagues such as "Babe Ruth" and "Pop Warner" baseball leagues, community soccer and football leagues, area swim teams, etc.) may not be approved as sponsors or independent centers in the Program.

Based on our observations at the first subrecipient's two feeding sites, one feeding site was a community-level competitive youth football league. At the second site—a high school—we could not locate where the subrecipient served the meals. Based on discussion with a football coach, who was the subrecipient's site supervisor, he gave the subrecipient-provided meals exclusively to the school's football team in the fieldhouse. As a result, we identified the following federal questioned costs for CACFP: **$18,700 related to FY 2021 and $7,690 related to FY 2022**.

Based on our observations at the second subrecipient's two feeding sites, neither site offered enrichment activities on the day of our site visits. One site supervisor stated that she stopped offering enrichment activities because the children no longer sat down to eat. According to the second site supervisor, she ended enrichment activities at the start of the COVID-19 pandemic. Because we found this subrecipient in violation of other program requirements (see **Condition D**), we did not question costs for this condition.

Condition and Criteria C (Observation): Multiple Subrecipients Served Meals at the Same Feeding Sites (Repeat Condition)

During our meal observations and attempted meal observations, we noted the following problems:

At four feeding sites we saw more than one subrecipient serving meals at the same time and/or at the similar physical location. As such, children were served more than the maximum of two meals per day.

We scheduled two feeding site visits operated by one subrecipient. The first feeding site was located at a basketball court where we observed children exiting a community center, obtaining meals from a van at the basketball court, and returning to the center. For the second visit, the address listed in TIPS took us to a residence, rather than the specific name of the community center associated with this address in TIPS. We googled the center's name and discovered that this community center was the same community center located next to the basketball court from our first site visit. We observed the subrecipient serving the same children in their center that were served during the first site visit (basketball court). Based on our review of TIPS and our visits, this subrecipient claimed breakfast, lunch, and supper on the day of our visit, thus exceeding the maximum of two meals per child per day.

According to the 2016 SFSP guide (page 57),

> Sponsors may serve one or two meals a day at open, restricted open, and enrolled sites. With State agency approval, sponsors may serve two meals (including snacks) each day. . .. Meal services can be operated by different sponsors at the same site; however, the maximum number of meals allowed at a site under the regulations [7 CFR 225.16(b)] must not be exceeded (two meals for open, restricted open, and enrolled sites . . .).

We considered the subrecipient DHS first approved to serve at the sites as serving allowable meals unless we noted other meal service noncompliance. We questioned the costs DHS paid to the other subrecipients who served and claimed meals at the same site. This resulted in **$62,444 of federal questioned costs for FY 2021** and **$46,146 in federal questioned costs for FY 2022, both for SFSP**.

Condition and Criteria D (Claim Review): Incorrect Number of Meals Claimed for the Day of Our Actual or Attempted Meal Service (Repeat Condition)

Actual Meal Service Observations Performed

We physically observed 35 SFSP meal services at 20 subrecipients, and we physically observed 12 CACFP meal services at 8 subrecipients. We compared the number of reimbursable meals we counted during our visits to the reimbursement claim the subrecipients submitted in TIPS for meals served. Based on our work, we found that

- 19 of 20 SFSP subrecipients (95%) did not claim the correct number of meals compared to the number of meals we counted, resulting in a difference of **$5,730 of FY 2022 federal questioned costs**.
- 4 of 8 CACFP subrecipients (50%) did not claim the correct number of meals compared to the number of meals we counted, resulting in a difference of **$1,301 of FY 2022 federal questioned costs**.

Attempted Meal Service Observations

We attempted to observe

- 23 additional SFSP meal services for 8 subrecipients, and
- 9 additional CACFP meal services for 2 subrecipients.

During these attempted visits, however, we did not see any site personnel or children at these sites. We then reviewed the subrecipients' claims to ensure they did not claim these days. Based on our audit work, we determined that

- 4 SFSP subrecipients claimed meals for reimbursement on the days we attempted to observe a meal service, even though we saw no meal service took place, resulting in **$2,575 of FY 2022 federal questioned costs**.
- 2 CACFP subrecipients claimed meals for reimbursement on the days we attempted to observe a meal service, even though we saw no meal service took place, resulting in **$699 of FY 2022 questioned costs**.

<u>Condition and Criteria E (Claim Review): Meal Reimbursement Documentation Was Inaccurate for the Month of Meal Service (Repeat Condition)</u>

In addition to verifying whether subrecipients claimed meals and received reimbursements on the days we observed meal services, we also reviewed the subrecipients' claim for the entire month for corresponding feeding sites and meal types we visited to determine if DHS management reimbursed the subrecipients for claims that were not properly supported.

- Based on our testwork on actual meal service observations performed, we noted that 14 SFSP subrecipients did not maintain accurate documentation to support the monthly meal reimbursement for which DHS paid, resulting in **$5,185 in FY 2022 federal questioned costs**.
- For meal service observations we attempted to perform, our testwork revealed that 2 SFSP subrecipients did not maintain accurate documentation to support the monthly meal reimbursement claim, resulting in **$2,772 in FY 2022 federal questioned costs**.
- Based on our testwork on actual meal service observations performed, we found that 2 CACFP subrecipient did not maintain accurate documentation to support the monthly meal reimbursement for which DHS paid, resulting in **$1,871 of FY 2022 federal questioned costs**.
- For meal observations we attempted to perform, our testwork revealed that 1 CACFP subrecipient did not maintain accurate documentation to support the monthly meal reimbursement for which DHS paid, resulting in **$1,013 of FY 2022 federal questioned costs**.

According to 7 CFR 225.15(c),

> [SFSP subrecipients] shall maintain accurate records justifying all meals claimed . . . Failure to maintain such records may be grounds for denial of reimbursement for meals served and/or administrative costs claimed during the period covered by the records in question. The [subrecipient's] records shall be available at all times for inspection and audit by representatives of the Secretary, the Comptroller General of the United States, and the State agency for a period of three years following the date of submission of the final claim for reimbursement for the fiscal year.

We find in 7 CFR 226.10(c),

> Claims for Reimbursement shall report information in accordance with the financial management system established by the State agency, and in sufficient detail to justify the reimbursement claimed and to enable the State agency to provide the final Report of the Child and Adult Care Food Program (FNS 44) required under §226.7(d). In submitting a Claim for Reimbursement, each institution shall certify that the claim is correct and that records are available to support that claim.

Condition and Criteria F (Claim Review): Subrecipient Did Not Perform Point-of-Service Meal Counts

We noted one subrecipient did not use an allowable meal count form. On the day we observed the subrecipient's meal service, we noted that the site personnel had no method of counting each meal given to children; when we asked site personnel about the counting during our visit, the site supervisor told us they maintain the count in their head. When we reviewed the subrecipient's meal count documentation used to support the May/June and July/August 2021 claims they submitted to DHS, we noted that subrecipient's documentation contained each feeding site location, date and time of the meal service, and a handwritten number to indicate the total number of meals served at each site. We also did not see a signature from the site supervisor, which is required. We would expect to see documentation of tally marks on meal count forms to indicate that feeding site personnel tracked the meals served at the point of service, as required by federal program requirements.

According to the SFSP guide (page 120), "Violations of Program requirements may result in withholding or recovery of reimbursements, corrective action, or termination and exclusion from future Program participation." Such violations include "Failure to count meals at point of service" (page 121). Furthermore, the guide instructs the site supervisor to sign the meal count form when taking a point-of-service meal count every day, which the site supervisors did not do.

We questioned the costs related to our site visit date in **Condition D**.

<u>Condition and Criteria G (Claim Review): Subrecipients with a History of Serious Deficiencies Provided Meal Count Documentation Showing Questionable Meal Claim Patterns</u>

Based on the site visits we and DHS monitors performed, we identified two subrecipients that claimed significantly higher meal counts compared to the numbers we and DHS observed. Specifically, these subrecipients claimed that they served the same number of meals daily to children for an extended period of time, with no variances. Both subrecipients have a history of questionable meal claiming patterns and significant compliance issues.

<u>Subrecipient 1</u>

For our current audit, Subrecipient 1 received funding from both SFSP and CACFP. We and DHS monitors counted a significantly lower number of meals served during our visits compared to the amount the subrecipient claimed. We reviewed the subrecipient's reimbursement claims for the following periods and found no change in meal counts, which seems unreasonable to a prudent person.

- January 2021 through July 2021 – claimed 80 meals at each meal service for this site for 139 straight days.

The subrecipient was approved to serve a maximum of 80 meals at each meal service. We, as well as DHS monitors, visited the feeding site on the following dates and counted the following number of children served:

- July 14, 2021 – DHS Visit – 28
- August 9, 2021 – Comptroller Visit –5
- September 30, 2021 – Comptroller Visit – 12

We questioned costs based on the difference between the number the subrecipient claimed from January 2021 through August 2021 for this site and the highest number observed, which was from DHS's site visit recorded on July 14, 2021—28. This resulted in **federal questioned costs for SFSP totaling $26,196 for FY 2021** and **$14,903 for FY 2022**.

<u>Subrecipient 2</u>

For Subrecipient 2, we performed a meal observation on the subrecipient's largest feeding site and noted an extremely low number of children present compared to the total this subrecipient historically claimed for reimbursement for this site. We, as well as DHS monitors, visited the feeding site on the following dates and counted the following number of children served:

- June 23, 2021 – Comptroller Visit – 27
- July 9, 2021 – DHS Visit – 25
- July 13, 2021 – DHS Visit – 59
- July 27, 2021 – Comptroller Visit – 20

Prior to July 13, 2021, the subrecipient claimed between 111 to 200 lunches and snacks per day. On July 13, 2021, the DHS monitor spoke with the subrecipient's staff about reducing the number of meals delivered to the site to 75 lunches and snacks because the monitor believed the subrecipient was wasting food. Based on our review in TIPS on January 20, 2022, this subrecipient is currently approved to claim up to 403 lunches and snacks per day.

We questioned costs for the difference between the number of meals the subrecipient claimed in June and July 2021 and the highest number of meals observed—59—per day for the same period for this site only. This resulted in the following federal questioned costs for SFSP: **$19,002 for FY 2022**.

According to the SFSP guide, subrecipients "may claim reimbursement only for those meals that meet SFSP requirements. Reimbursement may not be claimed for . . . [m]eals that were not served."

<u>Prior Reported Issues with Subrecipients 1 and 2</u>

Each subrecipient has participated in the SFSP and CACFP for at least five years and has undergone numerous DHS-provided

- trainings,
- corrective actions, and
- technical assistance.

Each has received findings for various noncompliance issues by the Division of Audit Services. We have also reported both subrecipients in our findings each year for the last five years. In these findings, we have noted that they

- claimed the same number of meals each day;
- used photocopied meal count forms, instead of using a new meal count form for each meal service as required;
- claimed meals that we did not physically observe them serving;
- provided us with meal count documentation that did not support their claim for reimbursement;
- claimed meals served at ineligible sites; and
- served meals with incomplete meal components.

Given the repeated noncompliance, DHS program management has issued both subrecipients serious deficiency (SD) notices. Program management issued SDs to Subrecipient 1 in 2017 and 2018 and issued SDs to Subrecipient 2 in 2018. We released a special report in 2020 involving Subrecipient 1 claiming and receiving payment for meals it did not serve. Based on those on-site visits, we found feeding sites that had locked doors; however, the subrecipient still filed a meal reimbursement claim for these sites. For Subrecipient 2, we released an investigative report in 2020 describing that the subrecipient overstated the number of meals served to children. In this report, we stated that cameras identified that the number of children present at a feeding site was less than the number of meals claimed for reimbursement. Despite repeated issues and the SD notices, both subrecipients remain in the food programs. See **Condition H**.

Condition and Criteria H: Program Management Did Not Follow Control Policies Governing Serious Deficiencies

Given the repeated subrecipient noncompliance identified in **Condition G**, we determined that program management is not effectively utilizing their control policies to ensure compliance with federal guidance or federal regulations.[75] The policies describe guidelines for DHS program staff when determining SDs. They include, but are not limited to,

- a single new finding resulting in 35% or more of meals being disallowed (for example, insufficient quantities of milk purchased, meal count errors, applications with regulatory deficiencies, reclassification of participants, etc.);
- claiming reimbursement for meals not served to participants;
- claiming reimbursement for meals that do not meet program requirements; and
- a failure to maintain adequate records.

We asked program management to describe their SD analysis process to assess whether to issue an SD to a subrecipient based on the monitoring report, as outlined in the SD policies. Management stated it is at their discretion whether to issue an SD. Our work, as well as the Division of Audit Services' subrecipient monitoring reviews, indicated noncompliance that would require an issuance of an SD based on the guidelines listed in the SD policies.

Written policies and procedures do not serve their intended purpose when they are outdated, incomplete, and unused. The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) sets internal control standards for federal entities and serves as best practice for non-federal government entities, including state and local government agencies. As stated in the Green Book overview, internal control is a process used by management to help an entity achieve its objectives. Internal control helps an entity run its operations effectively and efficiently; report reliable information about its operations; and comply with applicable laws and regulations. Furthermore, the Green Book overview states, "management is responsible for designing the policies and procedures to fit an entity's circumstances and building them in as an integral part of the entity's operations."

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[75] According to the USDA's *Serious Deficiency, Suspension, & Appeals for State Agencies & Sponsoring Organizations – A Child and Adult Care Food Program Handbook*, if a subrecipient "fails to implement timely corrective action to fully and permanently correct the serious deficiencies cited, the state agency must notify the [subrecipient] that the state agency is proposing to terminate [their] agreement and to disqualify [them] from program participation." Title 7, *Code of Federal Regulations*, Chapter 225, Part 6(b)(9), related to SFSP, states, "the State agency shall not approve the application of any applicant sponsor identifiable through its organization or principals as a sponsor which has been determined to be seriously deficient as described in § 225.11(c). However, the State agency may approve the application of a sponsor which has been disapproved or terminated in prior years in accordance with this paragraph if the applicant demonstrates to the satisfaction of the State agency that it has taken appropriate corrective actions to prevent recurrence of the deficiencies."

Risk Assessment

Based on our review of DHS's December 2020 Financial Integrity Act Risk Assessment, we determined that management did not identify the risk of noncompliance with control policies governing the issuance of SDs. According to Green Book Principle 7, "Identify, Analyze, and Respond to Risks,"

> **7.02** Management identifies risks throughout the entity to provide a basis for analyzing risks. Risk assessment is the identification and analysis of risks related to achieving the defined objectives to form a basis for designing risk responses.

Summary of Questioned Costs

We questioned **$221,436** for the noncompliance noted above. See **Table 3** for the overall questioned costs and the associated condition.

Table 3
Questioned Costs by Condition and Program

Condition and Program	Questioned Costs FY 21 SFSP	Questioned Costs FY 21 CACFP	Questioned Costs FY 22 SFSP	Questioned Costs FY 22 CACFP
Condition B: Ineligible at-risk programs	$ -	$ 18,700	$ -	$ 7,690
Condition C: Multiple subrecipients served meals at the same feeding sites	$ 62,444	$ -	$ 46,146	$ -
Condition D: Inaccurate number of meals claimed for the day of our actual or attempted meal service observations	$ -	$ -	$ 8,305	$ 2,000
Condition E: Meal reimbursement documentation was inaccurate for the month of our meal service observations and attempted observations	$ -	$ -	$ 7,957	$ 2,884
Condition G: Subrecipients provided meal count documentation showing questionable patterns	$ 26,196	$ -	$ 33,904	$ -
Total	**$ 88,640**	**$ 18,700**	**$ 96,313**	**$ 12,574**

Cause

During our discussions, DHS management stated that the Division of Audit Services found similar types of noncompliance at the meal services. DHS program management stated that, due to how briefly the summer food program operates, they did not have enough time to respond to questionable claims. DHS management did not provide a cause for the other issues noted in this finding. In our discussions with subrecipients, they said the causes for the errors noted in the conditions above were human errors and miscommunication between DHS and the subrecipient. The director can initiate the SD process; however, we could not determine that the director followed the SD policies, and she did not document her consideration of noncompliant subrecipients for the SD process.

Effect

While monitoring provides management with detective controls to identify subrecipients' errors, management must take additional actions beyond subrecipient training and monitoring, such as issuing serious deficiency notices and terminating subrecipients who fail to implement permanent corrective action as required by program requirements, to ensure the integrity of the program.

Additionally, federal regulations address actions that federal agencies may impose if a state entity does not comply with the U.S. Constitution, federal statutes, regulations, or the terms and conditions of a federal award. According to 2 CFR 200.208(c), "Specific conditions," these actions may include

- requiring reimbursement instead of advance payments;
- not allowing the agency to proceed to the next phase until it submits evidence of acceptable performance;
- requiring additional, more detailed financial reports or additional project monitoring;
- requiring the agency to obtain technical or management assistance; or
- establishing other prior approvals.

If the federal agency determines the state agency cannot remedy its noncompliance through the above actions, 2 CFR 200.339, "Remedies for noncompliance," outlines additional actions the federal agency may take. Depending on the circumstances, these actions may include

- temporarily withholding payments until the noncompliance has been corrected,
- denying the use of funds,
- partly or fully suspending or terminating the federal award,
- suspending or debarring the agency,
- withholding further awards for the project or program, or
- pursuing other available legal remedies.

Recommendation

The Commissioner and the Director of Operations for CACFP and SFSP should ensure that both DHS and its subrecipients comply with the federal requirements. The Director of Operations for CACFP and SFSP should effectively utilize detective controls over CACFP and SFSP they already have. These controls should ensure that all subrecipients follow federal guidelines when serving meals and claiming meals on their meal reimbursements. If subrecipients cannot or will not permanently correct noncompliance with federal regulations, the director should follow the programs' control policies to initiate the process to remove any subrecipients claiming meals for reimbursement when they do not in fact feed children and document the SD analysis process.

Management should identify and assess the risk of not following the established SD policies and implement effective controls to mitigate the risk. Management should also update the risk assessment as necessary and take action if deficiencies occur.

Management's Comment

We concur in part.

The Department agrees that our monitoring process can result in disallowance of meal costs and findings similar to what is noted in this finding. When this occurs, the Department takes appropriate action. The Department does not concur with the calculation of questioned costs and how they relate to the federal waivers in response to COVID-19.

The Department's continuous effort of increasing and improving its training to food program sponsors can mitigate the risk of future noncompliance but does not act as a complete preventative control.

The Department is in the process of implementing technology that will help support SFSP Sponsors and Sites in accurate claim reporting. This solution will be implemented for use in SFSP 2022. DHS believes that technology can help to mitigate sponsor documentation and claiming errors.

Condition A: (Observation): *Meal Service Noncompliance (Repeat Condition)*

We concur in part.

The Department agrees that our monitoring process can result in findings similar to what is noted in this finding. When this occurs, the Department takes appropriate action. The Department does not concur with the findings in association with the federal waivers in response to COVID-19. The waivers were created by USDA and implemented in the CACFP and SFSP to serve children in non-traditional ways to support child nutrition during the public health emergency. The errors identified in this condition do not necessarily indicate meal service noncompliance, but waiver implementation errors.

Condition B: (Observation): *Ineligible At-Risk After-school Programs*

We concur in part.

The Department agrees that our monitoring process can result in disallowance of meal costs and findings similar to what is noted in this finding. When this occurs, the Department takes appropriate action.

The Department does not concur that a site located at a high school is exclusive to competitive sports teams and therefore is ineligible for participation in CACFP. The site has the authorization of the school principal to operate at the school cafeteria. Meals served through the CACFP at-risk after-school program should be available to all children.

The second site identified in this observation closed and is no longer participating in CACFP.

Condition C: (Observation): *Multiple Subrecipients Served Meals at the Same Feeding Sites (Repeat Condition)*

We concur in part.

The Department agrees that our monitoring process can result in disallowance of meal costs and findings similar to what is noted in this finding. When this occurs, the Department takes appropriate action. The Department reviews the provided site location and takes action if overlaps are identified.

The Department does not concur that all of these listed incidents show that children were served more than the allowable number of meals per day. Some of these sites were likely serving different children and therefore may be allowable.

Condition D: (Claim Review): *Incorrect Number of Meals Claimed for the Day of Our Actual or Attempted Meal Service (Repeat Condition)*

We concur.

The Department agrees that our monitoring process can result in disallowance of meal costs and findings similar to what is noted in this finding. When this occurs, the Department takes appropriate action.

The Department is in the process of implementing technology that will help support SFSP Sponsors and Sites in accurate claim reporting. This solution will be implemented for use in SFSP 2022. The Department believes that technology can help to mitigate sponsor claiming errors.

Condition E: (Claim Review): *Meal Reimbursement Documentation Was Inaccurate for the Month of Meal Service (Repeat Condition)*

We concur.

The Department agrees that our monitoring process can result in disallowance of meal costs and findings similar to what is noted in this finding. When this occurs, the Department takes appropriate action.

<u>Condition F: (Claim Review):</u> *Subrecipient Did Not Perform Point-of-Service Meal Counts*

We concur.

The Department agrees that our monitoring process can result in findings similar to what is noted in this finding. Compliant meal count forms are provided to all SFSP sponsors in the mandatory SFSP training and specific point of service meal count training is available to all SFSP sponsors and site supervisors. Additionally, meal count forms are found in the back of the USDA SFSP Administrative Guide that is available to the public.

The Department is in the process of implementing technology that will help support SFSP Sponsors and Sites in accurate claim reporting. This solution will be implemented for use in SFSP 2022. The Department believes that technology can help to mitigate sponsor claiming errors.

<u>Condition G: (Claim Review):</u> *Subrecipients with a History of Serious Deficiencies Provided Meal Count Documentation Showing Questionable Meal Claim Patterns*

We concur in part.

The Department agrees that our monitoring process can result in disallowance of meal costs and findings similar to what is noted in this finding. When this occurs, the Department takes appropriate action. In this situation the state auditors did not observe a difference between the number of meals claimed and the number of children present. Without evidence of noncompliance the Department cannot question costs.

<u>Condition H:</u> *Program Management Did Not Follow Control Policies Governing Serious Deficiencies*

We do not concur.

The Department does not concur that the SFSP and CACFP Serious Deficiency Processes are incomplete, outdated, or unused. Program management did follow control policies governing serious deficiencies and this audit did not provide any evidence to the contrary. The Serious Deficiency process is reviewed by USDA on an ongoing basis and every CACFP Serious Deficiency notice is sent to USDA for review and feedback.

The Department will continue to evaluate risks, update the Department-wide risk assessment forms, and employ effective procedures to mitigate identified risks.

Finding Number	2021-021
Assistance Listing Number	10.558
Program Name	Child and Adult Care Food Program
Federal Agency	Department of Agriculture
State Agency	Department of Human Services
Federal Award Identification Number	205TN331N1099, 205TN331N2020, 205TN340N1050, 205TN331N8503, 215TN331N1150, 215TN331N1199, and 215TN331N2020
Federal Award Year	2020 and 2021
Finding Type	Significant Deficiency and Noncompliance
Compliance Requirement	Allowable Costs/Cost Principles
Repeat Finding	2020-012
Pass-Through Entity	N/A
Questioned Costs	$25,067

The Department of Human Services did not ensure that the Child and Adult Care Food Program subrecipients submitted accurate meal reimbursement claims, resulting in questioned costs totaling $25,067

Background

The Child and Adult Care Food Program (CACFP) is a year-round food program for eligible participants at child care centers, day care homes, after-school care programs, emergency shelters, and adult day care centers. CACFP is funded by the U.S. Department of Agriculture and administered on the state level by the Department of Human Services (DHS). As a pass-through entity for CACFP, DHS is responsible for ensuring that these institutions, called subrecipients, are eligible to participate in the program and that the subrecipients comply with federal requirements. To receive payment for the meals they provide to eligible participant children, subrecipients enter and submit total monthly meal counts to DHS through the Tennessee Information Payment System.

To fulfill federal requirements, DHS management is responsible for monitoring the subrecipients' activities to provide reasonable assurance that the subrecipients administer federal awards in compliance with federal requirements, and management must take proper actions to address subrecipient noncompliance when it occurs. Because the department does not require subrecipients to submit supporting documentation with their claims for reimbursement before initiating payment to the subrecipients, management relies on both the food program management and the Division of Audit Services to perform activities to address subrecipient noncompliance identified through monitoring activities. While food program management is responsible for approving subrecipients to participate in the program as well as reimbursement claims for payment, the Division of Audit Services monitors after the fact to ensure the subrecipients complied with federal requirements. If the Division of Audit Services determines a subrecipient failed to comply, food program management requires the subrecipient to submit a corrective action plan and to repay program funds.

CACFP regulations require that the department's Division of Audit Services monitor at least 33.3% of all subrecipients each year. Generally, as part of their monitoring plan, Audit Services monitors review one meal reimbursement claim, representing one month of the program year, at each subrecipient. Audit Services monitors perform regular monitoring visits at each subrecipient once every two or three years, depending on the type of institution.

Prior Audit Results

As noted in the six prior audits, we reported that CACFP program and monitoring staff had not ensured that subrecipients maintained accurate supporting documentation for meal reimbursement claims and that CACFP program staff had paid the subrecipients based on inaccurate claims for meal reimbursement. DHS management concurred in part with the most recent prior finding and stated,

> DHS continues to evaluate this finding and our own internal monitoring and has created training sessions to mitigate the identified programmatic weaknesses. All CACFP trainings are developed and conducted in conjunction with [the U.S. Department of Agriculture Food and Nutrition Service].

Current Audit Results

We identified 20 subrecipients in our testwork which had also been monitored by the Division of Audit Services since 2018. Based on our review of division's monitoring reports, the monitors found similar issues related to these subrecipients' meal reimbursement claims, which indicates that these subrecipients have not achieved permanent corrective action and have been allowed to continue in the program. We followed up with the Director of Operations for CACFP and SFSP to determine what additional actions she uses to ensure subrecipients take corrective action based on the monitoring activities. According to the director, program staff provide training to subrecipients to reiterate federal program requirements to address subrecipient noncompliance.

In an effort to assist subrecipients so they can achieve compliance, the department began offering subrecipients CACFP training again in October 2021 to reiterate the requirements of the program. While training can be effective, training alone may not achieve subrecipient compliance. We also discussed with program management the steps taken when training is not sufficient to correct subrecipient noncompliance. Based on our understanding of federal regulations, when training proves ineffective, the federal regulations provide for states to initiate a serious deficiency process to address continued subrecipient noncompliance. The serious deficiency notice is designed to notify a subrecipient that permanent corrective action is expected, or the state has the authority to terminate the subrecipient from the program when the subrecipient cannot or will not establish permanent corrective action.

Condition and Criteria

From a population of 272 CACFP subrecipients, with reimbursements DHS paid totaling $50,187,456 during fiscal year ended June 30, 2021, we selected a nonstatistical, random sample of 55 subrecipients, a haphazard sample of 5 high-risk subrecipients,[76] and tested 1 haphazardly selected monthly reimbursement for each subrecipient, totaling $1,988,853. To select the feeding site(s) to review for the claim, we haphazardly selected sites based on the following methodology:

- If the subrecipient had 10 or more feeding sites, we selected up to 10 sites.
- If the subrecipient had less than 10 feeding sites, we selected all sites.

We then obtained the subrecipients' supporting documentation for their claims submitted in the Tennessee Information Payment System (TIPS). For the claim review, this documentation included daily meal counts for the month tested.

Based on our testwork, we noted that for 20 of 60 claims reviewed, the subrecipients could not provide documentation to support the number of meals they submitted in TIPS as meals served. We found that 19 subrecipients submitted their claim for reimbursement in TIPS for more meals served than they were able to support with proper documentation. The remaining 1 subrecipient failed to provide any response to our documentation request. Although we, as well as DHS program and the Division of Audit Services management, reached out to the subrecipient to request documentation for the sampled meal claim tested, the subrecipient did not respond to any of the requests.

As part of our review of claims and supporting documentation, we have accepted all available supporting evidence for the claim, and we only report errors when the subrecipient cannot provide accurate or complete documentation. When subrecipients cannot support any part of the reimbursement claims tested, then DHS has improperly reimbursed subrecipients who reported inaccurate or unsupported meal reimbursement claims, resulting in overpayments to the subrecipients totaling $25,067.

According to 7 CFR 226.15(e),

> At a minimum, the following records shall be collected and maintained: . . .
>
> (4) Daily records indicating the number of participants in attendance and the daily meal counts, by type (breakfast, lunch, supper, and snacks), served to family day care home participants, or the time of service meal counts, by type (breakfast, lunch, supper, and snacks), served to center participants.

In addition, 7 CFR Part 226.10(c) states,

> Claims for Reimbursement shall report information in accordance with the financial management system established by the State agency, and in sufficient detail to justify the reimbursement claimed and to enable the state agency to provide the final Report of the Child and Adult Care Food Program (FNS 44) required under §226.7(d). In submitting a claim for reimbursement, each institution shall certify that the claim is correct and that records are available to support that claim.

[76]We identified high-risk subrecipients based on the results reported in the prior year's audit findings, including prior indications of questionable activities and fraud risk factors within the program.

Risk Assessment

We reviewed the department's 2020 Financial Integrity Act Risk Assessment and determined that management listed the risk of subrecipients submitting unsupported claims. Management identified four controls to mitigate the risk:

- Subrecipients undergo annual program training;
- Management conducts pre-operational visits for all program applicants and subrecipients with serious deficiencies noted;
- Management reviews monthly claims prior to acceptance; and
- Subrecipient monitoring efforts.

Although we saw improvement in the department's subrecipient monitoring of CACFP during our audit (detective control), we found that management is not effectively utilizing the listed controls to mitigate the risk of paying subrecipients with unsupported claims. Management's review of monthly claims (desk review) prior to acceptance is ideally an effective control. According to the Director of Operations for CACFP and SFSP, management recognizes desk reviews as an effective tool to reduce program noncompliance. Her staff have performed desk reviews when they encounter high-risk subrecipients, but due to staffing, her team cannot perform desk reviews and process payments timely due to a short window to approve subrecipients' reimbursement claims and issue payments.

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) provides a comprehensive framework for internal control practices in federal agencies and serves as a best practice for other government agencies, including state agencies. According to Green Book Principle 7, "Identify, Analyze, and Respond to Risks,"

> **7.09** . . . When risk response actions do not enable the entity to operate within the defined risk tolerances, management may need to revise risk responses or reconsider defined risk tolerances. Management may need to conduct periodic risk assessments to evaluate the effectiveness of the risk response actions.

Cause

While we found that the Division of Audit Services monitors identified the same issues during their monitoring visits, we did not see actions, other than training, by the program staff which would address subrecipients' lack of accurate support for meal claims entered and submitted in TIPS. Program management did not provide any additional information on how it plans to address the subrecipients' inaccurate claim reporting. The director can initiate the serious deficiency (SD) process; however, we could not determine that the director followed the SD policies, and she did not document her consideration of noncompliant subrecipients for the SD process. See **Finding 2021-020** for further details.

Effect

While monitoring provides management with detective controls to identify subrecipients' errors, CACFP program management must take additional actions beyond subrecipient training and monitoring, such as issuing serious deficiency notices and terminating subrecipients who fail to implement permanent corrective action as required by program requirements, to ensure the integrity of the program.

Additionally, federal regulations address actions that federal agencies may impose if a state entity does not comply with the U.S. Constitution, federal statutes, regulations, or the terms and conditions of a federal award. According to 2 CFR 200.208(c), "Specific conditions," these actions may include

- requiring reimbursement instead of advance payments;
- not allowing the agency to proceed to the next phase until it submits evidence of acceptable performance;
- requiring additional, more detailed financial reports or additional project monitoring;
- requiring the agency to obtain technical or management assistance; or
- establishing other prior approvals.

If the federal agency determines the state agency cannot remedy its noncompliance through the above actions, 2 CFR 200.339, "Remedies for noncompliance," outlines additional actions the federal agency may take. Depending on the circumstances, these actions may include

- temporarily withholding payments until the noncompliance has been corrected,
- denying the use of funds,
- partly or fully suspending or terminating the federal award,
- suspending or debarring the agency,
- withholding further awards for the project or program, or
- pursuing other available legal remedies.

Recommendation

As the pass-through entity, DHS has the responsibility to impose additional conditions upon the subrecipients who demonstrate continued program noncompliance, or take other action as described in 2 CFR 200.208 and 200.339. We recommend that DHS take additional steps to ensure it only pays subrecipients for actual meals served to children rather than allowing the subrecipients to (intentionally or unintentionally) continue overbilling the state for federal reimbursement. This includes terminating the subrecipients from the program.

Management's Comment

We concur in part.

The state auditors identified 14 of the 20 subrecipients with questioned costs were below the department threshold and would not be pursued for recovery, 10 of those were questioned costs of less than $10.00.

The Department does not concur with the recommendation to terminate subrecipients from the program that have errors that are correctable and result in minimal questioned costs.

This area of noncompliance identifies, in total, $25,067 in questioned costs out of $1,988,853 of reviewed funds. This shows a 1% error rate in CACFP claim disbursement.

The Department continues to evaluate findings identified in this report and in our own internal monitoring and has created training sessions to mitigate the identified programmatic weaknesses. All CACFP trainings are developed and conducted in conjunction with USDA FNS.

The Department will continue to evaluate risks, update the Department-wide risk assessment forms, and employ effective procedures to mitigate identified risks.

Finding Number	2021-022
Assistance Listing Number	10.558
Program Name	Child and Adult Care Food Program
Federal Agency	Department of Agriculture
State Agency	Department of Human Services
Federal Award Identification Number	205TN331N1099, 205TN331N2020, 205TN331N8503, 205TN340N1050, 215TN331N1150, 215TN331N1199, and 215TN331N2020
Federal Award Year	2020 and 2021
Finding Type	Significant Deficiency and Noncompliance
Compliance Requirement	Eligibility
Repeat Finding	2020-013
Pass-Through Entity	N/A
Questioned Costs	$4,742

The Department of Human Services did not ensure that Child and Adult Care Food Program subrecipients maintained complete and accurate eligibility documentation, resulting in $4,742 in federal questioned costs

Background

The Child and Adult Care Food Program (CACFP), a year-round program, is federally funded by the U.S. Department of Agriculture (USDA) to provide nutritious meals and snacks to eligible children who receive care at eligible childcare centers, adult day care centers, day care homes, after-school programs, and emergency shelters. Eligible childcare centers provide nonresidential childcare services to children, primarily of preschool age, who receive care through day care centers, settlement houses, neighborhood centers, Head Start centers, or organizations who provide care for disabled children.

The Department of Human Services (DHS) is the state agency responsible for administering CACFP. To carry out the CACFP program, DHS program management contracts with the eligible institutions listed above, called subrecipients. The subrecipients may either operate at one location or operate multiple locations, called feeding sites.

Subrecipients receive a base rate for meals served to eligible children; however, they receive higher levels of reimbursement for meals served to children who meet the income eligibility criteria published by the USDA's Food and Nutrition Services for free or reduced-priced meals. Subrecipients must determine each enrolled child's eligibility for free and reduced-price meals to accurately claim reimbursement for the meals served to that child at the correct meal reimbursement rate by obtaining qualifying documentation from parents or guardians of the children they serve. Subrecipients may establish a participating child's eligibility using either a household application or use proof of participation in another federal program, such as the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), or Food Distribution Program on Indian Reservations (FDIR). Subrecipients are required to obtain updated income and household information for each eligible child annually to determine if the child's meal classification changed, thereby changing the meal reimbursement rate the subrecipient can claim. In order to support their reimbursement claims to DHS, subrecipients are required to retain accurate and complete eligibility documentation for children served.

DHS is ultimately responsible for ensuring that subrecipients and participating children are eligible in accordance with federal requirements. To ensure DHS reimburses subrecipients for eligible children at the correct meal rates, the department relies on its Division of Audit Services to monitor the subrecipients and, if applicable, their feeding sites to ensure subrecipients have met eligibility requirements based on the accurate and complete eligibility documentation retained by the subrecipients.

Prior Audit Results

As noted in the eight prior audits, DHS did not ensure that subrecipients determined and properly documented individual eligibility for participants. DHS management concurred in part with the prior finding. They stated,

> DHS continues to evaluate this finding and our own internal monitoring and has created training sessions to mitigate programmatic weaknesses including training subrecipients on participant eligibility and documentation. All CACFP trainings are developed and conducted in conjunction with USDA-FNS [Food and Nutrition Service].

Current Audit Results

We identified 33 subrecipients in our testwork which had also been monitored by the Division of Audit Services since 2018. Based on our review of the division's monitoring reports, the monitors found similar issues related to these subrecipients' eligibility determination and documentation errors indicating the subrecipients have not achieved permanent corrective action and have been allowed to continue in the program. We followed up with the Director of Operations for CACFP and SFSP to determine what additional actions she uses to ensure subrecipients take corrective action based on the monitoring activities. According to the director, program staff provide training to subrecipients to reiterate federal program requirements to address subrecipient noncompliance.

In an effort to assist subrecipients so they can achieve compliance, the department began offering subrecipients CACFP training again in October 2021 to reiterate the requirements of the program. While training can be effective, training alone may not achieve subrecipient compliance. We also discussed with program management the steps taken when training is not sufficient to correct subrecipient noncompliance. Based on our understanding of federal regulations, when training proves ineffective, the federal regulations provide for states to initiate a serious deficiency process to address continued subrecipient noncompliance. The serious deficiency notice is designed to notify a subrecipient that permanent corrective action is expected, or the state has the authority to terminate the subrecipient from the program when the subrecipient cannot or will not establish permanent corrective action.

Condition and Criteria

From a population of 272 CACFP subrecipients and DHS reimbursements totaling $50,187,456 during fiscal year ended June 30, 2021, we selected a nonstatistical, random sample of 55 subrecipients, a haphazard sample of 5 high-risk subrecipients,[77] and tested 1 haphazardly selected monthly reimbursement for each subrecipient, totaling $2,046,373. In addition to testing the subrecipients, we also selected a haphazard sample of 593 children served by the subrecipients in order to determine if the subrecipients correctly determined the children's eligibility for free and reduced meals. We obtained documentation from the subrecipients for the sampled children. Based on the documentation subrecipients provided, we identified the following problems.

<u>Missing or Incomplete Eligibility Documentation</u>

According to Title 7, *Code of Federal Regulations* (CFR), Part 226, Section 23(e)(1)(ii),

> . . . the application for children shall contain a request for the following information:
>
> (A) The names of all children for whom application is made;
>
> (B) The names of all other household members;
>
> (C) The last four digits of the social security number of the adult household member who signs the application, or an indication that the adult does not possess a social security number.
>
> (D) The income received by each household member identified by source of income (such as earnings, wages, welfare, pensions, support payments, unemployment compensation, social security, and other cash income received or withdrawn from any other source, including savings, investments, trust accounts, and other resources); . . .

Furthermore, 7 CFR 226.23 (e)(1)(iv) states,

> Households applying on behalf of children who are members of SNAP or FDPIR households; children who are TANF recipients; or for children enrolled in tier II day care homes, other qualifying Federal or State program, shall be required to provide: (A)For the child(ren) for whom automatic free meal eligibility is claimed, their names and SNAP, FDPIR, or TANF case number; . . .[78]

Based on our testwork, we found that 22 of 60 subrecipients did not have eligibility documentation or maintain complete documentation for participating children's classified meal status. Specifically, we found the following issues:

- 8 subrecipients did not provide any documentation or provided inaccurate household size information for 19 children, and one of these subrecipients also did not provide any income information for 1 child;

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[77]We determined high-risk subrecipients based on the results reported in the prior year's audit findings. These subrecipients were determined high-risk based on prior indications of questionable activities and fraud risk factors within the program.

[78] SNAP stands for Supplemental Nutrition Assistance Program. TANF stands for Temporary Assistance for Needy Families. FDIR stands for Food Distribution Program on Indian Reservations.

- 18 subrecipients did not provide the parents'/guardians' last four digits of their social security number for 51 children's applications;
- 3 subrecipients did not document a case number on 6 children's applications even though the application indicated the households received benefits from another federal program;
- 5 subrecipients did not obtain the required annually updated income applications for 15 children during the fiscal year; and
- after we and DHS made repeated requests to one subrecipient for documentation, the subrecipient did not provide eligibility documentation for the 10 children we sampled.

For the 22 subrecipients that lacked documentation, we identified $1,934 in federal questioned costs.

Misclassified Children's Meal Status

Based on our review of the eligibility documentation provided, we found that 20 of 60 subrecipients did not correctly classify children or did not provide documentation demonstrating classification for free, reduced-price, or paid meal status. Specifically, 19 subrecipients incorrectly classified 29 children for free, reduced-price, or paid meal status; and the remaining subrecipient (the same subrecipient noted in the previous section) did not respond to our request for documentation for 10 children identified as participants in the program. The eligibility documentation errors of these 20 subrecipients resulted in $2,808 in federal questioned costs.

Questioned Costs

While total known questioned costs for the above errors related to CACFP totaled less than $25,000, 2 CFR 200.516(a)(3) requires us to report known and **likely** questioned costs greater than $25,000 for a type of compliance requirement for a major program. For this program, we determined that likely questioned costs exceeded $25,000.[79]

Risk Assessment

Based on our review of DHS's December 2020 Financial Integrity Act Risk Assessment, we determined that management did not identify the risk of subrecipients incorrectly determining eligibility requirements and maintaining documentation to support participant eligibility. According to Green Book Principle 7, "Identify, Analyze, and Respond to Risks,"

> **7.02** Management identifies risks throughout the entity to provide a basis for analyzing risks. Risk assessment is the identification and analysis of risks related to achieving the defined objectives to form a basis for designing risk responses.

[79]We did not include the 5 high-risk subrecipients when calculating likely questioned costs. We projected known questioned costs based on the results of our sample of 55 items only.

Cause

The Director of Operations for CACFP and SFSP stated the department has experienced challenges for years with some subrecipients not complying with CACFP requirements, especially during the COVID-19 pandemic. The director is also aware that the department's monitors have identified the issues as well. The director can initiate the serious deficiency (SD) process; however, we could not determine that the director followed the SD policies, and she did not document her consideration of noncompliant subrecipients for the SD process. See **Finding 2021-020** for further details.

Effect

While monitoring provides management with detective controls to identify subrecipients' errors, program management must also initiate additional actions when necessary, such as issuing serious deficiency notices and terminating subrecipients who fail to implement permanent corrective action from the program, to ensure the integrity of the program.

Additionally, federal regulations address actions that federal agencies may impose if a state entity does not comply with the U.S. Constitution, federal statutes, regulations, or the terms and conditions of a federal award. According to 2 CFR 200.208(c), "Specific conditions," these actions may include

- requiring reimbursement instead of advance payments;
- not allowing the agency to proceed to the next phase until it submits evidence of acceptable performance;
- requiring additional, more detailed financial reports or additional project monitoring;
- requiring the agency to obtain technical or management assistance; or
- establishing other prior approvals.

If the federal agency determines the state agency cannot remedy its noncompliance through the above actions, 2 CFR 200.339, "Remedies for noncompliance," outlines additional actions the federal agency may take. Depending on the circumstances, these actions may include

- temporarily withholding payments until the noncompliance has been corrected,
- denying the use of funds,
- partly or fully suspending or terminating the federal award,
- suspending or debarring the agency,
- withholding further awards for the project or program, or
- pursuing other available legal remedies.

Recommendation

The Commissioner should ensure that the Director of Operations of CACFP and SFSP addresses the areas where subrecipient deficiencies were identified by the department's monitoring efforts, including those identified in this finding, and take appropriate actions to achieve compliance. Management should ensure subrecipients demonstrate a willingness to comply with program requirements and take appropriate actions. If they fail to do so, management should impose additional conditions upon the subrecipients or take other action, as described in 2 CFR 200.339, such as terminating subrecipients from the program.

Management should identify and implement effective controls to address the risks noted in this finding, update the risk assessment as necessary, and take action if deficiencies occur. As part of this process, management should assign staff to continually monitor risks and assess mitigating controls.

Management's Comment

We concur in part.

The state auditors' identified $4,742 of questioned costs represents a 0.2% error rate for the reimbursement claims sampled and a statistical 0.00% error rate for the total claims.

The Department continues to evaluate findings identified in this finding and in our own internal monitoring and has created training sessions to mitigate programmatic weaknesses including training subrecipients on participant eligibility and documentation. All CACFP trainings are developed and conducted in conjunction with USDA FNS.

Condition: *Missing or Incomplete Eligibility Documentation*

We concur in part.

The state auditors found error with eligibility applications due to all household member names not being listed. The Department does not concur that this as an error. The CACFP Meal Benefit Income Eligibility (Child Care) form provided by USDA for Child Care programs to use for CACFP does not require that all household member names be listed. The USDA form requires that all children in the daycare homes/centers and all adult household members be named on the form. This number can differ from the total number of household members if there are additional children in the home that do not attend the childcare homes/centers.

The Department does concur that income eligibility applications are complicated and that errors with income information, partial Social Security numbers and guardian signatures are frequent findings identified in our monitoring process. USDA continues to evaluate the income eligibility application templates used for CACFP and the Department is continuing to provide training and technical assistance surrounding this area.

Condition: *Misclassified Children's Meal Status*

We concur.

The Department concurs that income eligibility applications are complicated and that errors with determining the category of meal status for their participants is a frequent finding identified in our monitoring process. USDA continues to evaluate the income eligibility application templates used for CACFP and the Department is continuing to provide training and technical assistance surrounding this area.

The Department will continue to evaluate risks, update the Department-wide risk assessment forms, and employ effective procedures to mitigate identified risks.

Finding Number	2021-023
Assistance Listing Number	10.558 and 10.559
Program Name	Child and Adult Care Food Program Child Nutrition Cluster
Federal Agency	Department of Agriculture
State Agency	Department of Human Services
Federal Award Identification Number	205TN331N1099, 205TN331N2020, 205TN331N8503, 205TN340N1050, 215TN331N1150, 215TN331N1199, and 215TN331N2020
Federal Award Year	2020 and 2021
Finding Type	Significant Deficiency and Noncompliance
Compliance Requirement	Subrecipient Monitoring
Repeat Finding	N/A
Pass-Through Entity	N/A
Questioned Costs	N/A

The Department of Human Services did not issue timely management decisions for audits of food program subrecipients as required

Background

The Child and Adult Care Food Program (CACFP) is a year-round food program for eligible participants at childcare centers, day care homes, after-school care programs, emergency shelters, and adult day care centers. The Summer Food Service Program for Children (SFSP) provides under-resourced children with nutritious meals when school is not in session. Both programs are funded by the U.S. Department of Agriculture (USDA) and administered on the state level by the Department of Human Services (DHS). DHS contracts with institutions, called subrecipients, who administer the programs by providing meals. As a pass-through entity, DHS is responsible for ensuring that subrecipients are eligible to participate in the programs and that the subrecipients comply with federal requirements.

Pursuant to the Office of Management and Budget's *Uniform Grant Guidance* and "Audit Requirements," Title 2, *Code of Federal Regulations* (CFR), Part 200, Section 501,

> (a) *Audit required.*[80] A non-Federal entity [subrecipient] that expends $750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.

Furthermore, as the pass-through entity, DHS is required by 2 CFR 200.332(f) to verify that all subrecipients that spend $750,000 or more obtain a Single Audit within nine months after the subrecipient's fiscal year-end. As part of that Single Audit, if a subrecipient receives an audit finding, the department must issue a management decision within six months of the audit report's

[80] An independent audit is an examination of financial records, accounts, business transactions, accounting practices, and internal controls conducted by a third party, such as a CPA firm.

release, indicate if the department agreed with the finding, and describe any corrective action the subrecipient must take.

Based on discussions with DHS management, twice each fiscal year, the department's Division of Audit Services' staff extracts expenditure information paid to subrecipients from Edison, the state's accounting system. Staff then compiles the expenditures based on the subrecipients' fiscal year to determine if DHS paid the subrecipient more than $750,000 during the most recent fiscal year. According to management, once they identify the subrecipients who meet the audit threshold, the division's Director of Internal Audit creates a tracker using Microsoft Excel. The director will track the receipt of required audit reports throughout the fiscal year and will note on the tracker if the audit reports identified findings relevant to the federal program. If a subrecipient's audit report identified findings, the Director of Internal Audit is responsible for notifying the program responsible for ensuring the subrecipient's compliance with federal requirements, including reviewing any findings and issuing management decisions.

Condition, Criteria, and Cause

No Management Decisions Issued

From a population of two subrecipients whose audit reports included audit findings, the Director of Operations for CACFP and SFSP did not issue the required management decision within six months of the audit report's issuance. According to the director, when she reads an audit report with a finding and the finding addresses corrective action, she will take no action if she agrees with the subrecipient's planned actions. Otherwise, if she does not agree with the subrecipient's planned corrective action or there is not a corrective action stated, she will request a corrective action. The director's actions do not include issuing a management decision, which is required in 2 CFR 200.521(d), which states,

> (d) *Time requirements.* The Federal awarding agency or **pass-through entity responsible for issuing a management decision must do so within six months of acceptance of the audit report by the FAC [Federal Audit Clearinghouse]** [emphasis added]. The auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report.

The CPA firm issued one subrecipient's 2020 audit report on February 4, 2021. This report states that the subrecipient received $1,918,994 in CACFP and $3,242,894 in SFSP funds in fiscal year 2020. The CPA firm for the second subrecipient issued its 2019 report on March 21, 2021; in this report, the subrecipient received $2,781,114 in CACFP and $433,250 in SFSP funds. The director was required to issue a management decision to the subrecipients by August 4, 2021, and September 21, 2021, respectively. In both reports, the independent auditors identified findings related to the lack of controls over both food programs' meal counts, which are the basis for reimbursements.

Risk Assessment

We reviewed the department's 2020 Financial Integrity Act Risk Assessment and determined that management did not identify the risk of not issuing management decisions to subrecipients that received Single Audit findings.

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) provides a comprehensive framework for internal control practices in federal agencies and serves as a best practice for other government agencies, including state agencies. According to Green Book Principle 7, "Identify, Analyze, and Respond to Risks," Identification of Risks,

> **7.02** Management identifies risks throughout the entity to provide a basis for analyzing risks. Risk assessment is the identification and analysis of risks related to achieving the defined objectives to form a basis for designing risk responses.

Effect

When management does not issue management decisions to follow up on and document that the audited entity (the subrecipients) appropriately addressed findings identified in their Single Audits, DHS management increases the risk that their subrecipients may use federal grant funds for unauthorized purposes and fail to comply with federal statutes and regulations.

Additionally, federal regulations address actions that federal agencies may impose if a state entity does not comply with the U.S. Constitution, federal statutes, regulations, or the terms and conditions of a federal award. According to 2 CFR 200.208(c), "Specific conditions," these actions may include

- requiring reimbursement instead of advance payments;
- not allowing the agency to proceed to the next phase until it submits evidence of acceptable performance;
- requiring additional, more detailed financial reports or additional project monitoring;
- requiring the agency to obtain technical or management assistance; or
- establishing other prior approvals.

If the federal agency determines the state agency cannot remedy its noncompliance through the above actions, 2 CFR 200.339, "Remedies for noncompliance," outlines additional actions the federal agency may take. Depending on the circumstances, these actions may include

- temporarily withholding payments until the noncompliance has been corrected,
- denying the use of funds,
- partly or fully suspending or terminating the federal award,
- suspending or debarring the agency,
- withholding further awards for the project or program, or

- pursuing other available legal remedies.

Recommendation

Management should implement effective controls to address the risks noted in this finding, update the risk assessment as necessary, and take action if deficiencies occur. Specifically, the Director of Operations for CACFP and SFSP should formally request subrecipients take corrective action when independent audits identify findings in the audit reports. In addition, the director should issue timely management decisions in response to the subrecipients' corrective action plans as required by federal regulations.

Management's Comment

We concur.

The Department's Food Programs' management was unable to find the requested documentation regarding management decisions for two audits. Beginning in 2022, food program management will develop a tracking log of all CACFP and SFSP program participants that have independent single audits that include findings pertaining to food programs. Food program management will follow up on all findings and issue the required management decision within 6 months. This will be evidenced in the tracking log.

The Department will continue to evaluate risks, update the Department-wide risk assessment forms, and employ effective procedures to mitigate identified risks.

Finding Number	2021-024
Assistance Listing Number	93.558 and 93.575
Program Name	Temporary Assistance for Needy Families Child Care and Development Fund Cluster
Federal Agency	Department of Health and Human Services
State Agency	Department of Human Services
Federal Award Identification Number	1901TNTANF, 2001TNTANF, 2001TNCCDF, 2001TNCCC3, 2101TNCCDF, and 2101TNCCC5
Federal Award Year	2019 through 2021
Finding Type	Material Weakness and Noncompliance
Compliance Requirement	Reporting
Repeat Finding	N/A
Pass-Through Entity	N/A
Questioned Costs	N/A

Fiscal staff for the Department of Human Services did not comply with Federal Funding Accountability and Transparency Act reporting requirements for the Child Care and Development Fund and the Temporary Assistance for Needy Families programs

Background

The Department of Human Services (the department) administers the Child Care and Development Fund (CCDF) program and the Temporary Assistance for Needy Families (TANF) program, which are federal programs under the oversight of the U.S. Department of Health and Human Services (HHS). The Department of Finance and Administration (fiscal management and fiscal staff) is responsible for performing all fiscal-related duties on behalf of the department, including Federal Funding Accountability and Transparency Act (FFATA) reporting. The Department of Finance and Administration assumed responsibility for performing the department's fiscal functions on April 11, 2016. FFATA requires the department to report subrecipient subaward financial information through the FFATA Subaward Reporting System (FSRS). The subaward information in FSRS is then available to the public on the USA Spending website for transparency.

Condition and Cause

Reporting

CCDF

We obtained from the Department of Human Services, the prime grant recipient, the population of 3 CCDF subrecipients' subawards totaling $148,738,072 and found that staff did not report the subrecipients' subawards in FSRS for the CCDF program for the year ended June 30, 2021.

TANF

We obtained from the Department of Human Services, the prime grant recipient, the population of the 38 TANF subrecipients' subawards totaling $130,157,592 and found that fiscal staff did not report the subrecipients' subawards in FSRS for the TANF program for the year ended June 30, 2021.

Fiscal management was not aware they were responsible for the FFATA reporting for the CCDF and TANF programs. Fiscal management stated that they are working on a Corrective Action Plan and are in the process of filing the FFATA reports. We will audit the FFATA reporting requirements for the CCDF and TANF programs during the next audit.

Risk Assessment

We reviewed the Department of Human Services' and the Department of Finance and Administration's December 2020 Financial Integrity Act Risk Assessment for the Department of Human Services' operations and determined that management did not identify the risk of noncompliance with FFATA reporting for the CCDF and TANF programs and as such did not establish control activities to ensure compliance with FFATA reporting requirements.

Criteria

Reporting

Appendix A to "Reporting Subaward and Executive Compensation Information," Title 2, *Code of Federal Regulations* (CFR), Part 170, states,

> a. *Reporting of first-tier subawards.*
>
> ***Applicability.*** Unless you are exempt as provided in paragraph d. of this award term, you must report each action that equals or exceeds $30,000 in Federal funds for a subaward to a non-Federal entity or Federal agency (see definitions in paragraph e. of this award term).
>
> 2. *Where and when to report.*
>
>   i. The non-Federal entity or Federal agency must report each obligating action described in [the previous paragraph] of this award term to http://www.fsrs.gov.
>
>   ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
>
> 3. *What to report.* You must report the information about each obligating action that the submission instructions posted at http://www.fsrs.gov . . .
>
> d. *Exemptions.*
>
> If, in the previous tax year, you had gross income, from all sources, under $300,000, you are exempt from the requirements to report . . . subawards . . .
>
> e. *Definitions.* For purposes of this award term:

1. Federal Agency means a Federal agency as defined at [5 U.S.C. 551(1)] and further clarified by [5 U.S.C. 552(f)].
2. Non-Federal *entity* means all of the following, as defined in [2 CFR part 25]:
   i. A Governmental organization, which is a State, local government, or Indian tribe;
   ii. A foreign public entity;
   iii. A domestic or foreign nonprofit organization; and,
   iv. A domestic or foreign for-profit organization . . .
4. *Subaward:*
   i. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient.
   ii. The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see [2 CFR 200.331]).
   iii. A subaward may be provided through any legal agreement, including an agreement that you or a subrecipient considers a contract.
5. *Subrecipient* means a non-Federal entity or Federal agency that:
   i. Receives a subaward from you (the recipient) under this award; and
   ii. Is accountable to you for the use of the Federal funds provided by the subaward.

Risk Assessment

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) provides a comprehensive framework for internal control practices in federal agencies and serves as a best practice for other government agencies, including state agencies. According to Green Book Principle 7.02, "Identification of Risks,"

> Management identifies risks throughout the entity to provide a basis for analyzing risks. Risk assessment is the identification and analysis of risks related to achieving the defined objectives to form a basis for designing risk responses.

Effect

CCDF and TANF

Without establishing and implementing effective reporting controls over FFATA, the risk increases that the public will not have access to transparent and accurate information regarding expenditures of federal awards.

TANF

Additionally, federal regulations address actions that federal agencies may impose if a state entity does not comply with the U.S. Constitution, federal statutes, regulations, or the terms and conditions of a federal award. According to 2 CFR 200.208(c), "Specific conditions," these actions may include

- requiring reimbursement instead of advance payments;
- not allowing the agency to proceed to the next phase until it submits evidence of acceptable performance;
- requiring additional, more detailed financial reports or additional project monitoring;
- requiring the agency to obtain technical or management assistance; or
- establishing other prior approvals.

If the federal agency determines the state agency cannot remedy its noncompliance through the above actions, 2 CFR 200.339, "Remedies for noncompliance," outlines additional actions the federal agency may take. Depending on the circumstances, these actions may include

- temporarily withholding payments until the noncompliance has been corrected,
- denying the use of funds,
- partly or fully suspending or terminating the federal award,
- suspending or debarring the agency,
- withholding further awards for the project or program, or
- pursuing other available legal remedies.

Recommendation

The Commissioner of the Department of Human Services and the Department of Finance and Administration's Controller for the Department of Human Services fiscal activities should ensure that the appropriate staff members understand the FFATA reporting requirements and report applicable subawards in accordance with those reporting requirements.

Management should implement effective controls to address the risks noted in this finding, update the risk assessment as necessary, and take action if deficiencies occur. As part of this process, management should assign staff to continually monitor risks and assess mitigating controls.

Management's Comment

We concur.

The Department will continue to notify the Department of Finance and Administration, which provides fiscal services to the Department, of CCDF subrecipient subawards through its procurement process and preparation of subrecipient Federal Award Identification Worksheets to support timely and accurate FFATA reporting.

The Department was not aware of this requirement. The Department will continue to notify the Department of Finance and Administration, which provides fiscal services, of TANF subrecipient and amended awards through its procurement process and preparation of subrecipient Federal Award Identification Worksheets to support timely and accurate FFATA reporting.

Fiscal staff for the Department of Human Services began properly reporting the FFATA for CCDF and TANF when notified of the requirement by state auditors. Neither program nor fiscal was aware of the requirement. The initial reports were filed as of October 2021 and have been filed as required thereafter. Fiscal staff have developed a process to identify subrecipient subawards for both the CCDF and TANF programs to ensure the FFATA is reported accurately and timely going forward.

The Department will continue to evaluate risks, update the Department-wide risk assessment forms, and employ effective procedures to mitigate identified risks.

Finding Number	2021-025
Assistance Listing Number	93.575 and 93.596
Program Name	Child Care and Development Fund Cluster
Federal Agency	Department of Health and Human Services
State Agency	Department of Human Services
Federal Award Identification Number	1801TNCCDF, 1901TNCCDF, 2001TNCCDF, 2001TNCCC3, 2101TNCCDF, 2101TNCCC5, and 2101TNCDC6
Federal Award Year	2018 through 2021
Finding Type	Material Weakness and Noncompliance
Compliance Requirement	Special Tests and Provisions
Repeat Finding	2020-020
Pass-Through Entity	N/A
Questioned Costs	N/A

As noted in the five prior audits, the Department of Human Services and the Department of Education did not comply with the federal health and safety requirements for the Child Care and Development Fund program, and did not implement internal controls to ensure that providers complied with the necessary requirements

Background

The Department of Human Services (DHS) is Tennessee's lead agency responsible for administering the Child Care and Development Fund (CCDF) cluster of programs, which is a federal program under the oversight of the U.S. Department of Health and Human Services. CCDF funds subsidize child care for low-income families for parents who are working or attending training or educational programs. Additionally, the program supports activities to promote overall child care quality for all children, regardless of subsidy receipt.

Under the CCDF Block Grant and Title 45, *Code of Federal Regulations* (CFR), Part 98, Section 41, lead agencies have significant responsibility for ensuring the health and safety of children in child care through the state's child care licensing system and for establishing health and safety standards for children who receive CCDF funds. Although DHS is the state's lead agency, DHS has a Memorandum of Agreement with the state's Department of Education (DOE) to ensure health and safety inspections of the state's child care providers that meet certain education requirements. For all other in-state providers, DHS is responsible for performing inspections to ensure that the providers have met all health and safety requirements.

The state's child care providers participating in the CCDF program may be licensed or license-exempt. Licensed providers consist of family day cares, group child care homes, and child care centers. License-exempt providers consist of individuals that provide care for a small number of children, Boys and Girls Clubs, and other education-related providers assigned to DOE. Additionally, Tennessee's children who are eligible for CCDF may receive child care from providers located outside the state. In that case, DHS staff obtain an up-to-date license from the providers' respective state regulators as assurance that those providers have met the health and safety requirements.

Requirements Waived Due to COVID-19 Pandemic

Normally, the *Code of Federal Regulations* requires lead agencies to verify and document that child care providers participating in CCDF meet eleven specific areas related to health and safety. In response to the global COVID-19 pandemic, DHS requested and was approved for waivers to reduce the number of health and safety requirements reviewed for inspections. The waiver was effective March 3, 2020, through September 30, 2021. Approved by the federal Administration of Children and Families' Office of Child Care, the waiver allowed the state to reduce the number of health and safety requirements from eleven to five and required child care providers to be inspected for the following **five** requirements:

1. 45 CFR 98.41(a)(1)(iii) – Administration of medication, consistent with standards for parental consent.
2. 45 CFR 98.41(a)(1)(v) – Building and physical premises safety, including identification of and protection from hazards, bodies of water, and vehicular traffic.
3. 45 CFR 98.41(a)(1)(vii) – Emergency preparedness and response planning for emergencies resulting from a natural disaster or a man-caused event (such as violence at a child care facility).
4. 45 CFR 98.41(a)(1)(viii) – Handling and storage of hazardous materials and the appropriate disposal of biocontaminants.
5. 45 CFR 98.41(a)(1)(xi) – Recognition and reporting of child abuse and neglect.

Emergency Preparedness and Response Planning

As noted above, 45 CFR 98.41(a)(1)(vii) requires each child care provider to perform emergency preparedness and response planning. This planning is required to include preparations for a natural disaster or threat perpetrated by an individual. The child care provider must address procedures for evacuation; relocation; shelter-in-place/lock down; communication and reunification with families; continuity of operations; accommodations for infants/toddlers, children with disabilities, and children with chronic medical conditions; and staff/volunteer training and drills.

Processes for Inspections of Child Care Providers

Department of Human Services

According to DHS Policy 13.02, "Monitoring for Compliance," providers must receive at least one announced visit per licensing year,[81] and the number of unannounced visits per licensing year is determined by the provider's star-quality rating[82] and any complaints received. For non-licensed providers, licensing consultants perform health and safety inspections during their initial enrollment and annually thereafter.

[81] A licensing year begins when a child care provider receives its license.
[82] The Star-Quality Child Care Program is a voluntary program that rewards child care agencies that exceed minimum licensing standards.

From our walkthroughs, we learned that DHS's licensing consultants must complete the Child Care Agency Monitoring and Evaluation Check Sheet, a 12-page checklist with 15 high-risk areas encompassing various departmental rules. The checklist helps the consultants evaluate for compliance with federal and state regulations, including specific items for the health and safety requirements discussed above. At the conclusion of their inspection, the consultants upload the completed checklist into DHS's shared drive and enter a summary of the results into the Tennessee Licensed Care System (TLCS). A supervisor then reviews the inspection by examining the checklist and narrative in TLCS and documents their review in TLCS.

Department of Education

According to DOE School-based Support Services' *Procedures Booklet,* Section 4.I, "How to Conduct a Visit to a School/Program for Oversight," providers must receive at least one announced and one unannouced visit per school year.

From our walkthroughs, we learned that DOE's Early Childhood Quality and Support Specialists must complete the Verification of Program Review, a five-page checklist to help verify compliance. The checklist encompasses various departmental rules and federal and state regulations, including those for health and safety requirements. During inspections, the specialists must check if the requirement was met or unmet. At the conclusion of their inspection, the specialists upload the completed checklist into DOE's shared drive and enter a summary of the results into TLCS. A supervisor reviews the inspection by examining the checklist and narrative in TLCS and documents their review in TLCS.

<u>Federal Notice of Noncompliance</u>

The U.S. Department of Health and Human Services, Administration for Children and Families, Office of Child Care (OCC) monitors each state once every three years to determine if states are in compliance with federal CCDF regulations. On April 3, 2020, the U.S. Department of Health and Human Services issued a **Preliminary Notice of Possible Non-Compliance** to DHS. The noncompliance dealt with DHS's inspections of child care providers and included violations in the following areas:

1. Consumer Education (45 CFR 98.33(a)(4)) – DHS did not post full monitoring and inspection reports for all licensed child care providers, and did not post any reports for child care providers inspected by DOE.
2. Emergency Preparedness and Response Planning (45 CFR 98.41(a)(1)(vii)) – Child care providers' emergency preparedness and response planning did not include all of the requirements.
3. Inspections for Licensed Providers (45 CFR 98.42(b)(2)(i)) – There was no evidence that the state inspected licensed child care providers for all emergency preparedness and response requirements.
4. Inspections for License-Exempt Providers (45 CFR 98.42(b)(2)(ii)) – There was no evidence that the state inspected license-exempt child care providers for all emergency preparedness and response requirements.

After DHS provided a response to the report, OCC issued a **Notice of Non-Compliance Extension** on August 31, 2021, that stated Tennessee remained out of compliance with the areas noted above. Currently DHS is in communication with OCC about corrective actions to address the remaining compliance issues.

Prior Audit Results

In the prior audit finding, we found that DHS and DOE program staff did not consistently document whether child care providers complied with health and safety requirements, and that DHS and DOE supervisors did not have an adequate review process. We also found DHS and DOE staff did not ensure that providers included all required areas of disaster and emergency response in their emergency preparedness plans.

DHS management concurred with the audit finding and stated that in November 2020 they revised the emergency preparedness checklist and template to include all elements specified in the federal regulations to ensure compliance with CCDF requirements. Management's six-month follow-up stated that the "department is in the process of child care modernization that is expected to be implemented in spring 2022." DHS provided targeted technical assistance to providers whose Emergency Preparedness and Response Plans (EPRPs) were identified as deficient in the prior Single Audit. Before June 1, 2021, these providers were required to submit revised EPRPs to be reviewed for compliance by the department.

DOE concurred with the prior audit finding and stated it planned to strengthen existing controls to ensure staff perform all child care provider site visits in accordance with federal regulations and internal policy, including health and safety checks.

Sample Selection Process and Current Audit Results

From a population of 1,934 licensed providers assigned to DHS and 459 providers assigned to DOE, we selected a nonstatistical, random sample of 60 child care providers from each population. We performed testwork to determine if DHS and DOE documented on their checklists and/or on the TLCS narratives that they had inspected the 5 health and safety regulations applicable during our audit period. We also performed testwork to determine if supervisors documented their reviews of those inspections in TLCS. For all 18 out-of-state providers that had received CCDF funds for providing child care to Tennessee children, we performed testwork to determine if DHS had obtained an active license issued to the child care provider by their home state regulators.

We were unable to perform testwork on inspections of non-licensed providers because DHS had not performed any inspections during the audit period (see **Condition C**).

Condition, Criteria, and Cause

Condition A: DHS and DOE Did Not Ensure That Child Care Providers Included All Required Areas of Disaster and Emergency Response in Their Emergency Preparedness and Response Plans (Repeat Condition)

Due to deficiencies identified in the prior audit and the **Notice of Non-Compliance Extension** from the HHS/OCC, we obtained the Emergency Preparedness and Response Plan (EPRP) from each of the providers in our samples of those inspected by DHS and DOE. We examined the EPRPs to determine if they included each of the areas required by 45 CFR 98.41(a)(1)(vii).

Based on our testwork, we found that for 40 of 59[83] licensed providers (68%) inspected by DHS, the providers had not included all requirements in their EPRP. In response to the **Preliminary Notice of Possible Non-Compliance**, management created an EPRP template for providers as an option to use when creating their own EPRP. Management provided technical assistance to the providers that we reported in our prior audit. While these actions are a good start, DHS management has not demonstrated a plan to ensure all providers comply with the EPRP requirements.

For DOE, we found that for 32 of 60 providers (53%), the providers did not include all required elements in their EPRP.

In response to these errors, DOE management stated,

> the errors occurred due to changes to policy mid-year, unclear expectations regarding emergency plan checks (many staff misunderstood that it was our responsibility to check emergency plans and not DHS), contracted staff not completing required work, misunderstandings regarding items on the required [EPRP] list (infant/toddler information, medical conditions, disabilities – programs and staff did not think these items were required if they do not serve these populations).

<u>Condition B: Supervisory Reviews at Both DHS and DOE Were Not Adequate to Ensure That Inspections Include All Required Areas Related to Health and Safety (Repeat Condition)</u>

We found that supervisory reviews of staff's inspections for the health and safety requirements in 45 CFR 98.41(a)(1) did not identify deficiencies in the inspections. Despite documenting their review in TLCS, supervisors at both departments failed to identify when the inspection checklists did not document whether child care providers complied with the required health and safety regulations.

For DHS, we found that for 17 of 60 licensed child care provider inspections (28%), the licensing consultant had not documented on page 2 of the checklist or in the TLCS narrative which requirements they inspected for at least 1 or more of the 5 federal health and safety requirements. Although the supervisors signed off on these inspections, the supervisors did not document in their review that any of the inspections omitted required elements. To explain the errors we identified, DHS management stated that the approved amended State Plan allowed them to apply discretion in enforcing the health and safety monitoring requirements; however, our interpretation of the federal regulations is that the lead agency must review the 5 health and safety requirements.

For DOE, we found that for 18 of 60 licensed child care provider inspections (30%), the licensing specialist did not document in their inspections whether the provider met 1 or more of the 5 federal health and safety requirements. We also found that the supervisory reviews did not identify the

[83] We were unable to obtain an EPRP for 1 child care provider because they had been terminated before the end of our audit scope. Therefore, we only tested 59 of the 60 plans from the sample above.

omissions we observed. DOE management stated that time management can be a challenge for their staff who inspect child care providers because staff look at other requirements in addition to the federally required health and safety requirements. Additionally, the pandemic created challenges due to the nature of providers closing, operating virtually, and/or experiencing staffing issues that affected visits and follow-ups.

As noted in **Condition A**, we found that 40 providers inspected by DHS and 32 providers inspected by DOE had deficient EPRPs, and the supervisors did not identify the deficiencies.

Review Process Challenges

We learned that the licensing consultants at DHS and the licensing specialists at DOE are not required to obtain a copy of the providers' EPRP when performing inspections; therefore, the supervisors do not have access to review the plans themselves.

The only documentation that the licensing consultants and licensing specialists are required to upload into their shared drive are the completed checklists. Therefore, supervisors cannot be assured that the inspections were properly performed for all requirements. Additionally, neither department had written policies and procedures for the supervisory review process.

Management is responsible for designing, implementing, and monitoring internal controls in accordance with *Standards for Internal Control in the Federal Government* (Green Book), which provides a comprehensive framework for internal control practices in federal agencies and serves as a best practice for other government agencies, including state agencies. The Green Book states,

> A deficiency in internal control exists when the design, implementation, or operation of a control does not allow management or personnel, in the normal course of performing their assigned functions, to achieve control objectives and address related risks.

To achieve the department's mission, management is responsible for establishing the necessary operational processes to carry out the department's functions, objectives, and goals. These key operational processes should include effective internal controls activities, including management overseeing the processes that fulfill the department's objectives for meeting federal program compliance.

Condition C: Inspections Were Not Performed for Non-licensed Child Care Providers As Required (New Condition)

DHS management informed us that during our audit period, none of the 16 non-licensed providers authorized to participate in CCDF received inspections for the health and safety requirements in 45 CFR 98.41(a)(1). According to the Director of Compliance for the Child Care and Community Services Division, management believed that the OCC waived those inspection requirements as part of the waiver approved on March 3, 2020. We reviewed the waivers and the approved amendment to the State Plan that the department submitted. According to the approved amendment effective for federal fiscal years 2019 through 2021, the State Plan states, "In-person, virtual, or a combination of virtual and in-person visits resumed during the last week of July 2020."

Inspections for non-licensed providers should have restarted in July 2020, the same time they restarted for licensed providers.

Risk Assessment

We reviewed DHS's and DOE's December 2020 Financial Integrity Act Risk Assessments for department operations and determined that management listed the risk of noncompliance with federal health and safety requirements. Management identified the inspections of child care providers as the internal control to mitigate the risk. However, based on the results of our review, the inspections and subsequent supervisory reviews were not adequate to mitigate the risks of noncompliance. Additionally, management has not identified any risks related to their inspections of child care providers. According to Green Book Principle 7.02, "Identification of Risks,"

> Management identifies risks throughout the entity to provide a basis for analyzing risks. Risk assessment is the identification and analysis of risks related to achieving the defined objectives to form a basis for designing risk responses.

According to Green Book Principle 7.09, "Response to Risks,"

> When risk response actions do not enable the entity to operate within the defined risk tolerances, management may need to revise risk responses or reconsider defined risk tolerances. Management may need to conduct periodic risk assessments to evaluate the effectiveness of the risk response actions.

Effect

When management does not ensure provider inspections are properly documented and reviewed, children in the providers' care are subjected to potential health and safety risks. When child care providers do not have a comprehensive EPRP, children may be at risk during a time of crisis. Additionally, in the event of an emergency evacuation or closure, the providers have not sufficiently addressed the likely risks related to communication and child/parent reunification.

Recommendation

Department of Human Services and Department of Education management should ensure that staff who perform inspections of child care providers understand their responsibilities for health and safety requirements as established in the approved State Plan. Management must establish the necessary controls, including written policies and procedures for adequate supervisory reviews. Because of their significant responsibilities for ensuring the health and safety of children in child care, management should establish a quality assurance process to evaluate the effectiveness of their inspection process, including the actual inspection and supervisory review.

In addition, management of both departments should carefully evaluate their risk assessments to ensure they include all risks and implement effective controls to address the risks noted in this finding. Management should update the risk assessment as necessary, assign staff to be responsible for ongoing monitoring of the risks and mitigating controls, and take action if deficiencies occur.

Management's Comment

Department of Human Services

Condition A: *DHS and DOE Did Not Ensure That Child Care Providers Included All Required Areas of Disaster and Emergency Response in Their Emergency Preparedness and Response Plans (Repeat Condition)*

We concur.

The Emergency Preparedness and Response Plans (EPRPs) of forty (40) child care providers did not fully comply with the requirements at 45 CFR § 98.42(a)(1)(vii). The Department directed its quality contractors to deliver targeted technical assistance supporting remediation of identified EPRP deficiencies during the audit. Each deficient EPRP will be reviewed by the Department's Child Care Services program to ensure corrective action is fully demonstrated before June 30, 2022. The Department continues its process of child care modernization that is expected to be implemented in May 2022, including a new eLicensing system to strengthen internal controls and monitoring supporting documentation. The Department will continue to identify opportunities that further enhance training and technical assistance opportunities in the topics of emergency preparedness and response available from its quality contractors and other subject matter experts.

Condition B: *Supervisory Reviews at Both DHS and DOE Were Not Adequate to Ensure That Inspections Include All Required Areas Related to Health and Safety (Repeat Condition)*

We concur.

Documentation of monitoring visits conducted and not subject to the waiver approved by the Administration for Children and Families Office of Child Care at 45 CFR §98.42(b)(2) and effective during the audit period of July 01, 2020, through June 30, 2021, do not itemize each health and safety requirement monitored. The Department is in the process of child care modernization, which is expected to be implemented in May 2022, including a new eLicensing system to strengthen processes for documentation. As part of modernization rollout, the Department will provide refresher training for all staff, frontline, and supervisors, that aligns with introduction of the new technology solutions that support capturing this information.

Condition C: *Inspections Were Not Performed for Non-licensed Child Care Providers As Required (New Condition)*

We do not concur.

The Department conducts health and safety monitoring visits of license-exempt providers once annually per Policy 11.32 *Authorized Child Care Professional Home Visits*. In response to the COVID-19 health crisis, monitoring requirements at 45 CFR §98.42(b)(2) were waived by the Administration for Children and Families Office of Child Care (OCC) in its approval letter to the Department dated June 08, 2020, with an effective date of March 03, 2020. OCC approved waiver renewal of monitoring requirements at 45 CFR §98.42(b)(2) on April 22, 2021, effective through September 30, 2021. The Department applied discretion as authorized by Executive Order of the

Governor and as further approved by OCC in Section 1.8.3 of the CCDF State Plan for 2019-2021. The Department is resuming monitoring visits of license-exempt providers in 2022.

The Department will continue to evaluate risks, update the Department-wide risk assessment forms, and employ effective procedures to mitigate identified risks.

Department of Education

We concur.

The department's Chief Operating Officer will work collaboratively with the Department of Human Services and staff within the Department of Education to:

- Revise inspection protocols and training to ensure staff and law enforcement stakeholders who perform inspections of childcare providers understand their responsibilities for health and safety requirements as established in the approved State Plan;
- Establish the necessary controls, including written policies and procedures for adequate supervisory reviews;
- Establish a quality assurance process to evaluate the effectiveness of the Department of Education inspection process, including the actual inspection and supervisory review;
- Evaluate school risk assessments to ensure they include all risks and implement effective controls to address noted risks; and
- Update the risk assessment as necessary, assign staff to be responsible for ongoing monitoring of the risks and mitigating controls, and act if deficiencies occur.

Finding Number	2021-026
Assistance Listing Number	93.575
Program Name	Child Care and Development Fund Cluster
Federal Agency	Department of Health and Human Services
State Agency	Department of Human Services
Federal Award Identification Number	1801TNCCDF
Federal Award Year	2018 through 2020
Finding Type	Material Weakness and Noncompliance
Compliance Requirement	Matching, Level of Effort, Earmarking
Repeat Finding	N/A
Pass-Through Entity	N/A
Questioned Costs	N/A

The Department of Human Services did not establish adequate internal controls over Child Care and Development Fund earmarking, and as a result, management did not comply with the earmarking requirement

Background

The Department of Human Services (DHS) administers the Child Care and Development Fund (CCDF) cluster, which is a federal program under the oversight of the U.S. Department of Health and Human Services. The Department of Finance and Administration (F&A) is responsible for performing all fiscal-related duties on behalf of the department, including tracking expenditures for earmarking requirements.

CCDF funds subsidize child care for low-income families for parents who are working or attending training or educational programs. Additionally, the program supports activities to promote overall child care quality for all children. CCDF consists of three main funding sources: discretionary funds, mandatory funds, and matching funds.[84] Additionally, under the Temporary Assistance for Needy Families (TANF) program, a state may transfer TANF funds to CCDF; the transferred funds become part of the CCDF discretionary funds.

The U.S. Department of Health and Human Services requires DHS to meet three earmarking requirements for CCDF: **administrative earmarking**, **quality earmarking**, and **direct spending earmarking,** which includes **discretionary and mandatory funds**.

In response to the global COVID-19 pandemic, DHS requested multiple waivers from the federal Administration of Children and Families Office of Child Care (AFC) that affect how the department administers the CCDF cluster. AFC approved earmarking waivers effective for the period March 3, 2020, through September 30, 2021, which allowed DHS to waive the earmarking requirements for administrative, quality, and direct spending for discretionary funds. DHS did not

[84] Discretionary funds are authorized by Section 658B of the Child Care and Development Block Grant. Mandatory funds are the funds authorized by Section 418(a)(1) of the Social Security Act. Matching funds are optional funds authorized by Section 418(a)(2) of the Social Security Act and require the state to provide a matching amount of appropriations.

request a waiver related to earmarking for **direct spending for mandatory funds**. As such, during the current audit scope, we tested earmarking expenditures charged to the CCDF grant award for the 2018[85] federal grant year under the **direct spending for mandatory funds** earmarking requirements.

Criteria, Condition, and Cause

Under the CCDF direct spending for mandatory funds earmarking requirements (Title 45, *Code of Federal Regulations* [CFR], Section 98.50[e]), states and territories must spend a minimum of 70% of mandatory funds to meet the needs of families who (1) receive TANF assistance; (2) are attempting through work to transition off TANF; and (3) are at risk of becoming dependent on TANF.

Based on our review, we found that F&A's Controller and DHS's Child Care Services Program Directors did not ensure that DHS expended the minimum amount for mandatory funds during the required time period of October 1, 2018, through September 30, 2020, to meet earmarking requirements. DHS missed the earmarking requirement by over $2 million. (See **Table 1.**)

Table 1
Mandatory Funds for the Federal Fiscal Year 2018 Grant Award

Category of Funds	Required State Spending Amount	Expenditures Per the State's Accounting Records	Total Unmet Spending Requirement
Mandatory	$26,391,532	$24,298,184	$2,093,348

Source: Edison accounting records.

Although F&A's Controller and DHS's Child Care Services Program Directors had implemented a control process consisting of quarterly meetings to review CCDF program expenditures required to meet earmarking requirements, management did not include a review of expenditures to fulfill the direct spending for mandatory earmarking requirement.

According to the F&A Controller, her staff will perform adjusting entries and submit revised financial reports to the federal government for the 2018 grant award. Additionally, the Controller stated that they are now tracking expenditures for direct spending earmarking to review in their quarterly meetings.

Risk Assessment

We reviewed DHS's and F&A's December 2020 Financial Integrity Act risk assessment for DHS operations and determined that management listed the risk of noncompliance with federal earmarking requirements; however, the risk did not identify all earmarking requirements. As a result, management's identified control to mitigate these risks was not sufficient given that it did not address all earmarking requirements. According to Green Book Principle 7.02, "Identification of Risks,"

[85] The 2018 grant covered the period of October 1, 2017, through September 30, 2020, which ended within our audit period of July 1, 2020, through June 30, 2021.

> Management identifies risks throughout the entity to provide a basis for analyzing risks. Risk assessment is the identification and analysis of risks related to achieving the defined objectives to form a basis for designing risk responses. . . .

Specifically, in this audit period, management did not implement the control activity for the federal direct spending earmarking requirement.

Effect

The department cannot meet the federal award requirement and is less likely to achieve the grant's purpose of helping families to improve their economic condition if they do not spend the required amounts on direct services for families who either qualify or are at risk of qualifying for TANF.

Recommendation

DHS's Director of Child Care Services and F&A's Controller for DHS fiscal activities should ensure they have implemented the necessary controls to monitor compliance with the direct spending earmarking requirements.

In addition, management should carefully evaluate their risk assessment to ensure they include all risks and implement effective controls to address the risks noted in this finding. Management should update the risk assessment as necessary, 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.

The Department, along with the Department of Finance and Administration which provides fiscal services to the Department, will continue to meet regularly to evaluate expenses, review budget and spending strategies, assure appropriate allocation of funds, and review earmarking calculation and reporting requirements.

The Department of Finance and Administration Controller and the Department's Child Care Program Management review a schedule of federal earmarks quarterly, which was effective in March 2020. This specific earmark, direct spending for mandatory funds, had not been included in our quarterly review with Child Care Program Management. Fiscal reviews a schedule of all applicable child care and development fund earmarks with Child Care Program Management effective September 30, 2021. A correcting entry was recorded, and the 2018 final reports will be submitted to the federal agency by March 31, 2022.

The Department will continue to evaluate risks, update the Department-wide risk assessment forms, and employ effective procedures to mitigate identified risks.

Finding Number	2021-027
Assistance Listing Number	93.575 and 93.596
Program Name	Child Care and Development Fund Cluster
Federal Agency	Department of Health and Human Services
State Agency	Department of Human Services
Federal Award Identification Number	1801TNCCDF, 1901TNCCDF, 2001TNCCDF, 2001TNCCC3, 2101TNCCDF, 2101TNCCC5, and 2101TNCDC6
Federal Award Year	2018 through 2021
Finding Type	Material Weakness and Noncompliance
Compliance Requirement	Eligibility
Repeat Finding	N/A
Pass-Through Entity	N/A
Questioned Costs	$12,394

The Department of Human Services did not maintain documentation of children's eligibility determinations and did not ensure that subrecipients established adequate controls over the eligibility determination process

Background

The Tennessee Department of Human Services (DHS) administers the Child Care and Development Fund (CCDF), a federal program that provides subsidies for child care. CCDF funds the state's Child Care Certificate Program, which helps Families First (Temporary Assistance for Needy Families) participants, parents transitioning from the Families First program, teen parents, and other individuals obtain child care.

To participate in the Child Care Certificate Program, children must be declared eligible by DHS staff or, for children in foster care or protective services, by Department of Children's Services staff. In addition to income limits and other eligibility requirements, children must be under the age of 13 to participate in the program, unless they are incapable of self-care or are under court supervision.

Under CCDF requirements, DHS is responsible for establishing child care provider payment rates and parent co-pay fees. DHS publishes a schedule of parent co-pay fees, which are based on household size and monthly income. DHS also publishes a schedule of provider payment rates, which are based on a variety of factors including the county where services are provided, the age of the child in care, and the type of child care provider. Providers' payment rates are also affected by the providers' star-quality rating.[86]

Child care providers request payment for services on a biweekly, semimonthly, or monthly basis by submitting child care Enrollment Attendance Verification forms for eligible children. The DHS

[86] The Star-Quality Child Care Program is a voluntary program that rewards child care agencies that exceed minimum licensing standards. See https://www.tn.gov/humanservices/for-families/child-care-services/child-care-report-card-star-quality-program.html.

Division of Fiscal Services staff use the forms, in conjunction with provider and client eligibility data, to process payments to each provider.

Child Care for Children of Essential Workers

After the COVID-19 pandemic began, DHS implemented a new focus of the program to help provide child care for children of essential workers.[87] The program was available from April 2020 through August 31, 2021. The Coronavirus Aid, Relief, and Economic Security Act and the Coronavirus Response and Relief Supplemental Appropriations Act[88] allowed states to use funding to provide child care to essential workers' children without regard to family size or income limits. Children had to be under 13 years of age (or up to age 19, if incapable of self-care or under court supervision) and have at least one parent who is an essential worker.

As part of its responsibilities for this new focus of the program, DHS determined eligibility and subsidized child care for children of essential workers who received care at a provider that DHS had already certified to receive CCDF payments. Additionally, DHS contracted with two more subrecipients to provide child care across the state. The subrecipients were responsible for determining children's eligibility and providing care for the children. DHS paid the subrecipients a flat daily rate per child, depending on whether the child received part-time or full-time care. The subrecipients submitted weekly invoices for reimbursement with a list of children served for the week.

Condition and Cause

Program Staff Did Not Maintain Documentation for Eligibility Determinations

To determine whether program staff correctly determined eligibility, we selected a nonstatistical, random sample of 60 eligible individuals from a population of 87,946 eligible individuals with payments totaling $461,047,035 for the Child Care Certificate Program from July 1, 2020, through June 30, 2021.

Based on our testwork, we found that for 3 of 60 eligible children (5%) tested, program staff did not maintain documentation supporting eligibility determinations. Documentation not on file included verification of the eligible child's age and verification of the parent's employment. We questioned the costs paid for these children during our audit period, totaling $12,394. According to the Director of Compliance, there was an increase in application volume for emergency child care for essential employees during the COVID-19 health crisis.

Questioned Costs

While total known questioned costs for the above errors totaled less than $25,000, Title 2, *Code of Federal Regulations*, Part 200, Section 516(a)(3), requires us to report known and likely

[87] Essential workers are identified as working in an essential services category (such as healthcare, law enforcement, food, or postal service) during the state of emergency period for the COVID-19 pandemic.
[88] Both acts provided direct economic assistance for American workers, families, small businesses, and industries. The Coronavirus Aid, Relief, and Economic Security (CARES) Act implemented a variety of programs to address issues related to the onset of the COVID-19 pandemic.

questioned costs greater than $25,000 for a type of compliance requirement for a major program. For this program, we determined that likely questioned costs exceeded $25,000.

Subrecipients Did Not Implement Internal Controls Over Eligibility Determinations

We performed testwork to determine whether the children were eligible in accordance with program requirements for essential workers' children. From a population of 6,174 eligible children, totaling $19,138,980 payments to subrecipient 1; and a population of 24,609 eligible children, totaling $31,918,560 payments to subrecipient 2, we selected a nonstatistical, random sample of 25 children who received child care from each subrecipient from July 1, 2020, through June 30, 2021.

From our testwork, we determined that the subrecipients could not provide verification of age for 50 of 50 children (100%) because DHS management did not provide any guidance to the subrecipients concerning the type of documentation to review and did not ensure that subrecipients established adequate controls for the age verification process. When we informed DHS management of our testwork results, management was able to obtain age verification and documentation through other means for all children in our sample testwork. As a result, although we identified control deficiencies, we did not have questioned costs for this condition.

Additionally, on July 27, 2021, the department's Division of Audit Services issued a subrecipient monitoring report for one of the subrecipients above. The monitoring report covered the period September 1, 2020, through November 30, 2020, and stated that the subrecipient provided child care for 17 children who did not meet the age requirements. As a result, the report questioned $7,260 in reimbursement costs paid to the subrecipient during this period. The report recommended the subrecipient implement internal controls to ensure that all children meet the program's age requirements.

Based on our discussions and walkthroughs with subrecipient management, neither subrecipient management nor staff obtained documentation (such as birth certificates or school records) to verify children met the age requirements when determining eligibility. Additionally, neither subrecipient documented the individuals that approved the children's eligibility, and no one performed a supervisory review. Based on our discussion with DHS management, the subrecipients' process for registering children included recording the child's stated age based on inquiry but did not include obtaining documentation to verify the child's age.

Risk Assessment

We reviewed DHS's December 2020 Financial Integrity Act Risk Assessment for department operations and determined that management did not identify the risk of subrecipients' noncompliance with eligibility determinations. As such, management did not establish control activities to ensure compliance with CCDF eligibility requirements.

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) provides guidance to management for maintaining documentation of its internal control system. According to Green Book Principle 7.02, "Identification of Risks,"

> Management identifies risks throughout the entity to provide a basis for analyzing risks. Risk assessment is the identification and analysis of risks related to achieving the defined objectives to form a basis for designing risk responses.

Criteria

Green Book Principle 3.10, "Documentation of the Internal Control System," states,

> Effective documentation assists in management's design of internal control by establishing and communicating the who, what, when, where, and why of internal control execution to personnel. Documentation also provides a means to retain organizational knowledge and mitigate the risk of having that knowledge limited to a few personnel, as well as a means to communicate that knowledge as needed to external parties, such as external auditors.

According to Title 45, C*ode of Federal Regulations,* Part 98, Section 20(a),

> To be eligible for services under § 98.50, a child shall, at the time of eligibility determination or redetermination:
>
> (1)
>
> (i) Be under 13 years of age; or,
>
> (ii) At the option of the Lead Agency, be under age 19 and physically or mentally incapable of caring for himself or herself, or under court supervision.

Effect

When management does not ensure supporting documentation was obtained or internal controls were in place for supervisory review, errors or mistakes can be made and go undetected. Unless DHS establishes and implements adequate controls to ensure the accuracy of CCDF Child Care Certificate Program eligibility determinations and redeterminations, DHS increases the risk of paying child care providers for services rendered to ineligible program participants.

Recommendation

The Commissioner should ensure that DHS's internal controls are adequately designed and operating effectively to prevent or detect incorrect provider payments. The Commissioner should ensure program staff obtain and maintain supporting documentation for individuals who are determined eligible for CCDF funding.

Although the program to provide child care to essential workers' children has ended, the Commissioner should ensure that DHS gives adequate guidance to subrecipients of any future programs to ensure that the subrecipients have internal controls in place to enforce and document all program requirements.

In addition, management should carefully evaluate its risk assessment to ensure it includes all risks, and management should implement effective controls to address the risks noted in this finding. Management should update the risk assessment as necessary, assign staff to be responsible for ongoing monitoring of the risks and mitigating controls, and take action if deficiencies occur.

Management's Comment

Condition: Program Staff Did Not Maintain Documentation for Eligibility Determinations

We concur.

The Department could not produce all supporting eligibility documentation for three (3) children.

The Department addressed document retention requirements and use of technology solutions in a refresher training delivered to Child Care Certificate Program (CCCP) staff on August 25, 2021.

The Department will include document retention requirements and use of technology solutions in future new employee and refresher CCCP trainings. The Department is in the process of child care modernization that will further address these issues.

Condition: Subrecipients Did Not Implement Internal Controls Over Eligibility Determinations

We do not concur.

The Department established temporary/emergency child care services as an immediate response to the COVID-19 health crisis under the broad discretion afforded it by Executive Order of the Governor and approved waivers by the Administration of Children and Families Office of Child Care.

The Department implemented internal controls through verification of parent eligibility documentation or other reasonable means such as examining a parent's professional identification confirming status as an Essential Services worker as defined by Attachment A to Executive Order 22 was performed by each subrecipient consistent with the terms and conditions of their respective grant contract. Information regarding the child's age was provided to and maintained by the subrecipients as part of the screening process once a parent's eligibility as an Essential Services worker was verified. Given the emergency nature of services and the desire to support essential workers, while limiting administrative burdens, the Department did not require the contractors to collect additional documentation to verify a child's age. Federal regulations do not specify any required method of verifying a child's age.

The Department will continue to evaluate risks, update the Department-wide risk assessment forms, and employ effective procedures to mitigate identified risks.

Finding Number	2021-028
Assistance Listing Number	10.568 and 10.569
Program Name	Food Distribution Cluster
Federal Agency	Department of Agriculture
State Agency	Department of Agriculture
Federal Award Identification Number	205TN817Y8105, 215TN817Y8105, 205TN800Y8703, and 215TN717J7003
Federal Award Year	2020 and 2021
Finding Type	Material Weakness
Compliance Requirement	Eligibility Special Tests and Provisions
Repeat Finding	N/A
Pass-Through Entity	N/A
Questioned Costs	N/A

The Department of Agriculture did not have internal controls over inventory and household eligibility determinations for the Emergency Food Assistance Program

Background

The Department of Agriculture (the department), in partnership with the U.S. Department of Agriculture (USDA) and local organizations, operates the Emergency Food Assistance Program (TEFAP) to provide low-income households emergency food assistance. USDA purchases a variety of food items and makes them available to state distributing agencies. Subrecipients that have contracted with the department administer the program in compliance with the grant award on behalf of the department. The department places food orders with USDA on behalf of the subrecipients, and USDA delivers the food directly to the subrecipients' warehouses. By tracking food receipts and distributions, performing a physical inventory count at least annually, and documenting adjustments to inventory records such as losses due to spoilage, the subrecipients manage the inventory in their warehouses. Also, the subrecipients determine whether applicants meet income requirements and are residents of the state of Tennessee, and they provide food to households deemed eligible. The department reimburses the subrecipients to cover administrative costs, such as payroll costs associated with operating the TEFAP program. During our audit period, the department contracted with 22 subrecipients for the purpose of administering TEFAP.

Condition and Cause

Inventory Management and Household Eligibility

To determine whether subrecipients of the TEFAP program followed federal requirements for inventory management and household eligibility determinations, we observed physical inventories, reviewed supporting inventory records and eligibility determination documentation, and interviewed management and staff of the department. Based on our review, we found that department management did not have internal controls in place to ensure compliance with TEFAP inventory and eligibility requirements. Given that management had no controls, we also performed compliance tests to determine compliance with federal regulations. We did not identify subrecipient noncompliance related to inaccurate inventory records or incorrect eligibility determination.

Based on discussions with department management, in prior fiscal years, the department performed on-site subrecipient reviews to determine if subrecipients were accurately determining household eligibility and managing the inventory according to federal requirements. According to management, they stopped performing these reviews of subrecipients in March 2020 due to the effects of the COVID-19 pandemic. Without a federal waiver to alleviate the impacts of the health emergency, management was required to either continue their established control activities or implement alternative controls to ensure subrecipients complied with the federal requirements.

The department had developed a monitoring schedule to review the subrecipients for federal fiscal year 2021;[89] however, as of January 28, 2022, management has neither resumed their previous control activity review process nor implemented other control activities to ensure subrecipients reasonably complied with the federal regulations.

Risk Assessment

We reviewed the Department of Agriculture's December 2020 Financial Integrity Act Risk Assessment for department operations and determined that management did not identify the risk of noncompliance with federal inventory and eligibility requirements and as such did not identify control activities to ensure compliance with these requirements.

Criteria

Inventory Management and Household Eligibility

According to 2 CFR 200.303(a), a non-federal agency must

> Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Additionally, according to 7 CFR 251.10(e),

> (1) Each State agency must monitor the operation of the program to ensure that it is being administered in accordance with Federal and State requirements. State agencies may not delegate this responsibility. . .
>
> (3) Each review must encompass, as applicable, eligibility determinations, food ordering procedures, storage and warehousing practices, inventory controls, approval of distribution sites, reporting and recordkeeping requirements, and civil rights.

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89 Our audit scope was July 1, 2020, through June 30, 2021, which is the state fiscal year. The department planned their monitoring schedule around the federal fiscal year, which spans October 1, 2020, through September 30, 2021.

Risk Assessment

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) provides a comprehensive framework for internal control practices in federal agencies and serves as a best practice for other government agencies, including state agencies. According to Green Book Principle 7.02, "Identification of Risks,"

> Management identifies risks throughout the entity to provide a basis for analyzing risks. Risk assessment is the identification and analysis of risks related to achieving the defined objectives to form a basis for designing risk responses.

Additionally, Principle 9.04, "Analysis of and Response to Change," states,

> As part of risk assessment or a similar process, management analyzes and responds to identified changes and related risks in order to maintain an effective internal control system. Changes in conditions affecting the entity and its environment often require changes to the entity's internal control system, as existing controls may not be effective for meeting objectives or addressing risks under changed conditions. Management analyzes the effect of identified changes on the internal control system and responds by revising the internal control system on a timely basis, when necessary, to maintain its effectiveness.

Effect

The lack of sufficient internal controls over inventory management and household eligibility determinations increases the risk of noncompliance with federal requirements and fraud, waste, and abuse in this federal program.

Additionally, federal regulations address actions that federal agencies may impose if a state entity does not comply with the U.S. Constitution, federal statutes, regulations, or the terms and conditions of a federal award. According to 2 CFR 200.208(c), "Specific conditions," these actions may include

- requiring reimbursement instead of advance payments;
- not allowing the agency to proceed to the next phase until it submits evidence of acceptable performance;
- requiring additional, more detailed financial reports or additional project monitoring;
- requiring the agency to obtain technical or management assistance; or
- establishing other prior approvals.

If the federal agency determines the state agency cannot remedy its noncompliance through the above actions, 2 CFR 200.339, "Remedies for noncompliance," outlines additional actions the federal agency may take. Depending on the circumstances, these actions may include

- temporarily withholding payments until the noncompliance has been corrected,

- denying the use of funds,
- partly or fully suspending or terminating the federal award,
- suspending or debarring the agency,
- withholding further awards for the project or program, or
- pursuing other available legal remedies.

Recommendation

The Commissioner of the Department of Agriculture should ensure that appropriate staff members establish and implement effective internal controls in response to changes in the operating environment to ensure compliance with inventory and eligibility requirements.

Management should implement effective controls to address the risks noted in this finding, update the risk assessment as necessary, and take action if deficiencies occur. As part of this process, management should assign staff to continually monitor risks and assess mitigating controls.

Management's Comment

We concur. The department will establish control activities (review process) to ensure and document subrecipient compliance with inventory and eligibility requirements. The monitoring schedule the department had planned to implement in FY21 will be implemented during FY22, with an anticipated completion date of September 30, 2022, to coincide with the end of the federal fiscal year and the grant contract period.

Monitoring activity will transition to a desk audit format with virtual visits incorporated as needed to maximize safety protocols and minimize disruption of the monitoring schedule due to public health or other emergency situations.

If deficiencies are disclosed, the department will submit a report of findings to the subrecipient and ensure corrective action is taken.

The commodity administrator will be responsible for monitoring risks and assessing controls.

Auditee's Section

Schedule of Expenditures of Federal Awards

Notes to the Schedule of Expenditures of Federal Awards

State of Tennesse
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
	Unclustered Programs					
	Department of Agriculture					
10.001	Agricultural Research Basic and Applied Research				$ 1,940,604.00	$ -
10.025	Plant and Animal Disease, Pest Control, and Animal Care				1,430,184.00	233,646.00
10.069	Conservation Reserve Program				199,361.00	-
10.156	Federal-State Marketing Improvement Program				115,081.00	15,274.00
10.170	Specialty Crop Block Grant Program - Farm Bill				370,526.00	210,363.00
10.178	Trade Mitigation Program Eligible Recipient Agency Operational Funds			$ 978,000.00		
	Trade Mitigation Program Eligible Recipient Agency Operational Funds (Noncash)			8,528,536.00		
					9,506,536.00	9,506,536.00
10.202	Cooperative Forestry Research				799,103.00	-
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act				6,744,493.00	-
10.215	Sustainable Agriculture Research and Education	University of Georgia	SUB00002446	$ 14,184.00		
		University of Georgia	SUB00001989	17,833.00		
		University of Georgia	SUB00001757	9,850.00		
		University of Georgia	RD309-137/S001471	(490.00)		
		University of Kentucky Research Foundation	3200001610-18-217	(5,016.00)		
		Virginia Polytechnic Institute and State University	2019-USA-4RS03	37,900.00		
					74,261.00	-
10.216	1890 Institution Capacity Building Grants			$ 262,799.00		
		Alabama A&M University	2019-38821-29156	6,579.00		
					269,378.00	(12,900.00)
10.217	Higher Education - Institution Challenge Grants Program			$ 197,843.00		
		Purdue University	2019-70003-29089	4,360.00		

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
		University of Florida	Unknown	17,749.00		
					219,952.00	15,000.00
10.220	Higher Education - Multicultural Scholars Grant Program	North Carolina Agricultural and Technical State University	2014-38413-21797		363.00	-
10.226	Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants				2,731.00	-
10.229	Extension Collaborative on Immunization Teaching & Engagement	Extension Foundation	EXC1-2021-2087		1,184.00	-
10.303	Integrated Programs				32,918.00	32,918.00
10.304	Homeland Security Agricultural	University of Florida	UFDSP00011548		33,308.00	-
10.310	Agriculture and Food Research Initiative (AFRI)			$ 795,301.00		
		National 4-H Council	2021-67037-33376	14,992.00		
		University of Georgia	SUB00001643	35,166.00		
		University of Maryland	Z5775002	56,505.00		
		Vanderbilt University	2017-68001-26352	69,621.00		
					971,585.00	470,505.00
10.311	Beginning Farmer and Rancher Development Program				172,702.00	69,679.00
10.326	Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)				104,925.00	84,029.00
10.328	National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program			$ 2,127.00		
		University of Florida	UFDSP0012367	590.00		
		University of Florida	2018-70020-28930	8,460.00		
					11,177.00	-
10.329	Crop Protection and Pest Management Competitive Grants Program				160,424.00	-
10.351	Rural Business Development Grant				127,029.00	52,869.00
10.443	Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers				7,298.00	-
10.446	Rural Community Development Initiative				116,360.00	27,360.00

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
10.500	Cooperative Extension Service			$ 2,121,848.00		
		Kansas State University	2018-48661-28954	1,784.00		
		Kansas State University	2016-48696-25889	(438.00)		
		University of Arkansas Little Rock	Unknown	3,215.00		
		University of Arkansas Little Rock	31014-03	745.00		
		University of Arkansas Little Rock	2018-70027-28585	72,353.00		
		University of Minnesota	A004345901	(7,343.00)		
		University of Missouri	C00067296-6	14,649.00		
		University of Missouri	C00059381-4	(1,058.00)		
					2,205,755.00	304,329.00
10.511	Smith-Lever Funding (Various Programs)				12,817,934.00	-
10.512	Agriculture Extension at 1890 Land-grant Institutions				1,156,211.00	-
10.514	Expanded Food and Nutrition Education Program				4,666.00	-
10.515	Renewable Resources Extension Act and National Focus Fund Projects				71,872.00	-
10.535	SNAP Fraud Framework Implementation Grant				195,808.00	-
10.542	COVID-19 - Pandemic EBT Food Benefits				1,113,826,641.00	-
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children				79,517,729.00	55,499,211.00
10.558	Child and Adult Care Food Program			$ 54,159,917.00		
	COVID-19 - Child and Adult Care Food Program			2,001,022.00		
					56,160,939.00	54,955,347.00
10.560	State Administrative Expenses for Child Nutrition				6,504,441.00	1,341,605.00
10.572	WIC Farmers' Market Nutrition Program (FMNP)				81,255.00	63,692.00
10.576	Senior Farmers Market Nutrition Program				391,061.00	349,880.00
10.578	WIC Grants To States (WGS)				378,758.00	-
10.582	Fresh Fruit and Vegetable Program				3,741,904.00	3,741,904.00
10.649	Pandemic EBT Administrative Costs				15,648,400.00	-
10.652	Forestry Research				370,728.00	-

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
10.664	Cooperative Forestry Assistance				1,102,951.00	348,433.00
10.675	Urban and Community Forestry Program				186,677.00	61,033.00
10.676	Forest Legacy Program				13,809.00	-
10.678	Forest Stewardship Program				182,779.00	-
10.680	Forest Health Protection			$ 354,035.00		
		Gypsy Moth Slow the Spread	21-01-14	31,770.00		
		Gypsy Moth Slow the Spread	20-01-14	16,519.00		
					402,324.00	28,129.00
10.691	Good Neighbor Authority				133,821.00	-
10.697	State & Private Forestry Hazardous Fuel Reduction Program				4,588.00	-
10.699	Partnership Agreements				54,120.00	-
10.707	Research Joint Venture and Cost Reimbursable Agreements				7,390.00	-
10.762	Solid Waste Management Grants				71,015.00	-
10.769	Rural Business Enterprise Grants				746.00	-
10.861	Public Television Station Digital Transition Grant Program				499,908.00	-
10.874	Delta Health Care Services Grant Program				145,500.00	-
10.902	Soil and Water Conservation			$ 534,041.00		
		Alcorn State University	68-3AQ75-18-004	53,258.00		
					587,299.00	281,129.00
10.903	Soil Survey				6,979.00	-
10.912	Environmental Quality Incentives Program			$ 116,700.00		
		Pheasants Forever, Inc	WLFW 2.0	5,155.00		
					121,855.00	-
10.931	Agricultural Conservation Easement Program				97,168.00	-

State of Tennesse
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For the Year Ended June 30, 2021

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
10.960	Technical Agricultural Assistance			16,296.00	-
10.962	Cochran Fellowship Program-International Training-Foreign Participant			(1,319.00)	-
10.U01	Expanding Access to Spatial Mapping and GIS Tools	1890 Universities Foundation	Unknown	540.00	-
10.U02	Farm Commodity, Process & System	1890 Universities Foundation	Unknown	10,772.00	-
10.U03	1890 Scholarship Program: Training & Mentoring the Next Generation of Leaders in Food & Agricultural Sciences		2020-38430-31299	210,212.00	-
10.U04	CPB CARES Act Funding Lane 2020		Unknown	75,796.00	-
10.U05	Our Daily Bread of Tennessee - Moran	Our Daily Bread of TN	03-47--6437004	16,306.00	-
10.U06	SARD Professional	University of Florida	AID-OAA-A-15-00039	12,226.00	-
Subtotal Department of Agriculture				$ 1,320,445,343.00	$ 127,679,971.00
	Department of Commerce				
11.003	Census Geography			$ (668.00)	$ -
11.303	Economic Development Technical Assistance			237,593.00	-
11.549	State and Local Implementation Grant Program			7,234.00	-
11.611	Manufacturing Extension Partnership			3,715,100.00	297,815.00
Subtotal Department of Commerce				$ 3,959,259.00	$ 297,815.00
	Department of Defense				
12.002	Procurement Technical Assistance For Business Firms			$ 576,487.00	$ -
12.112	Payments to States in Lieu of Real Estate Taxes			1,119,309.00	1,119,309.00
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services			83,095.00	-

State of Tennesse
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For the Year Ended June 30, 2021

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
12.300	Basic and Applied Scientific Research				137,147.00	52,146.00
12.400	Military Construction, National Guard				544,274.00	-
12.401	National Guard Military Operations and Maintenance (O&M) Projects				43,171,782.00	-
12.404	National Guard ChalleNGe Program				389,687.00	-
12.630	Basic, Applied, and Advanced Research in Science and Engineering	American Lightweight Materials Manufacturing Innovation Institute (ALMMII)	PO 0066	$ 1.00		
		National Science Teachers Association	21-871-026	5,572.00		
					5,573.00	-
12.631	Science, Technology, Engineering and Mathematics (STEM) Educational Program: Science, Mathematics And Research for Transformation (SMART)	United Soybean Board	Unknown		11,455.00	-
12.800	Air Force Defense Research Sciences Program				(199.00)	-
12.902	Information Security Grants	Fordham University	SUBAWARD FORD0061-30353	$ 50,034.00		
		Fordham University	FORD0064-30353	9,950.00		
					59,984.00	-
12.903	GenCyber Grants Program				63,980.00	-
12.905	CyberSecurity Core Curriculum			$ 404,265.00		
		Purdue University	13000952-035	63,456.00		
					467,721.00	-
12.U01	Air Force FA442720P0103 Cody		FA442720P0103		24,289.00	-
12.U02	Academic Review and Rewrite of NAVFAC DM 7.02	National Institute of Building Sciences	SUBCONTRACT PROJECT 66, TO4019		52,116.00	-
12.U03	Purdue 13000844-037 SCALE Loveless Oper	Purdue University	13000844-037		48,850.00	-
Subtotal Department of Defense					$ 46,755,550.00	$ 1,171,455.00

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
	Department of Housing and Urban Development					
14.169	Housing Counseling Assistance Program				$ 233,359.00	$ 164,881.00
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				28,537,941.00	27,740,700.00
14.231	Emergency Solutions Grant Program			$ 3,043,993.00		
		City of Knoxville	C-21-0171	50,430.00		
	COVID-19 - Emergency Solutions Grant Program			5,420,458.00		
					8,514,881.00	8,143,836.00
14.239	Home Investment Partnerships Program				11,706,392.00	10,885,272.00
14.241	Housing Opportunities for Persons with AIDS			$ 1,429,789.00		
	COVID-19 - Housing Opportunities for Persons with AIDS			198,810.00		
					1,628,599.00	1,577,689.00
14.267	Continuum of Care Program				130,008.00	-
14.275	Housing Trust Fund				3,101,632.00	2,820,370.00
14.401	Fair Housing Assistance Program State and Local			$ 1,002,608.00		
	COVID-19 - Fair Housing Assistance Program State and Local			31,487.00		
					1,034,095.00	-
14.896	Family Self-Sufficiency Program				298,627.00	-
14.U01	Office of Manufactured Housing		DU100K900016709		431,999.00	-
14.U02	City of Knoxville ESG 2021 Patterson	City of Knoxville	C-21-0217		3,906.00	-
Subtotal Department of Housing and Urban Development					$ 55,621,439.00	$ 51,332,748.00
	Department of the Interior					
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining				$ 76,957.00	$ -

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For the Year Ended June 30, 2021

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
15.252	Abandoned Mine Land Reclamation (AMLR)			1,326,610.00	445,216.00
15.608	Fish and Wildlife Management Assistance			667,145.00	667,145.00
15.615	Cooperative Endangered Species Conservation Fund			183,874.00	193,693.00
15.616	Clean Vessel Act			245,322.00	245,322.00
15.622	Sportfishing and Boating Safety Act			(40.00)	(40.00)
15.631	Partners for Fish and Wildlife			(41,868.00)	(41,868.00)
15.634	State Wildlife Grants			757,902.00	757,902.00
15.657	Endangered Species Recovery Implementation			285,014.00	-
15.663	NFWF-USFWS Conservation Partnership	National Fish and Wildlife Foundation	1904.16.052925	11,256.00	-
15.676	Youth Engagement, Education, and Employment			16,919.00	-
15.810	National Cooperative Geologic Mapping			105,308.00	-
15.814	National Geological and Geophysical Data Preservation			25,224.00	-
15.904	Historic Preservation Fund Grants-In-Aid			931,438.00	810,943.00
15.916	Outdoor Recreation Acquisition, Development and Planning			2,952,231.00	-
15.928	Battlefield Land Acquisition Grants			2,488,843.00	2,488,843.00
15.939	Heritage Partnership			562,199.00	-
15.945	Cooperative Research and Training Programs – Resources of the National Park System			18,383.00	-
15.U01	FWS Tennessee NWR Complex - Pelren		F15AC00277	6,168.00	-
Subtotal Department of the Interior				$ 10,618,885.00	$ 5,567,156.00

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AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
	Department of Justice					
16.017	Sexual Assault Services Formula Program				$ 88,889.00	$ 55,313.00
16.111	Joint Law Enforcement Operations (JLEO)				13,703.00	-
16.320	Services for Trafficking Victims				140,515.00	-
16.525	Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus				142,051.00	-
16.540	Juvenile Justice and Delinquency Prevention				563,175.00	445,800.00
16.550	State Justice Statistics Program for Statistical Analysis Centers				67,295.00	-
16.554	National Criminal History Improvement Program (NCHIP)				922,589.00	873,825.00
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants				4,706.00	-
16.575	Crime Victim Assistance				46,335,123.00	44,795,692.00
16.576	Crime Victim Compensation				5,151,000.00	-
16.582	Crime Victim Assistance/Discretionary Grants			$ 42,341.00		
		City of Memphis, Memphis Police Department	37373	15,995.00		
					58,336.00	-
16.585	Drug Court Discretionary Grant Program				529,468.00	529,468.00
16.588	Violence Against Women Formula Grants				2,422,139.00	2,129,458.00
16.593	Residential Substance Abuse Treatment for State Prisoners				475,014.00	471,587.00
16.603	Corrections Technical Assistance/Clearinghouse				25,903.00	-
16.606	State Criminal Alien Assistance Program				306,967.00	-

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For the Year Ended June 30, 2021

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
16.607	Bulletproof Vest Partnership Program				20,432.00	19,510.00
16.710	Public Safety Partnership and Community Policing			$ 1,840,367.00		
		City of Memphis, Memphis Police Department	2019-MH-WX-K004	15,890.00		
		University of North Texas Health Science Center	RF70050-2021-0151	13,091.00		
					1,869,348.00	81,278.00
16.726	Juvenile Mentoring Program	National 4-H Council	Unknown		35,357.00	-
16.738	Edward Byrne Memorial Justice Assistance Grant Program			$ 4,127,097.00		
	COVID-19 - Edward Byrne Memorial Justice Assistance Grant Program			1,637,461.00		
					5,764,558.00	5,342,125.00
16.741	DNA Backlog Reduction Program				1,452,031.00	-
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program				314,903.00	313,769.00
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program				311,722.00	311,722.00
16.750	Support for Adam Walsh Act Implementation Grant Program				246,499.00	-
16.754	Harold Rogers Prescription Drug Monitoring Program				678,094.00	151,000.00
16.812	Second Chance Act Reentry Initiative				172,099.00	102,822.00
16.813	NICS Act Record Improvement Program				284,004.00	276,483.00
16.825	Smart Prosecution Initiative				67,993.00	61,466.00
16.828	Innovative Responses to Behavior in the Community: Swift, Certain, and Fair Supervision Program				76,950.00	-
16.833	National Sexual Assault Kit Initiative	City of Memphis, Memphis Police Department	2018-AK-BX-0028		42,325.00	-

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
16.838	Comprehensive Opioid, Stimulant, and Substance Abuse Program				1,640,637.00	1,529,658.00
16.842	Opioid Affected Youth Initiative				225,506.00	-
16.922	Equitable Sharing Program			$ 27,614.00		
	COVID-19 - Equitable Sharing Program			121,107.00		
					148,721.00	-
16.U01	Project Guardian Initiative		2020-DG-BX-K012		12,846.00	-
16.U02	U.S. Marshals Service Joint Law Enforcement Operation Taskforce		M-21-D74-O-000072		106,624.00	-
16.U03	Govenors Task Force Marijuana		2020-113		513,431.00	-
16.U04	Govenors Task Force Marijuana		2021-113		145,037.00	-
16.U05	COVID-19 - Task Force OT		USS JOPS		18,909.00	-
16.U06	COVID-19 - Task Force OT		OCDETF SI-SE W327810		2,782.00	-
16.U07	COVID-19 - Task Force OT		OCDETF SETE0230 W327259		2,833.00	-
16.U08	COVID-19 - Task Force OT		OCDETF SETNW0230 W327345		6,662.00	-
16.U09	COVID-19 - Task Force OT		JTTF 0511		7,043.00	-
16.U10	COVID-19 - Task Force OT		DEA MARSHALL		8,220.00	-
16.U11	Hamilton Co Mental Health CourtDaugherty	Hamilton County Mental Health Court	Unknown		7,151.00	-
Subtotal Department of Justice					$ 71,429,590.00	$ 57,490,976.00
			Department of Labor			
17.002	Labor Force Statistics				$ 863,568.00	$ -
17.005	Compensation and Working Conditions				128,178.00	-
17.225	Unemployment Insurance			$ 449,695,793.00		

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
	COVID-19 - Unemployment Insurance			2,796,714,567.00		
					3,246,410,360.00	454,648.00
17.235	Senior Community Service Employment Program				1,203,179.00	1,128,815.00
17.245	Trade Adjustment Assistance				1,833,433.00	98,988.00
17.268	H-1B Job Training Grants			$ 396,660.00		
		Greater Memphis Alliance for a Competitive Workforce	HG-30131-17-60-A-47-GMASWORKFORCE-UofM	154,654.00		
		Greater Memphis Alliance for a Competitive Workforce	HG-30131-17-60-A-47	129,004.00		
					680,318.00	-
17.271	Work Opportunity Tax Credit Program (WOTC)				962,465.00	-
17.273	Temporary Labor Certification for Foreign Workers				228,341.00	-
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants			$ 5,796,960.00		
	COVID-19 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants			793,684.00		
					6,590,644.00	6,125,842.00
17.280	WIOA Dislocated Worker National Reserve Demonstration Grants			$ 54,547.00		
		Appalachian Sustainable Development	MI-35510-20-20-A-51-02	2,608.00		
					57,155.00	-
17.285	Apprenticeship USA Grants			$ 759,475.00		
		American Association of Community Colleges	AP-33025-19-75-A-11	44,792.00		
					804,267.00	194,467.00
17.503	Occupational Safety and Health State Program				4,049,252.00	-
17.504	Consultation Agreements				1,038,512.00	-
17.600	Mine Health and Safety Grants				211,760.00	-
17.720	Disability Employment Policy Development				410,083.00	-
Subtotal Department of Labor					$ 3,265,471,515.00	$ 8,002,760.00

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
Department of State						
19.009	Academic Exchange Programs - Undergraduate	FHI 360	PO19002774	$ 4,311.00		
		World Learning	A20-2992-002	5,176.00		
					$ 9,487.00	$ -
19.033	Global Threat Reduction				333,138.00	-
19.040	Public Diplomacy Programs			$ 11,242.00		
		American Council	SRS50020GR0057	641.00		
					11,883.00	-
19.415	Professional and Cultural Exchange Programs - Citizen Exchanges				1,055,037.00	921,913.00
19.600	Bureau of Near Eastern Affairs	The American University of Kurdistan	PTE Fed Award # SNEAAC20GR0055		9,210.00	-
19.900	AEECA/ESF PD Programs			$ 39,222.00		
		American Councils for International Education	SUZ800-18-CA-0001	8,335.00		
					47,557.00	-
Subtotal Department of State					$ 1,466,312.00	$ 921,913.00
Department of Transportation						
20.106	Airport Improvement Program			$ 28,327,778.00		
	COVID-19 - Airport Improvement Program			2,619,178.00		
					$ 30,946,956.00	$ 30,942,458.00
20.215	Highway Training and Education				28,355.00	-
20.232	Commercial Driver's License Program Implementation Grant				127,676.00	-
20.301	Railroad Safety				2,018.00	-
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research				94,010.00	(128,665.00)
20.509	Formula Grants for Rural Areas and Tribal Transit Program			$ 6,561,987.00		

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
	COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program			41,680,967.00		
					48,242,954.00	47,895,753.00
20.528	Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program				764,625.00	476,023.00
20.607	Alcohol Open Container Requirements				11,647,449.00	3,281,284.00
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements			$ 426,472.00		
		National Safety Council	DTNH22-15-H-00473 0001	6,148.00		
		National Safety Council	AGREEMENT # NSC-26359	78,377.00		
					510,997.00	134,566.00
20.615	E-911 Grant Program				(334,041.00)	-
20.700	Pipeline Safety Program State Base Grant				875,069.00	-
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants				566,495.00	55,544.00
20.720	State Damage Prevention Program Grants				41,751.00	-
20.721	PHMSA Pipeline Safety Program One Call Grant				15,622.00	-
20.U01	USDOT NHTSA CAFE NPRM Greene		Unknown		48,050.00	-
Subtotal Department of Transportation					$ 93,577,986.00	$ 82,656,963.00
	Department of the Treasury					
21.019	COVID-19 - Coronavirus Relief Fund			$ 1,734,901,571.00		
	COVID-19 - Coronavirus Relief Fund	Alliance for Business and Training	Unknown	27,950.00		
	COVID-19 - Coronavirus Relief Fund	Public Education Foundation	Unknown	153,515.00		
					$ 1,735,083,036.00	$ 564,650,639.00
21.023	COVID-19 - Emergency Rental Assistance Program				18,401,470.00	-

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
21.026	COVID-19 - Homeowner Assistance Fund			689,118.00	-
Subtotal Department of the Treasury				$ 1,754,173,624.00	$ 564,650,639.00
	Appalachian Regional Commission				
23.002	Appalachian Area Development			$ 10,061,261.00	$ 7,219,574.00
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects			785,089.00	33,903.00
23.U01	ARC OF TN - Pikeville Downtown - Upendra		TN-19529-19	56,886.00	-
Subtotal Appalachian Regional Commission				$ 10,903,236.00	$ 7,253,477.00
	Equal Employment Opportunity Commission				
30.002	Employment Discrimination_State and Local Fair Employment Practices Agency Contracts			$ 134,000.00	$ -
Subtotal Equal Employment Opportunity Commission				$ 134,000.00	$ -
	General Services Administration				
39.003	Donation of Federal Surplus Personal Property (Noncash)			$ 465,149.00	$ -
39.011	Election Reform Payments			112,100.00	-
Subtotal General Services Administration				$ 577,249.00	$ -
	Library of Congress				
42.010	Teaching with Primary Sources			$ 92,674.00	$ -
Subtotal Library of Congress				$ 92,674.00	$ -

State of Tennesse
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AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
	National Aeronautics and Space Administration					
43.001	Science			$ 4,249.00		
		University of Toledo	NNX16ACS4A	154,881.00		
					$ 159,130.00	$ -
43.008	Office of Stem Engagement (OSTEM)			$ 60,580.00		
		Vanderbilt University	UNIV61868	10,000.00		
		Vanderbilt University	UNIV61848	14,311.00		
		Vanderbilt University	UNIV59432-FORMERLY 3807-019687	7,975.00		
		Vanderbilt University	UNIV59308	8,354.00		
		Vanderbilt University	SUBAWARD UNIV61856 AMEND 1	14,028.00		
		Vanderbilt University	3799-019687	10,801.00		
		Vanderbilt University	3796-019687	32,000.00		
					158,049.00	-
Subtotal National Aeronautics and Space Administration					$ 317,179.00	$ -
	National Endowment for the Arts					
45.024	Promotion of the Arts Grants to Organizations and Individuals			$ 2,733.00		
		South Arts, Inc	1886417-61-20	12,500.00		
	COVID-19 - Promotion of the Arts Grants to Organizations and Individuals	South Arts, Inc	1856029-61-19	60,000.00		
					$ 75,233.00	$ 74,669.00
45.025	Promotion of the Arts Partnership Agreements			$ 846,100.00		
		South Arts, Inc	5924	2,000.00		
		South Arts, Inc	5693	2,328.00		
	COVID-19 - Promotion of the Arts Partnership			474,800.00		
					1,325,228.00	1,270,900.00
Subtotal National Endowment for the Arts					$ 1,400,461.00	$ 1,345,569.00

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
National Endowment for the Humanities						
45.129	Promotion of the Humanities Federal/State Partnership	Humanities Tennessee	SO-268701-20		$ 12,500.00	$ -
45.161	Promotion of the Humanities Research				49,153.00	-
45.163	Promotion of the Humanities Professional Development				2,254.00	-
45.U01	NEH FELL-262466 Miller		FELL-262466		(13,000.00)	-
Subtotal National Endowment for the Humanities					$ 50,907.00	$ -
Institute of Museum and Library Services						
45.301	Museums for America				$ 22,127.00	$ -
45.310	Grants to States			$ 3,009,463.00		
	COVID-19 - Grants to States			560,206.00		
					3,569,669.00	782,956.00
45.313	Laura Bush 21st Century Librarian Program				392,314.00	24,863.00
Subtotal Institute of Museum and Library Services					$ 3,984,110.00	$ 807,819.00
Small Business Administration						
59.037	Small Business Development Centers			$ 2,684,652.00		
	COVID-19 - Small Business Development Centers			1,719,641.00		
					$ 4,404,293.00	$ 4,404,293.00
Subtotal Small Business Administration					$ 4,404,293.00	$ 4,404,293.00
Tennessee Valley Authority						
62.U01	TVA - Solar Farm 8500021516 - Patterson		8500021516		$ 965,129.00	$ -
62.U02	TVA Diversity - Middlebrooks - FY2021		Unknown		7,603.00	-

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
62.U03	TVA Diversity Alliance Grant FY20		Unknown	10,385.00	-
62.U04	TVA Plant Communities Eradication-Harper		PO 2593722	12,578.00	-
62.U05	TVA PO 5339017 Baumann		PO 5339017 (9392)	(3,162.00)	-
62.U06	TVA PO 5692532 Baumann		PO 5692532 (9392)	35,433.00	-
62.U07	TVA PO# 6518313 (9392) Lofaro		6518313 (9392)	70,574.00	-
62.U08	TVA PO# 6717053(9392) Lofaro		6717053 (9392)	3,530.00	-
62.U09	Ocoee Trust Fund		FY2020-2024TVA Award	1,577,129.00	393,691.00
Subtotal Tennessee Valley Authority				$ 2,679,199.00	$ 393,691.00
		Department of Veterans Affairs			
64.005	Grants to States for Construction of State Home Facilities			$ 19,106,510.00	$ -
64.015	Veterans State Nursing Home Care			28,629,992.00	-
64.034	VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces			69,492.00	-
64.054	Research and Development			231,518.00	-
64.101	Burial Expenses Allowance for Veterans			1,696,623.00	-
64.124	All-Volunteer Force Educational Assistance			619,800.00	-
64.203	Veterans Cemetery Grants Program			2,251.00	-
64.U01	COVID-19 - COVID Veteran's Home Funding		VA funding	6,376,950.00	-
64.U02	Support Veterans		11908142	12,256.00	-
64.U03	VA Medical Center IPA Agreements-Waters		Unknown	301,925.00	-
64.U04	US Dept Veterans Kidney Disease Langston		Unknown	52,191.00	-
Subtotal Department of Veterans Affairs				$ 57,099,508.00	$ -

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
Environmental Protection Agency					
66.032	State Indoor Radon Grants			$ 127,229.00	$ -
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act			206,508.00	-
66.040	Diesel Emissions Reduction Act (DERA) State Grants			207,227.00	207,227.00
66.204	Multipurpose Grants to States and Tribes			10,676.00	-
66.419	Water Pollution Control State, Interstate, and Tribal Program Support			129,348.00	-
66.433	State Underground Water Source Protection			62,561.00	-
66.436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act			63,741.00	27,401.00
66.442	Assistance for Small and Disadvantaged Communities Drinking Water Grant Program (SDWA 1459A)			181,858.00	181,858.00
66.454	Water Quality Management Planning			342,642.00	132,908.00
66.460	Nonpoint Source Implementation Grants			2,282,116.00	843,491.00
66.461	Regional Wetland Program Development Grants			66,090.00	11,012.00
66.605	Performance Partnership Grants			5,741,864.00	-
66.608	Environmental Information Exchange Network Grant Program and Related Assistance			136,244.00	-
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements			35,515.00	-
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals			305,880.00	-
66.708	Pollution Prevention Grants Program			72,466.00	-

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AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
66.716	Research, Development, Monitoring, Public Education, Outreach, Training, Demonstrations, and Studies	Extension Foundation	SA-2021-04	$ 5,812.00		
		Extension Foundation	SA-2020-01	12,327.00		
					18,139.00	-
66.801	Hazardous Waste Management State Program Support				1,564,124.00	-
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements				292,173.00	-
66.804	Underground Storage Tank (UST) Prevention, Detection, and Compliance Program				388,187.00	-
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program				961,396.00	-
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements				52,759.00	-
66.817	State and Tribal Response Program Grants				681,825.00	-
Subtotal Environmental Protection Agency					$ 13,930,568.00	$ 1,403,897.00
		Nuclear Regulatory Commission				
77.008	U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program				$ 369,440.00	$ -
Subtotal Nuclear Regulatory Commission					$ 369,440.00	$ -
		Department of Energy				
81.041	State Energy Program				$ 974,074.00	$ -
81.042	Weatherization Assistance for Low-Income Persons				2,457,023.00	2,273,430.00
81.049	Office of Science Financial Assistance Program	Michigan State University	RC111555 - MTSU		26,368.00	-

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance			$ 710,590.00		
		North Carolina State University	SUBAWARD 2017-3030-01 AMEND 3	41,753.00		
					752,343.00	10,000.00
81.119	State Energy Program Special Projects				2,107.00	-
81.136	Long-Term Surveillance and Maintenance				4,459,429.00	195,614.00
81.214	Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis				1,562,276.00	160,935.00
81.U01	Oak Ridge WMA		Oak Ridge WMA		173,712.00	-
81.U02	CNS LLC 4300160307 Sawhney		4300160307		(474.00)	-
81.U03	Nat'l 4-H CS Pathway Process Eval-Franck	National 4-H Council	Unknown		11,779.00	-
Subtotal Department of Energy					$ 10,418,637.00	$ 2,639,979.00
			Department of Education			
84.002	Adult Education - Basic Grants to States				$ 10,951,842.00	$ 5,855,885.00
84.010	Title I Grants to Local Educational Agencies				288,194,651.00	285,509,068.00
84.011	Migrant Education State Grant Program				889,957.00	889,957.00
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth				387,923.00	387,923.00
84.031	Higher Education Institutional Aid				13,519,444.00	-
84.048	Career and Technical Education -- Basic Grants to States			$ 22,234,818.00		
		Hamilton County Department of Education	V048A190042	26,387.00		
					22,261,205.00	20,509,095.00
84.051	Career and Technical Education -- National Programs				217,706.00	152,431.00

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84.120	Minority Science and Engineering Improvement			$ 189,617.00		
		Meharry Medical College	161206PMJ157	25,855.00		
					215,472.00	-
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States				48,367,375.00	4,719,172.00
84.129	Rehabilitation Long-Term Training				(10,050.00)	-
84.144	Migrant Education Coordination Program				(64,392.00)	(64,392.00)
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind				560,286.00	-
84.181	Special Education-Grants for Infants and Families				9,325,949.00	6,716,007.00
84.184	School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs)				194,549.00	-
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities				346,458.00	-
84.196	Education for Homeless Children and Youth				1,774,622.00	1,690,987.00
84.200	Graduate Assistance in Areas of National Need				46,780.00	-
84.206	Javits Gifted and Talented Students Education				158,836.00	52,415.00
84.282	Charter Schools				3,590,133.00	3,440,085.00
84.287	Twenty-First Century Community Learning Centers				24,873,202.00	24,504,462.00
84.305	Education Research, Development and Dissemination				482,623.00	482,623.00
84.323	Special Education - State Personnel Development				105,050.00	-
84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities			$ 541,639.00		
		Salus University	UTK 88405 FALL 2019	(59.00)		
		University of Florida	136897/48431 CEEDAR	9,000.00		
		Vanderbilt University	H325K190068	32,589.00		
					583,169.00	-

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AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
84.326	Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	The University of Oregon	2406U0A		16,853.00	-
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs				5,216,270.00	2,956,780.00
84.335	Child Care Access Means Parents in School				753,642.00	-
84.336	Teacher Quality Partnership Grants				106,212.00	-
84.358	Rural Education				4,052,430.00	3,896,310.00
84.365	English Language Acquisition State Grants				6,564,693.00	6,329,325.00
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)			$ 35,518,245.00		
		National Writing Project	94-TN02	126.00		
		National Writing Project	08-TN04-SEED2019-C3WPAI	809.00		
					35,519,180.00	34,959,382.00
84.369	Grants for State Assessments and Related Activities				7,223,700.00	-
84.371	Comprehensive Literacy Development				96,016.00	-
84.372	Statewide Longitudinal Data Systems				1,074,259.00	403,824.00
84.382	Strengthening Minority-Serving Institutions				513,218.00	-
84.407	Transition Programs for Students with Intellectual Disabilities into Higher Education			$ 31,311.00		
		Vanderbilt University	P407A2000009	102,834.00		
					134,145.00	-
84.411	Education Innovation and Research (formerly Investing in Innovation (i3) Fund)	National Writing Project	05-TN03-2019I3C3WP	$ 1,964.00		
		National Writing Project	05-TN03-220i3C3WP	72,281.00		
					74,245.00	-
84.419	Preschool Development Grants				42.00	(4,486.00)
84.424	Student Support and Academic Enrichment Program				19,970,159.00	19,291,912.00

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AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
84.425B	COVID-19 - Discretionary Grants: Rethink K-12 Education Models Grants			318,072.00	-
84.425C	COVID-19 - Governor's Emergency Education Relief (GEER) Fund			12,955,825.00	12,235,026.00
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund			407,207,313.00	405,519,156.00
84.425E	COVID-19 - Higher Education Emergency Relief Fund (HEERF) Student Aid Portion			98,790,860.00	-
84.425F	COVID-19 - HEERF Institutional Portion			188,311,376.00	-
84.425J	COVID-19 - HEERF Historically Black Colleges and Universities (HBCUs)			38,121,052.00	-
84.425L	COVID-19 - HEERF Minority Serving Institutions (MSIs)			1,280,435.00	-
84.425M	COVID-19 - HEERF Strengthening Institutions Program (SIP)			10,267,516.00	-
84.425N	COVID-19 - HEERF Fund for the Improvement of Postsecondary Education (FIPSE) Formula Grant			814,320.00	-
84.425R	COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 - Emergency Assistance to Non-Public Schools (CRRSA EANS) program			21,226,637.00	21,226,624.00
84.U01	NAEP State Coordinator/Basic Participation Contract		NAEP03	136,763.00	-
Subtotal Department of Education				$ 1,287,718,023.00	$ 861,659,571.00
	National Archives and Records Administration				
89.003	National Historical Publications and Records Grants			$ 217,814.00	$ 32,362.00
Subtotal National Archives and Records Administration				$ 217,814.00	$ 32,362.00

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AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
	Delta Regional Authority					
90.200	Delta Regional Development				$ 7,561.00	$ 7,561.00
Subtotal Delta Regional Authority					$ 7,561.00	$ 7,561.00
	Election Assistance Commission					
90.401	Help America Vote Act Requirements Payments				$ 335,091.00	$ -
90.404	2018 HAVA Election Security Grants			$ 1,079,332.00		
	COVID-19 - 2018 HAVA Election Security Grants			6,211,176.00		
					7,290,508.00	6,787,064.00
Subtotal Election Assistance Commission					$ 7,625,599.00	$ 6,787,064.00
	Department of Health and Human Services					
93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation				$ 96,873.00	$ 96,873.00
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals				368,498.00	335,803.00
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services				584,656.00	584,656.00
93.048	COVID-19 - Special Programs for the Aging, Title IV, and Title II, Discretionary Projects				392,885.00	332,705.00
93.052	National Family Caregiver Support, Title III, Part E			$ 3,427,955.00		
	COVID-19 - National Family Caregiver Support, Title III, Part E			661,117.00		
					4,089,072.00	4,089,072.00

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
93.065	Laboratory Leadership, Workforce Training and Management Development, Improving Public Health Laboratory Infrastructure				83,543.00	-
93.069	Public Health Emergency Preparedness				6,794,192.00	2,526,428.00
93.070	Environmental Public Health and Emergency Response				314,401.00	4,241.00
93.071	Medicare Enrollment Assistance Program				618,358.00	618,236.00
93.072	Lifespan Respite Care Program				143,689.00	132,819.00
93.073	Birth Defects and Developmental Disabilities - Prevention and Surveillance				9,549.00	-
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements				2,896,403.00	766,332.00
93.080	Blood Disorder Program: Prevention, Surveillance, and Research				49,430.00	34,436.00
93.090	Guardianship Assistance			$ 9,335,449.00		
	COVID-19 - Guardianship Assistance			1,345,548.00		
					10,680,997.00	-
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program				958,900.00	-
93.103	Food and Drug Administration Research				1,854,485.00	-
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)				2,230,294.00	1,780,221.00
93.110	Maternal and Child Health Federal Consolidated			$ 1,044,810.00		
		Vanderbilt University	VUMC59412	159,266.00		
		Vanderbilt University	T73MC30767	6,167.00		
		Vanderbilt University	SUBAWARD-VUMC6915	6,105.00		
					1,216,348.00	-
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs				1,347,859.00	1,206,662.00
93.118	Acquired Immunodeficiency Syndrome (AIDS) Activity				221,780.00	160,395.00

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
93.124	Nurse Anesthetist Traineeship				43,342.00	-
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices				175,712.00	-
93.136	Injury Prevention and Control Research and State and Community Based Programs			$ 6,852,584.00		
		Tennessee Coalition to End Domestic and Sexual Violence	NUS4CE002305-01-00	28,803.00		
	COVID-19 - Injury Prevention and Control Research and State and Community Based Programs			43,263.00		
					6,924,650.00	2,197,608.00
93.150	Projects for Assistance in Transition from Homelessness (PATH)				911,829.00	809,829.00
93.165	Grants to States for Loan Repayment				532,500.00	532,500.00
93.197	Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children				370,170.00	-
93.211	Telehealth Programs				354,314.00	-
93.217	Family Planning Services				8,058,689.00	1,335,747.00
93.234	Traumatic Brain Injury State Demonstration Grant Program				320,022.00	320,022.00
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program				1,285,922.00	1,068,003.00
93.240	State Capacity Building				414,222.00	-
93.241	State Rural Hospital Flexibility Program				487,262.00	485,096.00
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance			$ 11,939,909.00		
		Buffalo Valley, Incorporated	1H79T1081413-01	87,574.00		
		Mending Hearts, Incorporated	1H79T1081374-01	88,368.00		
		Ridgeview Behavioral Health Services	TI-18-003	21,401.00		
		Rutherford County	SAMHSA 17	36,557.00		
					12,173,809.00	9,762,667.00

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
93.247	Advanced Nursing Education Workforce Grant Program				2,247,637.00	-
93.251	Early Hearing Detection and Intervention				228,924.00	221,589.00
93.262	Occupational Safety and Health Program				92,744.00	-
93.268	Immunization Cooperative Agreements			$ 7,291,175.00		
	Immunization Cooperative Agreements (Noncash)			89,319,407.00		
	COVID-19 - Immunization Cooperative Agreements			2,424,042.00		
					99,034,624.00	2,676,905.00
93.270	Viral Hepatitis Prevention and Control				550,006.00	-
93.276	Drug-Free Communities Support Program Grants	Promise Center, Inc.	20-200-2	$ 5,595.00		
		Promise Center, Inc.	20-200	5,998.00		
					11,593.00	-
93.301	Small Rural Hospital Improvement Grant Program			$ 373,014.00		
	COVID-19 - Small Rural Hospital Improvement Grant Program			1,155,333.00		
					1,528,347.00	1,542,691.00
93.305	PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)				166,939.00	103,602.00
93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program				157,207.00	13,923.00
93.317	Emerging Infections Programs				4,541,237.00	2,705,382.00
93.319	Outreach Programs to Reduce the Prevalence of Obesity in High Risk Rural Areas				594,260.00	-
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			$ 137,487,951.00		
	COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			5,116,198.00		
					142,604,149.00	26,730,359.00
93.324	State Health Insurance Assistance Program				1,078,764.00	848,583.00
93.325	Paralysis Resource Center	Christopher & Dana Reeve Foundation	90PR3002-02-01		104.00	-

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93.336	Behavioral Risk Factor Surveillance System				232,883.00	-
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response				1,634,516.00	958,973.00
93.359	Nurse Education, Practice Quality and Retention Grants				595,467.00	81,382.00
93.367	Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs				181,696.00	-
93.369	ACL Independent Living State Grants				369,224.00	346,113.00
93.387	National and State Tobacco Control Program				1,035,768.00	228,391.00
93.413	The State Flexibility to Stabilize the Market Grant Program				4,998.00	-
93.426	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke				1,382,911.00	561,317.00
93.464	ACL Assistive Technology				379,743.00	173,703.00
93.470	Alzheimer’s Disease Program Initiative (ADPI)				250,271.00	168,845.00
93.478	Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees				300,187.00	134,007.00
93.498	COVID-19 - Provider Relief Fund				4,560,019.00	-
93.516	Public Health Training Centers Program	Emory University	A176162		29,683.00	-
93.556	MaryLee Allen Promoting Safe and Stable Families Program				7,218,216.00	-
93.558	Temporary Assistance for Needy Families				152,100,187.00	17,523,991.00
93.563	Child Support Enforcement				64,026,161.00	-
93.568	Low-Income Home Energy Assistance			$ 77,724,888.00		
	COVID-19 - Low-Income Home Energy Assistance			15,181,033.00		
					92,905,921.00	91,766,737.00

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
93.569	Community Services Block Grant			$ 16,551,542.00		
	COVID-19 - Community Services Block Grant			4,827,041.00		
					21,378,583.00	20,002,109.00
93.576	Refugee and Entrant Assistance Discretionary Grants	Catholic Charities of Tennessee, Inc.	Unknown		77,325.00	-
93.586	State Court Improvement Program				508,427.00	-
93.590	Community-Based Child Abuse Prevention Grants				426,232.00	-
93.597	Grants to States for Access and Visitation Programs				152,974.00	-
93.599	Chafee Education and Training Vouchers Program (ETV)				700,228.00	-
93.603	Adoption and Legal Guardianship Incentive Payments				113,816.00	-
93.623	Basic Center Grant	National Safe Place	90-CY6942-01-00		9,369.00	-
93.630	Developmental Disabilities Basic Support and Advocacy Grants				2,252,435.00	733,858.00
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service				567,685.00	-
93.643	Children's Justice Grants to States				337,580.00	-
93.645	Stephanie Tubbs Jones Child Welfare Services Program			$ 1,792,139.00		
	COVID-19 - Stephanie Tubbs Jones Child Welfare Services Program			697,722.00		
					2,489,861.00	-
93.648	Child Welfare Research Training or Demonstration	University of Nebraska-Lincoln	24-0520-0288-004		36,930.00	-
93.658	Foster Care Title IV-E			$ 50,267,953.00		
	COVID-19 - Foster Care Title IV-E			4,826,235.00		
					55,094,188.00	-
93.659	Adoption Assistance			$ 63,373,685.00		
	COVID-19 - Adoption Assistance			8,738,991.00		
					72,112,676.00	-
93.665	COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19				1,048,908.00	948,908.00

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
93.667	Social Services Block Grant				30,599,640.00	4,096,128.00
93.669	Child Abuse and Neglect State Grants				553,384.00	-
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services				2,367,498.00	2,272,262.00
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood				3,286,137.00	-
93.687	Maternal Opioid Misuse Model				766,156.00	545,173.00
93.735	State Public Health Approaches for Ensuring Quitline Capacity – Funded in part by Prevention and Public Health Funds (PPHF)				61,918.00	-
93.761	Evidence-Based Falls Prevention Programs Financed Solely by Prevention and Public Health Funds (PPHF)				58,514.00	8,664.00
93.767	Children's Health Insurance Program			$ 288,376,457.00		
	COVID-19 - Children's Health Insurance Program			15,928,785.00		
					304,305,242.00	-
93.788	Opioid STR			$ 24,596,335.00		
		Iowa State University	022769A	42,467.00		
					24,638,802.00	18,947,256.00
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities				20,024.00	20,024.00
93.870	Maternal, Infant and Early Childhood Home Visiting Grant				9,012,576.00	7,621,176.00
93.876	Antimicrobial Resistance Surveillance in Retail Food Specimens				140,857.00	-
93.884	Grants for Primary Care Training and Enhancement				480,092.00	-
93.889	National Bioterrorism Hospital Preparedness Program				6,157,827.00	5,739,170.00
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations				3,142,294.00	353,950.00

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
93.912	Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement			$ 75,757.00		
		Le Bonheur Community Health and Well-Being	Unknown	(52.00)		
					75,705.00	-
93.913	Grants to States for Operation of State Offices of Rural Health				148,285.00	3,480.00
93.917	HIV Care Formula Grants			$ 18,802,512.00		
	COVID-19 - HIV Care Formula Grants			558,388.00		
					19,360,900.00	13,044,746.00
93.940	HIV Prevention Activities Health Department Based				6,324,548.00	4,128,888.00
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance				222,315.00	5,367.00
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs				359,396.00	-
93.958	Block Grants for Community Mental Health Services				14,604,242.00	14,475,648.00
93.959	Block Grants for Prevention and Treatment of Substance Abuse				30,966,364.00	30,831,077.00
93.969	PPHF Geriatric Education Centers	Vanderbilt University	VUMC84068		12,294.00	-
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants				1,812,469.00	933,641.00
93.981	Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools			$ 985,273.00		
	COVID-19 - Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools			251,972.00		
					1,237,245.00	211,032.00
93.982	COVID-19 - Mental Health Disaster Assistance and Emergency Mental Health				4,130,118.00	4,079,495.00

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
93.991	Preventive Health and Health Services Block Grant				2,082,372.00	1,140,165.00
93.994	Maternal and Child Health Services Block Grant to the States				10,097,512.00	2,696,124.00
93.U01	Nat'l Partnership (PETE) 10793 Webster	National Partnership for Environmental Technology Education	10793		34,495.00	-
93.U02	Nat'l Partnership (PETE) 10830 Webster	National Partnership for Environmental Technology Education	10830 DOE Y11		40,792.00	-
Subtotal Department of Health and Human Services					$ 1,281,456,271.00	$ 308,805,185.00
Corporation for National and Community Service						
94.003	State Commissions				$ 320,977.00	$ 55,230.00
94.006	AmeriCorps			$ 4,884,270.00		
		Clinch-Powell Resource Conservation & Development Council	Unknown	413.00		
					4,884,683.00	3,702,740.00
94.008	Commission Investment Fund				112,944.00	-
94.021	Volunteer Generation Fund				192,524.00	118,745.00
94.U01	Knoxville-Knox County (CAC) Daugherty	Knoxville-Knox County (CAC) Community Action Committee	19ESHTN00200001		5,418.00	-
Subtotal Corporation for National and Community Service					$ 5,516,546.00	$ 3,876,715.00
Executive Office of the President						
95.001	High Intensity Drug Trafficking Areas Program				$ 384,346.00	$ -
Subtotal Executive Office of the President					$ 384,346.00	$ -

State of Tennesse
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
	Department of Homeland Security					
97.005	State and Local Homeland Security National Training Program				$ 65,639.00	$ -
97.008	Non-Profit Security Program				192,644.00	192,644.00
97.012	Boating Safety Financial Assistance				3,116,439.00	-
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)				88,899.00	-
97.029	Flood Mitigation Assistance				505,190.00	496,507.00
97.032	COVID-19 - Crisis Counseling				743,743.00	-
97.034	Disaster Unemployment Assistance				111,853.00	-
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)			$ 40,451,102.00		
	Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Noncash)			1,257,362.00		
	COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Noncash)			62,474,934.00		
	COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)			235,710,865.00		
					339,894,263.00	37,197,723.00
97.039	Hazard Mitigation Grant				914,760.00	649,967.00
97.041	National Dam Safety Program				70,387.00	-
97.042	Emergency Management Performance Grants				6,584,967.00	3,163,345.00
97.043	State Fire Training Systems Grants				4,977.00	-
97.044	Assistance to Firefighters Grant				468,813.00	-
97.045	Cooperating Technical Partners				80,109.00	60,149.00
97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs				436,984,515.00	-

State of Tennesse
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
97.067	Homeland Security Grant Program				2,791,825.00	2,215,775.00
Subtotal Department of Homeland Security					$ 792,619,023.00	$ 43,976,110.00
	State Justice Institute					
99.U01	Court Technical Assistance		SJI-18-E-019		$ 25,253.00	$ -
99.U02	Court Technical Assistance		SJI-20-T-062		4,546.00	-
Subtotal State Justice Institute					$ 29,799.00	$ -
Total Unclustered Programs					$ 10,105,455,946.00	$ 2,143,165,689.00
	Research and Development Cluster					
	Department of Agriculture					
	Agricultural Marketing Service					
10.156	Federal-State Marketing Improvement Program				$ 90,853.00	$ -
10.167	Transportation Services				47,936.00	32,404.00
10.170	Specialty Crop Block Grant Program - Farm Bill			$ 16,028.00		
		The Center for Produce Safety	2021CPS06	48,499.00		
					64,527.00	-
Subtotal Agricultural Marketing Service					$ 203,316.00	$ 32,404.00
	Agricultural Research Service					
10.001	Agricultural Research Basic and Applied Research				$ 2,004,666.00	$ -
Subtotal Agricultural Research Service					$ 2,004,666.00	$ -

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
Animal and Plant Health Inspection Service						
10.025	Plant and Animal Disease, Pest Control, and Animal Care				$ 203,433.00	$ -
Subtotal Animal and Plant Health Inspection Service					$ 203,433.00	$ -
Economic Research Service						
10.250	Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations			$ 975.00		
		Virginia Polytechnic Institute and State University	422740-19D43	39,679.00		
					$ 40,654.00	$ -
Subtotal Economic Research Service					$ 40,654.00	$ -
Farm Service Agency						
10.999	Long Term Standing Agreements For Storage, Transportation And Lease				$ 82,283.00	$ -
Subtotal Farm Service Agency					$ 82,283.00	$ -
Foreign Agricultural Service						
10.613	Faculty Exchange Program				$ 13,949.00	$ -
10.777	Norman E. Borlaug International Agricultural Science and Technology Fellowship				39,396.00	-
10.961	Scientific Cooperation and Research			$ 57,436.00		
		Mississippi State University	183905.310272.01	3,317.00		
					60,753.00	-

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
10.962	Cochran Fellowship Program-International Training-Foreign Participant				(2.00)	-
Subtotal Foreign Agricultural Service					$ 114,096.00	$ -
		Forest Service				
10.664	Cooperative Forestry Assistance				$ 28,868.00	$ -
10.675	Urban and Community Forestry Program				78,418.00	6,205.00
10.680	Forest Health Protection				212,809.00	-
10.699	Partnership Agreements				370,864.00	-
Subtotal Forest Service					$ 690,959.00	$ 6,205.00
		National Institute of Food and Agriculture				
10.200	Grants for Agricultural Research, Special Research Grants	University of Florida	2015-34386-23708		$ 16,593.00	$ -
10.202	Cooperative Forestry Research			$ 69,248.00		
		The Pennsylvania State University	6153-UTK-USDA-G043	21,891.00		
					91,139.00	-
10.205	Payments to 1890 Land-Grant Colleges and Tuskegee University				2,567,881.00	-
10.207	Animal Health and Disease Research				12,169.00	-
10.210	Higher Education – Graduate Fellowships Grant Program	Iowa State University	017377A		35,996.00	-
10.215	Sustainable Agriculture Research and Education	University of Georgia	2015-38640-23780	$ (13.00)		
		University of Georgia	2017-38640-26914	85,337.00		
		University of Georgia	SUB00002295	95,161.00		
		University of Illinois	2018-38640-28416	12,491.00		
		University of Kentucky Research Foundation	780004607	21,189.00		

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
		Virginia Polytechnic Institute and State University	460272-19D43	286.00		
					214,451.00	95,161.00
10.216	1890 Institution Capacity Building Grants			$ 776,850.00		
		Alabama A&M University	2017-38821-26426	1,376.00		
		Alcorn State University	2019-38821-29056	40,850.00		
		Kentucky State University	210190-206101-3100	33,883.00		
		Virginia Polytechnic Institute and State University	2019-38821-29038	43,039.00		
					895,998.00	5,355.00
10.217	Higher Education - Institution Challenge Grants Program				14,105.00	-
10.219	Biotechnology Risk Assessment Research			$ 162,626.00		
		Virginia Polytechnic Institute and State University	422734-19D43	69,302.00		
					231,928.00	58,672.00
10.220	Higher Education - Multicultural Scholars Grant Program				30,001.00	-
10.303	Integrated Programs			$ 392,681.00		
		The Ohio State University Research Foundation	60057824	6,167.00		
					398,848.00	205.00
10.307	Organic Agriculture Research and Extension Initiative				204,802.00	51,574.00
10.309	Specialty Crop Research Initiative			$ 184,770.00		
		Cornell University	79598-10782	69,392.00		
		Texas A&M University	M1900023	108,600.00		
		University of California	A18-0425S006P0671357	44,482.00		
		Virginia Technical University	2020-51181-32135	8,633.00		
					415,877.00	98,156.00
10.310	Agriculture and Food Research Initiative (AFRI)			$ 5,105,607.00		
		Arizona State University	ASUB00000528	58,153.00		
		Kansas State University	S18002	586.00		
		Mississippi State University	010500.322585.01	16,070.00		
		University of Connecticut	386341	49,781.00		
		University of Maryland	96040-Z5247202	9,380.00		
		University of Puerto Rico	2021-000021	15,481.00		
		University of Wisconsin-Madison	2020-68014-31413	13,201.00		

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
		Washington State University	126319_G003583	26,731.00		
					5,294,990.00	875,096.00
10.311	Beginning Farmer and Rancher Development Program	Appalachian Sustainable Development	SUB#18-45		13,570.00	-
10.312	Biomass Research and Development Initiative Competitive Grants Program (BRDI)			$ 430,616.00		
		University of California, Riverside	S-000844	(68,116.00)		
					362,500.00	281,757.00
10.320	Sun Grant Program	South Dakota State University	3TF640	$ (5,838.00)		
		South Dakota State University	3TF386	46,765.00		
					40,927.00	(5,838.00)
10.326	Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)			$ 179,371.00		
		Illinois State University	A20-0062-S002	3,241.00		
		Sam Houston State University	2018-70001-28761	39,845.00		
					222,457.00	63,533.00
10.329	Crop Protection and Pest Management Competitive Grants Program				58,610.00	-
10.330	Alfalfa and Forage Research Program				94,790.00	4,632.00
10.336	Veterinary Services Grant Program				(2,976.00)	-
10.500	Cooperative Extension Service	University of Arkansas Division of Agriculture	31014-04	$ 3,381.00		
		University of Kentucky Research	7800004577	28,833.00		
					32,214.00	-
10.519	Equipment Grants Program (EGP)				483,495.00	-
Subtotal National Institute of Food and Agriculture					$ 11,730,365.00	$ 1,528,303.00
			Natural Resources Conservation Service			
10.072	Wetlands Reserve Program	The Nature Conservancy	SUBAWARD NO. 20180705-01		$ 363,765.00	$ 69,158.00
10.902	Soil and Water Conservation				356,837.00	-

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
10.903	Soil Survey				45,044.00	-
10.912	Environmental Quality Incentives Program	Auburn University	17-AGR-361255-UTK	$ 1,240.00		
		Pheasants Forever, Inc	WLFW 2018-07	8,614.00		
		Pheasants Forever, Inc	WLFW 2018-09	3,016.00		
		Pheasants Forever, Inc	WLFW2018-06	52,627.00		
		The University of Iowa	S00379-01	11,444.00		
		University of Georgia	SUB00001833	56,326.00		
		University of Georgia	SUB00002025	41,432.00		
		Virginia Polytechnic Institute and State University	423512-19D43	79,279.00		
					253,978.00	16,293.00
Subtotal Natural Resources Conservation Service					$ 1,019,624.00	$ 85,451.00
		Rural Business Cooperative Service				
10.351	Rural Business Development Grant			$ 41,595.00		
		Middle Tennessee Industrial Development Association	None	39,262.00		
		Union County Chamber of Commerce	2574	10,000.00		
					$ 90,857.00	$ -
10.868	Rural Energy for America Program				(1.00)	-
Subtotal Rural Business Cooperative Service					$ 90,856.00	$ -
		Other Programs				
10.RD	USDA 16-JV-11221636-104 Sims		16-JV-11221636-104		$ 61,773.00	$ -
10.RD	USDA FS CLT Treatment via Vacuum-Taylor		20-JV-11111136-041		11,064.00	-
10.RD	Fostering and Strengthening Collaborative, Integrative, Multidiscliplinary and Multi-Institutional Research and Extension Initiatives	1890 Universities Foundation	Unknown		16,042.00	-

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
10.RD	West VA Univ Sub16425UT1 Wilson	West Virginia University	16-425-UT-1		55,773.00	-
Subtotal Other Programs					$ 144,652.00	$ -
Subtotal Department of Agriculture					$ 16,324,904.00	$ 1,652,363.00
Department of Commerce						
Economic Development Administration						
11.020	Cluster Grants				$ 34,849.00	$ -
Subtotal Economic Development Administration					$ 34,849.00	$ -
National Institute of Standards and Technology						
11.609	Measurement and Engineering Research and Standards			$ 19,650.00		
		City of Memphis	36163	42,961.00		
					$ 62,611.00	$ -
Subtotal National Institute of Standards and Technology					$ 62,611.00	$ -
National Oceanic and Atmospheric Administration						
11.451	Gulf Coast Ecosystem Restoration Science, Observation, Monitoring, and Technology	Louisiana State University	PO - 0000041309		$ 55,423.00	$ -
11.478	Center for Sponsored Coastal Ocean Research Coastal Ocean Program	Northeastern University	505161-78050		48,521.00	-
Subtotal National Oceanic and Atmospheric Administration					$ 103,944.00	$ -
Subtotal Department of Commerce					$ 201,404.00	$ -

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
Department of Defense						
Defense Advanced Research Projects Agency (DARPA)						
12.910	Research and Technology Development				$ 3,300,571.00	$ 407,591.00
Subtotal Defense Advanced Research Projects Agency (DARPA)					$ 3,300,571.00	$ 407,591.00
Defense POW/MIA Accounting Agency (DPAA)						
12.740	Past Conflict Accounting	The Henry M. Jackson Foundation for the Advancement of Military Medicine	subaward #5254; HJF Award # 65		$ 69,115.00	$ 69,115.00
Subtotal Defense POW/MIA Accounting Agency (DPAA)					$ 69,115.00	$ 69,115.00
Defense Threat Reduction Agency (DTRA)						
12.351	Scientific Research - Combating Weapons of Mass Destruction			$ 272,066.00		
		Vanderbilt University	UNIV 59030	61,649.00		
					$ 333,715.00	$ 76,992.00
Subtotal Defense Threat Reduction Agency (DTRA)					$ 333,715.00	$ 76,992.00
Department of the Air Force						
12.800	Air Force Defense Research Sciences Program			$ 1,348,575.00		
		University of Maryland, College Park	43324-Z8192001	54,249.00		
					$ 1,402,824.00	$ 318,712.00
Subtotal Department of the Air Force					$ 1,402,824.00	$ 318,712.00
Department of the Army						
12.420	Military Medical Research and Development			$ 2,503,424.00		
		American Burn Association	SUB-W81XWH-16-2-0048	1,162.00		
		Children's Research Institute	30004107-17-1	182,570.00		

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
		Children's Research Institute	3004107-17-1	148,440.00		
		University of Arkansas Little Rock	253248-20UTK	30,180.00		
		University of Arkansas Little Rock	253279	29,753.00		
		University of Arkansas Little Rock	253283-20UTK	444,436.00		
		University of Colorado	2-5-M7323	12,930.00		
		University of Utah	10050259	58,745.00		
					$ 3,411,640.00	$ 474,559.00
12.431	Basic Scientific Research			$ 1,708,155.00		
		University of Central Florida	65018A50-02	24,124.00		
		University of Massachusetts	S51310000047443	23,214.00		
					1,755,493.00	59,983.00
Subtotal Department of the Army					$ 5,167,133.00	$ 534,542.00
		Department of the Navy				
12.300	Basic and Applied Scientific Research			$ 3,448,813.00		
		Oregon State University	N0356H-A	926,940.00		
		Southwestern Ohio Council for Higher Education	RQ19-TN-20-7-AFRL2	42,547.00		
					$ 4,418,300.00	$ 1,425,439.00
Subtotal Department of the Navy					$ 4,418,300.00	$ 1,425,439.00
		National Security Agency (NSA)				
12.901	Mathematical Sciences Grants				$ 5,112.00	$ -
12.902	Information Security Grants				253,865.00	21,058.00
Subtotal National Security Agency (NSA)					$ 258,977.00	$ 21,058.00
		Office of the Secretary of Defense				
12.630	Basic, Applied, and Advanced Research in Science and Engineering			$ 217,373.00		
		Battelle Memorial Institute	PO US001-0000504972 CO24 MOD21	195,774.00		
		Norfolk State University	F1040077	(8.00)		

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
		Texas A&M University	S21-0125-UTK	11,715.00		
					$ 424,854.00	$ -
Subtotal Office of the Secretary of Defense					$ 424,854.00	$ -
		Uniformed Services University of the Health Sciences (USUHS)				
12.750	Uniformed Services University Medical Research	The Geneva Foundation	11052-N19-B01	$ 281,438.00		
		The Geneva Foundation	11052-N21-10	27,399.00		
					$ 308,837.00	$ 90,558.00
Subtotal Uniformed Services University of the Health Sciences (USUHS)					$ 308,837.00	$ 90,558.00
		Other Programs				
12.RD	US-ODNI-IARPA 2021-21030200004Fefferman		2021-21030200004		$ 13,661.00	$ -
12.RD	TSNRP Grant HU0001-17-1-TS05		20-3885-HJF		80,410.00	7,568.00
12.RD	Fort Campbell Wetland Planning Survey		CAMP-IGSA-17-03		103,875.00	-
12.RD	Fort Campbell Bat Roost Survey		CAMP-IGSA-20-02		127,438.00	-
12.RD	Fort Campbell Municipal Stormwater Implementation		CAMP-IGSA-20-03		32,059.00	-
12.RD	Air Force FA701421F0100 Cody		FA701421F0100		35,080.00	-
12.RD	Air Force FA701421F0105 Cody		FA701421F0105		38,605.00	-
12.RD	AF FA910115D0002 Kraft		FA910115D0002		57,650.00	-
12.RD	AF AEDC/FMF FA9101-19-F-0012 Vakili		FA9101-19-F-0012		2,343.00	-
12.RD	AF-FA9101-19-F-0013-Moeller		FA9101-19-F-0013		(2,460.00)	-
12.RD	AF AEDC FA9101-19-F-0015 Glasby		FA9101-19-F-0015		639,629.00	-
12.RD	AF-FA9101-19-F-0110-Moeller		FA9101-19-F-0110		65,561.00	-
12.RD	AF-FA9101-20-F-0005 Moeller		FA9101-20-F-0005		31,319.00	-

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
12.RD	AF FA9101-20-F-0043 Gragston		FA9101-20-F-0043	121,856.00	-
12.RD	AF FA9101-21-F-0021 Kreth		FA9101-21-F-0021	3,068.00	-
12.RD	Partitioning Signal and Noise		FA9453-18-C-0064	50,876.00	-
12.RD	DOD SOCOM H92222-17-C-0006 Steadman		H92222-17-C-0006	146.00	-
12.RD	DTRA-HDTRA117C0044-Hall		HDTRA117C0044	84,196.00	-
12.RD	IPA Assignment - Waldron		IPA B Waldron	4,666.00	-
12.RD	IPA Assignment - Jacobs		IPA E Jacobs	21,481.00	-
12.RD	Navy N40192-19-2-8005 Leppanen		N40192-19-2-8005	11,183.00	-
12.RD	DOD NRO000-21-C-0144 Reising 21-22		NRO000-21-C-0144	1,546.00	-
12.RD	Sandia Natl Lab PO2099073 Yu		PO # 2099073	4,868.00	-
12.RD	Sandia Natl Lab PO2099073 Andrew Yu		PO 2099073	16,600.00	-
12.RD	USACE W912DW-17-P-0043 Loeffler		W912DW-17-P-0043	50,961.00	-
12.RD	USACE W912HQ20C0046 Li		W912HQ20C0046	132,586.00	-
12.RD	DOD - Install Species Bat- Wilkerson		W912HZ-17-2-0020	33,711.00	-
12.RD	Collaborative CS Corp 10-08-20 Schmitz	Collaborative Composite Solutions Corporation	Unknown	644,976.00	-
12.RD	Adaptive and Reconfigurable Sensor Elements and Networks for Monitoring Critical Infrastructure and Maneuver Corridors	Mississippi State University	SUBAWARD 060803.361377.02	267,277.00	-
12.RD	Research Services		PO 7000293007 CHANGE ORDER 10	21,629.00	-
12.RD	NCSU-2019-1746-01 Stefanski	North Carolina State University	2019-1746-01	7,377.00	-
12.RD	Purdue Univ Computing Contact Sarles	Purdue University	13000832-011	177,781.00	-
12.RD	Riverside ResDRC.1265.000.17-00077 Abedi	Riverside Research Institute	DRC.1265.00077.17	34,807.00	-

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
12.RD	Southern Methodist Univ-GA00185 Hatcher	Southern Methodist University	GA00185-7510	41,613.00	-
12.RD	Texas State Univ 21009-83485-2 Engel	Texas State University	21009-83485-2	23,925.00	-
12.RD	Penn State Univ VLRCOE Task 6.2 Desmidt	The Pennsylvania State University	5583-UT-ACC-0003	176,205.00	-
12.RD	UCLA 0205 G XA214 Sarles	University of California, Los Angeles	0205 G XA214	165,011.00	-
12.RD	Univ of Dayton Res RSC18026 Compton	University of Dayton Research Institute	RCS18026	3,013.00	-
12.RD	Univ of Dayton Res RSC20008 TerMaath 412	University of Dayton Research Institute	RCS20008	993,767.00	-
12.RD	Univ of Dayton Res RSC17067 Coder	University of Dayton Research Institute	RSC17067	907,653.00	-
12.RD	Univ of Dayton Res RSC19027 Coder	University of Dayton Research Institute	RSC19027	834,191.00	-
12.RD	Univ of Dayton Res RSC20029 (51%) Glasby	University of Dayton Research Institute	RSC20029	982,968.00	-
12.RD	University of Kansas FY2019-098 Jantz	University of Kansas	FY2019-098	49,897.00	-
12.RD	Univ of Southern CA 136796711 Mandrus	University of Southern California	136796711	47,115.00	-
12.RD	ISTEP T&E IT Manager Training	University of Southern California	89865992	95,852.00	-
12.RD	Update of UFC 3-220-01N Soil Mechanics (DM7.1)	Virginia Polytechnic Institute and State University	SUBAWARD 418357-19C95 MOD 02	25,996.00	-
Subtotal Other Programs				$ 7,263,967.00	$ 7,568.00
Subtotal Department of Defense				$ 22,948,293.00	$ 2,951,575.00

Department of Housing and Urban Development

Office of Lead Hazard Control and Healthy Homes

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
14.906	Healthy Homes Technical Studies Grants	Columbia University	2(GG010683-01)	$ 10,533.00	$ -
Subtotal Office of Lead Hazard Control and Healthy Homes				$ 10,533.00	$ -
Subtotal Department of Housing and Urban Development				$ 10,533.00	$ -

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues			Expenditures/Issues Passed Through To Subrecipients
Department of the Interior								
National Park Service								
15.945	Cooperative Research and Training Programs – Resources of the National Park System				$	419,885.00	$	-
Subtotal National Park Service					$	419,885.00	$	-
U.S. Fish and Wildlife Service								
15.608	Fish and Wildlife Management Assistance	State of Louisiana, Department of Wildlife and Fisheries	PO 2000310113	$ 45,805.00				
		State of Louisiana, Department of Wildlife and Fisheries	PO 2000459201	43,274.00				
					$	89,079.00	$	-
15.611	Wildlife Restoration and Basic Hunter Education	State of Arkansas, Arkansas Game and Fish Commission	Unknown	$ 37,492.00				
		State of Florida, Florida Fish & Wildlife Conservation Commission	18032	18,145.00				
		State of Georgia	Unknown	80,440.00				
		State of Kansas, Department of Wildlife, Parks and Tourism	Unknown	43,351.00				
		State of Louisiana, Department of Wildlife and Fisheries	PO 2000550300	35,629.00				
		State of North Carolina, Wildlife Resources Commission	WM-0322	78,017.00				
		State of South Carolina, South Carolina Department of Natural Resources	Unknown	54,223.00				
		State of Texas, Texas Parks and Wildlife Department	463245	(1.00)				
						347,296.00		-
15.615	Cooperative Endangered Species Conservation Fund	Virginia Department of Game and Inland Fisheries	EP2932791	$ 5,936.00				
		Virginia Department of Game and Inland Fisheries	ORDER NO. EP3181532-V2-	5,718.00				
						11,654.00		-

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
15.634	State Wildlife Grants			$ 10,053.00		
		Southeastern Association of Fish and Wildlife Agencies	2017-2020-UT	7,976.00		
		University of Florida	SUB00001748	(2.00)		
					18,027.00	-
15.657	Endangered Species Recovery Implementation			$ 145,863.00		
		Kentucky Waterways Alliance	F12AC01555&F16AC01101	4,044.00		
					149,907.00	-
15.663	NFWF-USFWS Conservation Partnership	National Fish and Wildlife Foundation	1903.19.064263		14,400.00	-
15.664	Fish and Wildlife Coordination and Assistance				(4,128.00)	-
15.678	Cooperative Ecosystem Studies Units				52,650.00	-
15.684	White-nose Syndrome National Response Implementation				2,860.00	-
Subtotal U.S. Fish and Wildlife Service					$ 681,745.00	$ -
		U.S. Geological Survey				
15.805	Assistance to State Water Resources Research Institutes				$ 102,677.00	$ 26,313.00
15.807	Earthquake Hazards Program Assistance				152,745.00	-
15.808	U.S. Geological Survey Research and Data Collection			$ 1,103,439.00		
		University of California, Riverside	S-001226	47,805.00		
					1,151,244.00	-
15.812	Cooperative Research Units				97,886.00	-
15.820	National and Regional Climate Adaptation Science Centers	North Carolina State University	2017-1878-07		22,126.00	-
Subtotal U.S. Geological Survey					$ 1,526,678.00	$ 26,313.00
		Other Programs				
15.RD	Duskytail Darter Genetic Study	Kentucky Waterways Alliance	F15AC00372		$ 32,693.00	$ -

State of Tennesse
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
15.RD	NC State Univ 2020-2689-02 Armsworth	North Carolina State University	2020-2689-02		39,897.00	-
15.RD	No Carolina St Univ 2021-0784-01(52)Giam	North Carolina State University	2021-0784-01		37,015.00	-
15.RD	Advanced Wake Loss Modeling for Large Wind Farms with Variable Wind Speed and Direction	University of Delaware	SUBAWARD 55792		10,654.00	-
Subtotal Other Programs					$ 120,259.00	$ -
Subtotal Department of the Interior					$ 2,748,567.00	$ 26,313.00
	Department of Justice					
	Office of Justice Programs					
16.123	Community-Based Violence Prevention Program				$ 287,844.00	$ -
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants			$ 481,442.00		
		Arizona State University	ASUB00000227	7,805.00		
		Arizona State University	ASUB00000527	28,074.00		
		Lincoln Memorial University	2018010101	2,885.00		
		Southwest Research Institute	M99020RR	(35.00)		
					520,171.00	-
16.562	Criminal Justice Research and Development Graduate Research Fellowships				27,801.00	-
16.738	Edward Byrne Memorial Justice Assistance Grant Program	City of Memphis, Memphis Police Department	2018-DG-BX-0004	$ 41,880.00		
		City of Memphis, Memphis Police Department	37317	16,668.00		
					58,548.00	-
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program	NAMI Tennessee	Crisis Intervention Team in TN		31,875.00	-
16.812	Second Chance Act Reentry Initiative	Shelby County Office of Reentry	P037202		22,761.00	-
16.825	Smart Prosecution Initiative	Shelby County District Attorney General's Office	2018-YX-BX-0004		30,909.00	-

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
16.831	Children of Incarcerated Parents	Ambassadors for Christ	Unknown	$ 292.00		
		Rutherford County	0007-MTSU	56,631.00		
					56,923.00	-
16.833	National Sexual Assault Kit Initiative	City of Memphis, Memphis Police Department	2018-AK-BX-0028		72,090.00	-
Subtotal Office of Justice Programs					$ 1,108,922.00	$ -
Other Programs						
16.RD	West VA Univ Sub 09-097PPP-UT Steadman	West Virginia University	09-097PPP-UT		$ 9,583.00	$ -
16.RD	West VA Univ Sub 09-097YYY-UT Steadman	West Virginia University	09-097YYY-UT		124,208.00	-
Subtotal Other Programs					$ 133,791.00	$ -
Subtotal Department of Justice					$ 1,242,713.00	$ -
Department of State						
Bureau of Educational and Cultural Affairs						
19.009	Academic Exchange Programs - Undergraduate Programs	World Learning	CBSA18-UTAG01		$ 4,923.00	$ -
Subtotal Bureau of Educational and Cultural Affairs					$ 4,923.00	$ -
Bureau of International Security and Nonproliferation						
19.033	Global Threat Reduction				$ 48,534.00	$ -
Subtotal Bureau of International Security and Nonproliferation					$ 48,534.00	$ -
Office of the Under Secretary for Public Diplomacy and Public Affairs						
19.040	Public Diplomacy Programs	Partner of the Americas	100K-DOS253-UTK09FCA		$ 836.00	$ -
Subtotal Office of the Under Secretary for Public Diplomacy and Public Affairs					$ 836.00	$ -

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
			Other Programs			
19.RD	Assessing the Water Quality of the Shatt Al-Arab River in Basra Governorate and Developing Potential Mitigation Measures Through Student Driven Research	International Research and Exchanges Board	FY21-HEP20-TTU-01		$ 5,253.00	$ -
Subtotal Other Programs					$ 5,253.00	$ -
Subtotal Department of State					$ 59,546.00	$ -
			Department of Transportation			
			Federal Aviation Administration			
20.109	Air Transportation Centers of Excellence				$ 310,075.00	$ -
Subtotal Federal Aviation Administration					$ 310,075.00	$ -
			Federal Motor Carrier Safety Administration			
20.237	Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements				$ 38,757.00	$ -
Subtotal Federal Motor Carrier Safety Administration					$ 38,757.00	$ -
			Office of the Secretary			
20.701	University Transportation Centers Program	Florida Atlantic University	UR-K69	$ 89,834.00		
		Florida Atlantic University	FMRI2020	67,545.00		
		Georgia Institute of Technology	AWD-001419-G2	27,176.00		
		The University of North Carolina at Chapel Hill	5106576	361,625.00		
		The University of Texas at Arlington	2017GC1609	8,655.00		
		University of Florida	SUB UFDSP00011677 AMEND 11	52,917.00		

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
		Washington State University	135461 G004205	18,659.00		
					$ 626,411.00	$ -
Subtotal Office of the Secretary					$ 626,411.00	$ -
			Other Programs			
20.RD	ITSPCB		6913G621P800022		$ 17,573.00	$ -
20.RD	Natl Acad Science SUB0001478 Brakewood	The National Academies of Sciences	SUB0001478/J-07SH-19		6,306.00	-
20.RD	Reference-free Longitudinal Rail Stress and Neutral Temperature Measurment Utilizing Multidirectional Elastic Waves	Virginia Polytechnic Institute and State University	SUBAWARD 451538-19C95 MOD 01		1,691.00	-
Subtotal Other Programs					$ 25,570.00	$ -
Subtotal Department of Transportation					$ 1,000,813.00	$ -
			Department of the Treasury			
			Other Programs			
21.RD	IPA Assignment-Jain		TFSAOFR17IPA0003		$ 48,917.00	$ -
Subtotal Other Programs					$ 48,917.00	$ -
Subtotal Department of the Treasury					$ 48,917.00	$ -
			Appalachian Regional Commission			
			Other Programs			
23.002	Appalachian Area Development			$ 43,802.00		
		Upper Cumberland Development District	AGREEMENT UNDER PRIME PW-19315-IM-B-18	50,008.00		
		West Virginia University	20-009-UT	7,243.00		
					$ 101,053.00	$ -

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects				10,579.00	-
Subtotal Other Programs					$ 111,632.00	$ -
Subtotal Appalachian Regional Commission					$ 111,632.00	$ -

National Aeronautics and Space Administration

Other Programs

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
43.001	Science			$ 1,063,199.00		
		Arizona State University	01-082 AMEND # 36	30,517.00		
		Arizona State University	10-254 MOD 22	21,286.00		
		Brown University	00001184	56,161.00		
		Johns Hopkins University	124810	1,140.00		
		Planetary Science Institute	1639-UTK	17,035.00		
		Planetary Science Institute	1665-UTK	42,527.00		
		SETI Institute	SC3132	15,840.00		
		Smithsonian Astrophysical Observatory	AR0-21002C	12,249.00		
		Smithsonian Astrophysical Observatory	AR8-19001A	6,018.00		
		Smithsonian Astrophysical Observatory	G06-17017X	930.00		
		Smithsonian Astrophysical Observatory	G08-19011F	6,469.00		
		The University of North Carolina at Chapel Hill	SUBAWARD 5111899 AMEND 2	99,545.00		
		Universities Space Research Association	02282-01	58,671.00		
		Vanderbilt University	SUB# 3801-019687	22,545.00		
					$ 1,454,132.00	$ 254,852.00
43.002	Aeronautics				1,570,002.00	1,325,441.00
43.008	Office of Stem Engagement (OSTEM)	Vanderbilt University	3795-019687	$ 11,570.00		
		Vanderbilt University	3800-019687	8,883.00		
		Vanderbilt University	3855-019687	54,202.00		
		Vanderbilt University	SUBAWARD UNIV59412 AMEND 6	22,441.00		
		Vanderbilt University	UNIV59415-3798-019687	5,966.00		
		Vanderbilt University	UNIV59434-FORMERLY 3808-019687	4,537.00		
		Vanderbilt University	UNIV61846	44,085.00		
		Vanderbilt University	UNIV61847	9,104.00		

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
		Vanderbilt University	UNIV61861	2,496.00		
					163,284.00	-
43.009	Safety, Security and Mission Services				76,867.00	-
43.012	Space Technology				120,462.00	-
Subtotal Other Programs					$ 3,384,747.00	$ 1,580,293.00

Other Programs

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
43.RD	Auburn 21-NCAME-208896-UTSI Ang	Auburn University	21-NCAME-208896-UTSI	$ 11,944.00	$ -
43.RD	Collaborative CS Corp Injection Vaidya	Collaborative Composite Solutions Corporation	Unknown	18,729.00	-
43.RD	Johns Hopkins (JHUAPL)164325 Thomson	Johns Hopkins University	164325	15,444.00	-
43.RD	Univ of Arizona PO 30948 Phase E Emery	University of Arizona	PO# 30948	(979.00)	-
43.RD	Univ of New Hampshire 11-107-10 Townsend	University of New Hampshire	11-107	110,597.00	-
43.RD	Univ of Washington UWSC11485 Mikucki	University of Washington	UWSC11485 BPO#43724	36,224.00	-
Subtotal Other Programs				$ 191,959.00	$ -
Subtotal National Aeronautics and Space Administration				$ 3,576,706.00	$ 1,580,293.00

National Endowment for the Humanities

Other Programs

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
45.161	Promotion of the Humanities Research			$ (3,279.00)	$ -
45.RD	NEH AIA "Mitrou" Van de Moortel		Unknown	4,685.00	-

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
45.RD	AIA NEH Grant Simek	Archaeological Institute of America	Unknown		6,522.00	-
Subtotal Other Programs					$ 7,928.00	$ -
Subtotal National Endowment for the Humanities					$ 7,928.00	$ -
		National Science Foundation				
		Other Programs				
47.041	Engineering			$ 6,259,282.00		
		California Polytechnic State University Foundation	2021-6-51305	15,054.00		
		Missouri University of Science and Technology	00064867-01	48,851.00		
		Rowan University	50972-2	8,818.00		
		Tuskegee University	342242021176190	9,326.00		
		University of Washington	UWSC7874 (PO763076)	(3,804.00)		
		Vanderbilt University	UNIV61170	95,489.00		
					$ 6,433,016.00	$ 1,047,504.00
47.049	Mathematical and Physical Sciences			$ 6,249,030.00		
		Cornell University	79433-20690	40,770.00		
		The Ohio State University Research Foundation	60046595	212,519.00		
		University of Cincinnati	013086-002	16,428.00		
		University of Delaware	47797	24,249.00		
		University of Nebraska-Lincoln	Unknown	86.00		
		Vanderbilt University	HST-GO-15864.002-A	6,094.00		
					6,549,176.00	208,904.00
47.050	Geosciences			$ 1,221,586.00		
		Appalachian State University	A20-0031-S001-A01	15,355.00		
		Bowling Green State University	10010192-UNT07	46,073.00		
		Savannah State University	1802124	33,005.00		
		State University of New York	R1041551	8,433.00		
		University of Illinois	072212-14705	30,497.00		
		University of Southern California	118062982	12,556.00		
					1,367,505.00	82,275.00
47.070	Computer and Information Science and Engineering			$ 7,253,864.00		
		Carnegie Mellon University	1122183-333033	4,713.00		
		Colorado State University	SUBAWARD G-63101-01	18,029.00		

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
		Florida Polytechnic University	SUBAWARD GR-2000007-TNTECH	148,935.00		
		The Ohio State University	60076766	18,068.00		
		University of Illinois	083842-16054	1,792,493.00		
		University of Illinois	097156-17633	40,068.00		
		University of Michigan	3004628719	131,506.00		
		University of New Mexico	063045-87H2	(152.00)		
		Vanderbilt University	UNIV61697	16,886.00		
		Virginia Polytechnic Institute and State University	SUBAWARD 480322-19C95	28,525.00		
		Wayne State University	WSU18078-A1	58,308.00		
					9,511,243.00	828,960.00
47.074	Biological Sciences			$ 5,057,155.00		
		Oregon State University	S1894A-A	48,881.00		
		Rutgers, The State University of New Jersey	1293	120,354.00		
		Tufts University	NSF026 PO#EP0107440	8,325.00		
		University of Florida	SUB00002486	1,804.00		
		University of Georgia	SUB00001303	38,411.00		
		Wake Forest University	18-001	91,348.00		
		Washington State University	123664-G003629	(2,369.00)		
					5,363,909.00	211,125.00
47.075	Social, Behavioral, and Economic Sciences			$ 486,209.00		
		Indiana State University	18-027-1	2,578.00		
		The Pennsylvania State University	5634-UT-NSF-0274	3,171.00		
		The University of Texas at Dallas	1907919	8,852.00		
					500,810.00	20,493.00
47.076	Education and Human Resources			$ 8,681,284.00		
		Auburn University	17-VP-200591-UTK	4,500.00		
		California State University San Marcos Corporation	SUBAWARD 92240/85026 - TTU AMEND 4	82,342.00		
		Fisk University	2035	3,055.00		
		Harford Community College	2020-002	3,364.00		
		Indian River State College	1600558	76,683.00		
		Indiana University-Purdue University Indianapolis	8091/1936096	14,154.00		
		Lorain County Community College	1801010	6,992.00		
		North Carolina State University	2020-2161-02	9,890.00		
		Northern Arizona University	1003773-01	31,614.00		
		Prairie View A&M University	S180501-M1800172	26,011.00		

State of Tennesse
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues		Expenditures/Issues Passed Through To Subrecipients
		Purdue University	SUBAWARD 10001119-004 AMEND 1	20,098.00		
		Radford University	F21023	12.00		
		Somerset Community College	SUBAWARD UNDER PRIME DUE-1902437	55,626.00		
		The Rector and Visitors of the University of Virginia	2000507	98,003.00		
		Trustees of Grinnell College	2064154-02	4,900.00		
		Tuskegee University	HRD-1820981	4,390.00		
		University of Illinois	SUB 097040-17608	26,192.00		
		University of Illinois Urbana-Champaign	097040-17615	157,563.00		
		University of North Carolina, Charlotte	20200254-01-MTN	21,384.00		
		University of the District of Columbia	1912205	40,795.00		
		Whatcom Community College	SUB UNDER PRIME DGE-1548315	10,562.00		
					9,379,414.00	998,668.00
47.078	Polar Programs				278,660.00	67,409.00
47.079	Office of International Science and Engineering			$ 9,448.00		
		University of Georgia	SUB00002310	4,307.00		
		University of South Dakota	SUB UP1700296-TTU1 AMEND 03	2,872.00		
					16,627.00	-
47.RD	Syracuse Uniiv 28250-04301-S34 Palomino	Syracuse University	28250-04301-S34		1,221.00	-
47.RD	Univ of MN A008256501 McFarlane Year 1	University of Minnesota, Twin Cities	A008256501		28,155.00	-
Subtotal Other Programs					$ 39,429,736.00	$ 3,465,338.00
Subtotal National Science Foundation					$ 39,429,736.00	$ 3,465,338.00

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
Smithsonian Institution					
Other Programs					
60.RD	Smithsonian Science in Classroom	Smithsonian Institution	20-PO-620-0000436090	$ 130,721.00	$ -
Subtotal Other Programs				$ 130,721.00	$ -
Subtotal Smithsonian Institution				$ 130,721.00	$ -
Tennessee Valley Authority					
Other Programs					
62.RD	1/20PO # 6038342 Keck		PO 6038342	$ 2,897.00	$ -
62.RD	Economic Impact Study of Military Bases		PO 06050736	86,125.00	-
62.RD	Ocoee Trust Fund		Purchase Orders	259,879.00	-
62.RD	TVA 6608424 GIS Inventory Ph 2 Mix 21		PO 6608424	6,628.00	-
62.RD	TVA 6716797 Power Signals Reising		PO 6716797	53,240.00	-
62.RD	TVA Impact of TVA Stream Sites - Poudyal		PO 6623632	15,000.00	-
62.RD	TVA Native Plant Community-Harper		PO 6240502	9,782.00	-
62.RD	TVA P.O. 6273560 Colllett		99998950 PO6273560	44,923.00	-
62.RD	TVA P.O. 6661001 Collett		99998950 PO6661001	63,499.00	-
62.RD	TVA PO 4424160(Yr 2 19-20) Nagle		PO#4424160 99998950	2,442.00	-
62.RD	TVA PO#3110516 (99998950) Murray		PO #3110516 99998950	(103.00)	-
62.RD	TVA PO#6345935(99998950)(1yr 52) Kessler		PO#6345935(99998950)	62,237.00	-
62.RD	TVA Summer Tri-Colored Bats 2020-Willcox		6182497	12,836.00	-

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
62.RD	TVA Tree Improvement FY 17-Schlarbaum		2646637/3357438		22,590.00	-
Subtotal Other Programs					$ 641,975.00	$ -
Subtotal Tennessee Valley Authority					$ 641,975.00	$ -
			Department of Veterans Affairs			
			VA Health Administration Center			
64.054	Research and Development				$ 586,278.00	$ -
Subtotal VA Health Administration Center					$ 586,278.00	$ -
			Other Programs			
64.RD	Intest Mucosal Protect by Epid Growth F		9500068375		$ 24,827.00	$ -
64.RD	US Dept of Veterans Dated8.14.20Langston		Unknown		22,836.00	-
Subtotal Other Programs					$ 47,663.00	$ -
Subtotal Department of Veterans Affairs					$ 633,941.00	$ -
			Environmental Protection Agency			
			Other Programs			
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	Memphis and Shelby County Health Department	CA1620060		$ 58.00	$ -
66.461	Regional Wetland Program Development Grants				61,178.00	-
66.468	Capitalization Grants for Drinking Water State Revolving Funds	University of Wisconsin-Madison	0000000429		15,363.00	-
66.509	Science To Achieve Results (STAR) Research Program	Emory University	T602415	$ 2,510.00		
		Johns Hopkins University	2003148196	(86.00)		

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
		Kansas State University	S18012.01	(515.00)		
		Meharry Medical College	170207PJ027-03	40,911.00		
		University of Massachusetts Amherst	21-015881 A 00	30,362.00		
					73,182.00	-
66.814	Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	Kansas State University	SA17197.01		85,938.00	-
66.RD	Alaska -DEC Task 10 Dolislager	State of Alaska, Department of Environmental Conservation	WORK ORDER 10		10,041.00	-
Subtotal Other Programs					$ 245,760.00	$ -
Subtotal Environmental Protection Agency					$ 245,760.00	$ -

Nuclear Regulatory Commission

Other Programs

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
77.008	U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program				$ 9,428.00	$ -
Subtotal Other Programs					$ 9,428.00	$ -
Subtotal Nuclear Regulatory Commission					$ 9,428.00	$ -

Department of Energy

Other Programs

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
81.049	Office of Science Financial Assistance Program			$ 8,513,035.00		
		Case Western Reserve University	RES512388	74,775.00		
		Case Western Reserve University	RES5813718	483,096.00		
		Collaborative Composite Solutions Corporation	Unknown	26,653.00		
		Duke University	323-0298	122,998.00		
		Louisiana State University	44159 2016-2018	37,579.00		
		The University of North Carolina at Chapel Hill	5107500	(1,091.00)		
		University of California Santa Cruz	A16-0594-S001 P0724249	23,903.00		
		University of California, Davis	A18-0253-S001	246,015.00		

State of Tennesse
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AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues		Expenditures/Issues Passed Through To Subrecipients
		University of Chicago	FP069705	1,315.00		
		University of Notre Dame	203132UTK	(8,337.00)		
		University of South Carolina	19-3797PO#2000043179	1,261.00		
		University of Washington	UWSC10816 BPO#35555	9,314.00		
					$ 9,530,516.00	$ 656,273.00
81.057	University Coal Research	University of Illinois	072224-14710		(1,134.00)	-
81.086	Conservation Research and Development			$ 1,088,140.00		
		Chattanooga Area Regional Transportation Authority	DE-EE0009212 SUB	2,732.00		
		Institute for Advanced Composites Manufacturing Innovation	PA16-0349-5.1-01	4,997,955.00		
		Institute for Advanced Composites Manufacturing Innovation	PA16-0349-6.1-IIP	1,235,328.00		
		North Carolina State University	2014-0654-72	234,380.00		
		North Carolina State University	2014-0654-83	73,616.00		
		North Carolina State University	2014-0654-85	27,114.00		
		The University of Alabama	A19-0455-5001	112,813.00		
					7,772,078.00	5,319,905.00
81.087	Renewable Energy Research and Development			$ 1,547,395.00		
		Texas A&M University	#M1900170	2,559.00		
		Texas A&M University	M2001873	35,611.00		
					1,585,565.00	671,424.00
81.089	Fossil Energy Research and Development				614,185.00	296,585.00
81.112	Stewardship Science Grant Program			$ 280,728.00		
		Texas A&M University	M2100674	1,263.00		
		The George Washington University	18-S18	(1,917.00)		
		University of Illinois at Chicago	17996	64,336.00		
					344,410.00	-
81.113	Defense Nuclear Nonproliferation Research	North Carolina State University	2014-0501-10F1	$ 3,000.00		
		University of California	00009335	809,616.00		
		University of Michigan	PO 3005795617	118,961.00		
					931,577.00	-
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance				605,863.00	282,567.00
81.121	Nuclear Energy Research, Development and			$ 2,108,422.00		
		The Pennsylvania State University	5722-UT-DOE-8717	36,869.00		

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
		The Pennsylvania State University	6088-UTK-USDOE-8717	41,690.00		
		UCLA Institute for Carbon Management	SUB 0121 G XA099	38,267.00		
		University of Cincinnati	013271-002	46,848.00		
		University of Illinois	SUB 097183-17666	63,726.00		
		University of Michigan	SUBK00012631	45,729.00		
		University of New Mexico	327074-87H2	60,130.00		
					2,441,681.00	446,925.00
81.122	Electricity Research, Development and Analysis	University of Illinois	DE-OE0000780		5,176.00	-
81.123	National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program			$ 489,329.00		
		North Carolina Agricultural and Technical State University	DE-NA0003867	162,211.00		
					651,540.00	-
81.124	Predictive Science Academic Alliance Program	University of Colorado	1559909	$ 57,496.00		
		University of New Mexico	66033-87H2	169,153.00		
					226,649.00	-
81.135	Advanced Research Projects Agency - Energy			$ 915,012.00		
		Research Foundation for the State University of New York	84119/2/1152663	237,976.00		
		Research Foundation for the State University of New York	90589/2/1166708	14,834.00		
					1,167,822.00	123,014.00
81.RD	Argonne Natl Lab 0F-60055 Jin		0F-60055		4,933.00	-
81.RD	Argonne Natl Lab 1F-60426 Taufer		1F-60426		12,563.00	-
81.RD	Battelle Energy Alliance 214297 Brown		214297		37,903.00	-
81.RD	Battelle Energy Alliance 237499 Pastore		237499		125,363.00	-
81.RD	Brookhaven National Lab 312946 Batista		312946		(310.00)	-
81.RD	CNS LLC 4300164931 Kuney		40001649031		6,078.00	-
81.RD	ORNL 4000173240 Data Sim Sartipi 19-20		4000173240		7,297.00	-
81.RD	Los Alamos Natl Lab 425211 Wirth		425211		82,270.00	-

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
81.RD	CNS, LLC 4300153751 Cathey		4300153751	(19,020.00)	-
81.RD	CNS, LLC 4300154555 Noon		4300154555	(6,510.00)	-
81.RD	CNS, LLC 4300155076 Noon		4300155076	(66,869.00)	-
81.RD	CNS LLC 4300157596 Mihalczo		4300157596	365.00	-
81.RD	CNS UT NA Y12-7Z0411A1 Hall		4300158265	(21,090.00)	-
81.RD	CNS, LLC 4300158893 Yu		4300158893	162,426.00	-
81.RD	CNS LLC 4300159593 Rack		4300159593	14,393.00	-
81.RD	CNS LLC 4300159635 Sawhney		4300159635	78,532.00	-
81.RD	CNS LLC 4300159857 Jin		4300159857	71,861.00	-
81.RD	CNS, LLC 4300159875 Day		4300159875	120,253.00	-
81.RD	CNS LLC 4300159919 Cathey		4300159919	38,060.00	-
81.RD	CNS LLC 4300159936 Kuney		4300159936	3,105.00	-
81.RD	CNS LLC 4300159997 Schmitz		4300159997	45,759.00	-
81.RD	CNS LLC 4300160044 Cragwall		4300160044	11,869.00	-
81.RD	CNS LLC 4300160375 Sawhney		4300160375	67,929.00	-
81.RD	CNS LLC 4300160578 Kallstrom		4300160578	31,226.00	-
81.RD	CNS LLC MATI Li 4300160593		4300160593	125,269.00	-
81.RD	CNS LLC 4300161118 Jin		4300161118	17,484.00	-
81.RD	CNS LLC 4300161270 Sickafus		4300161270	84,842.00	-
81.RD	CNS LLC 4300161381 Neutron Radiography		4300161381	83,028.00	-
81.RD	CNS LLC 4300161548 Rack		4300161548	99,513.00	-
81.RD	CNS LLC 4300162060 McFarlane		4300162060	78,134.00	-

State of Tennesse
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AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
81.RD	CNS LLC 4300162093 Allard		4300162093	67,857.00	-
81.RD	CNS LLC 4300162257 Day		4300162257	28,506.00	-
81.RD	CNS LLC 4300162698 Hall		4300162698	50,842.00	-
81.RD	CNS LLC 4300162886 Cook		4300162886	11,207.00	-
81.RD	CNS LLC 4300163177 Nuc Analytic CNS Hall		4300163177	95,629.00	-
81.RD	CNS LLC 4300164790 Allard		4300164790	70,388.00	-
81.RD	CNS LLC 4300164949 Cathey		4300164949	93,116.00	-
81.RD	CNS LLC 4300165160 Rack		4300165160	123,142.00	-
81.RD	CNS LLC 4300165440 Wiegand		4300165440	63,024.00	-
81.RD	CNS LLC 4300165938 Cathey		4300165938	22,668.00	-
81.RD	CNS, LLC 4300166304 hayward		4300166304	237,564.00	-
81.RD	CNS LLC 4300166406 Schmitz		4300166406	30,880.00	-
81.RD	CNS, LLC 4300166441 Day		4300166441	160,135.00	-
81.RD	CNS LLC 4300166497 Allard		4300166497	67,816.00	-
81.RD	CNS LLC 4300166637 Watson		4300166637	56,309.00	-
81.RD	CNS LLC 4300166672 Berg		4300166672	46,540.00	-
81.RD	CNS LLC 4300166689 Day		4300166689	20,180.00	-
81.RD	CNS LLC 4300166713 Jin		4300166713	105,275.00	-
81.RD	CNS LLC 4300166753 McFarlane		4300166753	15,239.00	-
81.RD	CNS, LLC 4300166923 Li		4300166923	179,754.00	-
81.RD	CNS LLC 4300167060 Li		4300167060	273,428.00	-
81.RD	CNS LLC 4300167162 Rack		4300167162	50,609.00	-

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
81.RD	CNS LLC 4300167265 Allard		4300167265	36,702.00	-
81.RD	CNS LLC 4300167294 Allard		4300167294	36,574.00	-
81.RD	CNS LLC Additive Manuf 4300167389-Jin		4300167389	41,990.00	-
81.RD	CNS LLC 4300167445 Allard		4300167445	38,905.00	-
81.RD	CNS LLC 4300168494 Starks		4300168494	24,007.00	-
81.RD	Los Alamos Natl Lab 549134 Batista		549134	(26,790.00)	-
81.RD	Los Alamos Natl Lab 578735 Taufer		578735	57,752.00	-
81.RD	Los Alamos Natl Lab 584197 Hauck		584197	119,596.00	-
81.RD	Los Alamos Natl Lab 625354 Batista		625254	35,858.00	-
81.RD	FERMI Research Alliance 656578 Spanier		656578	38,129.00	-
81.RD	Lawrence Berkeley NatLab7229788(51)Hazen		7229788	282,466.00	-
81.RD	Lawrence Berk Nat Lab 7547454 Hayward		7547454	27,345.00	-
81.RD	UT-Battelle		B0199BTL	23,824,870.00	-
81.RD	LLNL B628830 Taufer		B628830	17,644.00	-
81.RD	LLNL B633039 Hall		B633039	31,599.00	-
81.RD	LLNL BB633155 Dongarra		B633155	64,096.00	-
81.RD	LLNL B635004 Fu		B635004	91,387.00	-
81.RD	LLNL B636411 Schmitz		B636411	173,934.00	-
81.RD	LLNL B637164 MPI Research Skjellum 19-20		B637164	13,277.00	-
81.RD	LLNL B639298 Taufer		B639298	44,156.00	-
81.RD	LLNL B639759 SLATE Dongarra		B639759	224,732.00	-
81.RD	LLNL B642655 52% Taufer		B642655	51,913.00	-

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
81.RD	LLNL B642884 MPI Applicat Skjellum 20-21		B642884	37,500.00	-
81.RD	LLNL B643088 Dongarra		B643088	113,526.00	-
81.RD	Argonne Natl Lab IF-60259 (52%) Sun		IF-60259	9,378.00	-
81.RD	Honeywell FMT LLC N000033326 52% Starks		N000033326	139,409.00	-
81.RD	Honeywell FM&T LLC N000334158 Kilbey		N000334158	61,112.00	-
81.RD	Honeywell FM&T LLC N000334991 Compton		N000334991	61,728.00	-
81.RD	Honeywell FM&T N000351415 Dadmun		N000351415	33,007.00	-
81.RD	Honeywell FM&T N000357723 Dadmun		N0003577253	15,100.00	-
81.RD	Honeywell FM&T LLC N000378503 Dadmun		N000378503	10,321.00	-
81.RD	Honeywell FM&T LLC N000386702 Kilbey		N000386702	34,478.00	-
81.RD	Honeywell FM&T N000391365 Dadmun		N000391365	94,148.00	-
81.RD	Honeywell FM&T LLC N000392412 Advincula		N000392412	8,885.00	-
81.RD	Honeywell FM&T LLC N000393259 Compton		N000393259	45,226.00	-
81.RD	Sandia National Lab PO 1947696 Dongarra		PO 1947696	(12.00)	-
81.RD	Sandia National Lab PO 2022783 Liu		PO 2022783	10,499.00	-
81.RD	Sandia National Lab PO2149053(51)Dongarr		PO 2149053	284,400.00	-
81.RD	Sandia Labs PO2156123 Skjellum 20-21		PO 2156123	97,082.00	-
81.RD	Sandia National Lab PO 2179955 Taufer		PO 2179955	69,339.00	-
81.RD	Sandia PO2214846 ATSE Spack Skjellum 21		PO 2214846	5,797.00	-
81.RD	Sandia Labs 2117189 Skjellum 19-20		PO2117189	11,546.00	-
81.RD	UCOR SC-16-024688, Rev.0 - Dolislager		SC-16-024688,REV 8	9,236.00	-
81.RD	Ames Laboratory SC-19-47 Jagode		SC-19-497	165,895.00	-

State of Tennesse
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AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
81.RD	UCOR MR-20-077044 Murray		SC-20-049740	(515.00)	-
81.RD	UCOR SC-20-054005 Dolislager		SC-20-054005	35,588.00	-
81.RD	UCOR SC-20-057897 Hayward		SC-20-057897	39,395.00	-
81.RD	Ames Laboratory SC-20-530 3.2.11 Rios		SC-20-530	513,554.00	-
81.RD	Ames Laboratory SC-20-531 (52%) Rios		SC-20-531	240,950.00	-
81.RD	Alliance Sustainable XAT-9-92055-01 Liu		XAT-9-92055-01	90,063.00	-
81.RD	Alliance Sustainable XEU-6-62566 Greene		XEC-6-62566-01	7,699.00	-
81.RD	UF6 Enrichment Levels		9F-60171-M0001	(44,766.00)	-
81.RD	Battelle Energy Alliance 239731 Coble	Battelle Energy Alliance	239731	11,490.00	-
81.RD	Battelle Energy Alliance 243811 Zhang	Battelle Energy Alliance	243811	30,087.00	-
81.RD	EPRI Grid Resiliency/Arch Approaches Li	Electric Power Research Institute	10011576	34,642.00	-
81.RD	EPRI 10012870 Zhu	Electric Power Research Institute	10012870	48,953.00	-
81.RD	Cybersecurity in 5G Technology		237193	24,478.00	-
81.RD	Natl Renewable E Sub-2021-10575 Li (52%)		SUB-2021-10575	4,403.00	-
81.RD	Univ of Michigan SUBK00008627 Wirth	University of Michigan	SUBK00008627	216,390.00	-
81.RD	Nuclear Hybrid Energy Systems: Desalination Case Study		SUBCONTRACT 4000153274 MOD 4	29,090.00	-
81.RD	Development and Improvement of High-Resolution Flood2D-GPU Modeling for Titan HPC Environment		SUBCONTRACT 4000164401 MOD 5	76,734.00	-
81.RD	Attack Prevention and In-situ Detection of Advanced Attacks or Controller Area Networks		SUBCONTRACT 4000169233 MOD 4	14,323.00	-
81.RD	Investigating Early Transition Metal Dopant Effects in Cobalt Free Lithium Ion Batteries		SUBCONTRACT 4000174326 MOD 3	46,044.00	-

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
81.RD	Simulation of HF Inverter Circuits for High-Power Wireless Charging		SUBCONTRACT 4000174874 MOD 04		37,906.00	-
81.RD	Research of Machine-Learning Based Cybersecurity Tools		SUBCONTRACT 4000179242		5,369.00	-
81.RD	Pack Aluminide Coatings on Steel Coupons		SUBCONTRACT 4000185237 MOD 1		25,986.00	-
81.RD	Microbial Enzyme Decomposition16-19		DE-AC05-00OR22725		5,886.00	-
Subtotal Department of Energy					$ 57,104,183.00	$ 7,796,693.00
		Department of Education				
		Institute of Education Sciences				
84.305	Education Research, Development and Dissemination			$ 666,402.00		
		Educational Testing Services	UoM-ED-305A SOW 01/R305A190242	27,383.00		
		Georgia State University	SP00010952-03	(511.00)		
		Georgia State University	SP00013440-03	46,942.00		
		University of Delaware	51192	94,043.00		
					$ 834,259.00	$ 127,113.00
84.324	Research in Special Education				663,080.00	325,959.00
Subtotal Institute of Education Sciences					$ 1,497,339.00	$ 453,072.00
		Office of Career, Technical, and Adult Education				
84.051	Career and Technical Education -- National Programs				$ 76,341.00	$ -
Subtotal Office of Career, Technical, and Adult Education					$ 76,341.00	$ -
		Office of Elementary and Secondary Education				
84.215	Innovative Approaches to Literacy, Full-service Community Schools; and Promise Neighborhoods	Delta Health Alliance	Indianola Promise Neighborhood Program		$ 388,396.00	$ -

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
84.287	Twenty-First Century Community Learning Centers	Commonwealth of Virginia, Department of Game and Inland Fisheries	00780-DOE86788-S287C190047 CREP	91,231.00	-
84.365	English Language Acquisition State Grants			225,006.00	42,447.00
Subtotal Office of Elementary and Secondary Education				$ 704,633.00	$ 42,447.00
		Office of Postsecondary Education			
84.031	Higher Education Institutional Aid			$ 498,676.00	$ -
84.200	Graduate Assistance in Areas of National Need			113,794.00	-
Subtotal Office of Postsecondary Education				$ 612,470.00	$ -
		Office of Special Education and Rehabilitative Services			
84.129	Rehabilitation Long-Term Training			$ 152,832.00	$ -
84.263	Innovative Rehabilitation Training			429,054.00	-
84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	Salus University	UTK 88403 17-18	(2,115.00)	-
84.326	Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	The University of Oregon	20210128-03-ETN	29,372.00	-
Subtotal Office of Special Education and Rehabilitative Services				$ 609,143.00	$ -
		Other Programs			
84.RD	Sabatini AIR subaward	Association for Institutional Research	430401424	$ 20,756.00	$ -
Subtotal Other Programs				$ 20,756.00	$ -
Subtotal Department of Education				$ 3,520,682.00	$ 495,519.00

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
Department of Health and Human Services						
Administration for Children and Families						
93.086	Healthy Marriage Promotion and Responsible Fatherhood Grants				$ 31,261.00	$ -
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	Ambassadors for Christ	Unknown	$ 88,278.00		
		Ambassadors for Christ	41091	26,572.00		
					114,850.00	-
93.670	Child Abuse and Neglect Discretionary Activities	Community Alliance for the Homeless	90CA1792		(1,627.00)	-
93.999	Test for Suppression Effects of Advanced Energy	Association of Food and Drug Officials	FD218 AND FD215	$ (3,106.00)		
		University of Notre Dame	208115UTK	608.00		
					(2,498.00)	-
Subtotal Administration for Children and Families					$ 141,986.00	$ -
Administration for Community Living (ACL)						
93.433	ACL National Institute on Disability, Independent Living, and Rehabilitation Research	University of Oregon	239750A		$ 19,475.00	$ -
Subtotal Administration for Community Living (ACL)					$ 19,475.00	$ -
Agency for Healthcare Research and Quality						
93.226	Research on Healthcare Costs, Quality and Outcomes				$ 111,418.00	$ -
Subtotal Agency for Healthcare Research and Quality					$ 111,418.00	$ -
Centers for Disease Control and Prevention						
93.080	Blood Disorder Program: Prevention, Surveillance, and Research			$ 104,052.00		

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues		Expenditures/Issues Passed Through To Subrecipients
		The University of North Carolina at Chapel Hill	5115930	(1,279.00)		
		The University of North Carolina at Chapel Hill	5119717	13,775.00		
		The University of North Carolina at Chapel Hill	5120288	57,667.00		
		The University of North Carolina at Chapel Hill	512218	8,887.00		
		The University of North Carolina at Chapel Hill	CA-226969-04	4,482.00		
					$ 187,584.00	$ 56,739.00
93.084	Prevention of Disease, Disability, and Death by Infectious Diseases	North Carolina State University	2020-2294-01		136,792.00	-
93.268	Immunization Cooperative Agreements				135,016.00	-
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	Association of University Centers on Disabilities	46-21-8814		35,510.00	-
93.943	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups				9,667.00	-
Subtotal Centers for Disease Control and Prevention					$ 504,569.00	$ 56,739.00
Centers for Medicare and Medicaid Services						
93.529	Pre-existing Condition Insurance Program (PCIP)				$ 80,617.00	$ -
93.778	Medical Assistance Program	University Health System, Inc.	Unknown		13,589.00	-
Subtotal Centers for Medicare and Medicaid Services					$ 94,206.00	$ -

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
Food and Drug Administration						
93.103	Food and Drug Administration Research			$ 547,687.00		
		National Association of State Departments of Agriculture Research	U01FD005934	(3.00)		
					$ 547,684.00	$ 359,233.00
Subtotal Food and Drug Administration					$ 547,684.00	$ 359,233.00
Health Resources and Services Administration						
93.110	Maternal and Child Health Federal Consolidated	Hemophilia of Georgia, Inc.	5 H30 MC24046-02	$ 6,842.00		
		The University of North Carolina at Chapel Hill	1 H7 EMC375640100	60,553.00		
					$ 67,395.00	$ -
93.155	Rural Health Research Centers				316,843.00	32,178.00
93.178	Nursing Workforce Diversity				221,276.00	-
93.191	Graduate Psychology Education				353,160.00	6,339.00
93.211	Telehealth Programs	University of Mississippi Medical Center	SP13977-SB9		54,961.00	-
93.247	Advanced Nursing Education Workforce Grant Program				803,878.00	-
93.359	Nurse Education, Practice Quality and Retention Grants				75,879.00	30,000.00
93.501	Grants for School-Based Health Center Capital Expenditures				95,700.00	-
93.732	Mental and Behavioral Health Education and Training Grants				665,066.00	-
93.877	Autism Collaboration, Accountability, Research, Education, and Support	Association of University Centers on Disabilities	MC-39440-01		16,725.00	-
93.912	Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement				83,517.00	16,873.00

AL#	Program Name	Passed Through From	Other Identifying Number			Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds					714,794.00	-
Subtotal Health Resources and Services Administration						$ 3,469,194.00	$ 85,390.00
		National Institutes of Health					
93.077	Family Smoking Prevention and Tobacco Control Act Regulatory Research			$	77,041.00		
		RTI International	1-340-0216446-65333L		13,654.00		
		University of Michigan	SUBK00014311		8,982.00		
						$ 99,677.00	$ -
93.113	Environmental Health			$	492,752.00		
		Bowling Green State University	1000973-UNT07		23,818.00		
		University of California, Davis	A20-1849-S001		123,687.00		
						640,257.00	-
93.121	Oral Diseases and Disorders Research			$	234,309.00		
		International Agency for Research on Cancer	DE25712-04		188,719.00		
		Oregon Health and Science University	1015455-ETSU		11,025.00		
		University of California	1350 G TB091		35,204.00		
						469,257.00	-
93.142	NIEHS Hazardous Waste Worker Health and Safety	University of Minnesota	2U45ES006184-29	$	259,471.00		
		University of Minnesota	Unknown		17,167.00		
						276,638.00	-
93.143	NIEHS Superfund Hazardous Substances_Basic Research and Education	The University of Alabama at Birmingham	000523056-SC001			139,461.00	-
93.172	Human Genome Research	European Molecular Biology Laboratory	TENN-3125-01	$	27,675.00		
		New York University	F1228-04		16,766.00		
						44,441.00	-
93.173	Research Related to Deafness and Communication Disorders					1,585,138.00	184,224.00
93.213	Research and Training in Complementary and Integrative Health			$	457,854.00		
		Louisiana State University	AI 138136 01		(1,851.00)		

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues		Expenditures/Issues Passed Through To Subrecipients
		Louisiana State University, Pennington Biomedical Research Center	R01AT010279-1894-UTK	106,844.00		
		Texas Tech University	SUBCONTR 21F176-01	60,147.00		
					622,994.00	31,774.00
93.233	National Center on Sleep Disorders Research				(4,997.00)	-
93.242	Mental Health Research Grants			$ 1,665,068.00		
		Memorial Sloan-Kettering Institute for Cancer Research	BD525235A	31,901.00		
		Memorial Sloan-Kettering Institute for Cancer Research	BD525235B	23,075.00		
		University of Washington	UWSC10697	926,177.00		
					2,646,221.00	52,077.00
93.273	Alcohol Research Programs			$ 1,314,314.00		
		Jackson Laboratory	212721	5,860.00		
		University of Kansas Center for Research	1R01AA02027255-01A1	14,839.00		
		University of Rhode Island	0007349/083120	30,155.00		
		University of Wisconsin-Milwaukee	193405410	64,723.00		
		University of Wisconsin-Milwaukee	203405426	226,105.00		
		Washington State University	133552-G004179	36,249.00		
					1,692,245.00	127,823.00
93.279	Drug Abuse and Addiction Research Programs			$ 3,846,670.00		
		Duke University	A032787	7,645.00		
		University of California, San Diego	122779013	(20,112.00)		
		University of California, San Diego	122779013(S9002412)	377,458.00		
		University of California, San Diego	127276513	110,524.00		
		University of Kentucky Research	3200001244-20-290	86,661.00		
		University of Virginia	GB10546.158753	6,295.00		
		University of Virginia	GB10546.PO#2126905	6,574.00		
					4,421,715.00	1,005,231.00
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health			$ 1,270,027.00		
		University of California, San Francisco	10555sc	9,003.00		
					1,279,030.00	531,480.00
93.307	Minority Health and Health Disparities Research			$ 279.00		
		Moffitt Cancer Center	11-19002-99-01-G1	1,127.00		
		University of Pittsburgh	CNVA0056157-130212-1	65,243.00		
		University of Pittsburgh	MD-11678-05	7,541.00		

State of Tennesse
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues		Expenditures/Issues Passed Through To Subrecipients
		University of Utah	10044779-03	121,887.00		
					196,077.00	-
93.310	Trans-NIH Research Support	Duke University Medical Center	A032483	$ 2,762.00		
		Harvard University	229384	46,924.00		
		University of Washington	OD-023271-04	358,798.00		
					408,484.00	-
93.361	Nursing Research				1,476,254.00	343,782.00
93.393	Cancer Cause and Prevention Research			$ 531,882.00		
		Baptist Cancer Center	1001	154,805.00		
		Emory University	A24297	19,672.00		
		Emory University	A247298	39,564.00		
		Emory University	A359292	27,837.00		
		Emory University	A52007	6,738.00		
		Medical University of South Carolina	A00-3206-S003	10,119.00		
		Medical University of South Carolina	A21-0023-S001	10,119.00		
		University of Connecticut Health Center	UCHC7-105937291-A1	87,060.00		
		University of Utah	10044693-01	50,025.00		
		University of Utah	10045740-02	65,839.00		
		University of Virginia	GB10481 PO#2218570	216,767.00		
		Vanderbilt University	1R01CA240093-01	15,569.00		
		Vanderbilt University	UNIV61671	53,417.00		
		Washington University in St. Louis	WU-18-83-MOD-2	4,412.00		
		Washington University in St. Louis	WU-18-83-MOD-3	89,176.00		
					1,383,001.00	134,561.00
93.394	Cancer Detection and Diagnosis Research			$ 97,903.00		
		Beckman Research Institute of the City of Hope	52422.2001475.669302	132,131.00		
		Fred Hutchinson Cancer Research Center	0001025403	24,921.00		
		The University of North Carolina at Chapel Hill	5115169	20,681.00		
					275,636.00	-
93.395	Cancer Treatment Research			$ 2,308,648.00		
		Southwest Oncology Group	1013080 SWOG UTENN	24,840.00		
		Southwest Oncology Group	U10CA037429	900.00		
		St. Jude Children's Research Hospital	110068210-7942644	31,507.00		
		St. Jude Children's Research Hospital	112633019-7970256	46,875.00		
		St. Jude Children's Research Hospital	PBTC-51	9,241.00		
		The University of North Carolina at Chapel Hill	5111245	71,272.00		

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues		Expenditures/Issues Passed Through To Subrecipients
		The University of North Carolina at Chapel Hill	5117097	214,565.00		
		Tufts Medical Center	5015650-SERV	(2,120.00)		
		University of Michigan	SUBK00008228	63,077.00		
					2,768,805.00	420,637.00
93.396	Cancer Biology Research			$ 404,450.00		
		Mississippi State University	CA-260147-01	13,883.00		
		The University of North Carolina at Chapel Hill	5108968	15,230.00		
		University of Minnesota, Twin Cities	P0044798801	33,364.00		
					466,927.00	7,434.00
93.397	Cancer Centers Support Grants				707,826.00	-
93.837	Cardiovascular Diseases Research			$ 7,823,893.00		
		Temple University of the Commonwealth System of Higher Education	260339-UTK	35,808.00		
		The University of Alabama at Birmingham	HL-120338	6,268.00		
		University of California, San Diego	127959899	6,635.00		
		University of California, San Francisco	9322SC	22,883.00		
		University of Virginia	GB10481.PO#2218570	56,513.00		
		Vanderbilt University	HL-132338-05	35,546.00		
		Vanderbilt University	VUMC 62247	142,530.00		
					8,130,076.00	319,223.00
93.838	Lung Diseases Research			$ 707,361.00		
		Cincinnati Children's Hospital Medical Center	312331	72,395.00		
		La Jolla Institute for Allergy and Immunology	26607-09-153-404	6,234.00		
		Meharry Medical College	200827PJ145	159,541.00		
	COVID-19 - Lung Diseases Research	Meharry Medical College	200827PJ145	38,942.00		
					984,473.00	355,919.00
93.839	Blood Diseases and Resources Research			$ 930,490.00		
		St. Jude Children's Research Hospital	112246050-7944868	124,326.00		
					1,054,816.00	665,811.00
93.846	Arthritis, Musculoskeletal and Skin Diseases Research			$ 1,874,660.00		
		University of Vermont	AR-065826-03	24,193.00		

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
		Wayne State University	HHSN275201300006C	523.00		
					1,899,376.00	33,885.00
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research			$ 7,484,332.00		
		Case Western Reserve University	RES514450	141,870.00		
		Icahn School of Medicine at Mount Sinai	DK-118222-02	28,609.00		
		Jackson Laboratory	210260-0519-03	(5,765.00)		
		Johns Hopkins University	2004091297	15,701.00		
		Louisiana State University	DK1238183-2020-70-UT	11,856.00		
		Rutgers, The State University of New Jersey	0278	101,179.00		
		Rutgers, The State University of New Jersey	AG-0059304	17,926.00		
		Texas A&M University	DK-113344-03	22,214.00		
		The University of Alabama at Birmingham	000518524-002	39,177.00		
		The University of Alabama at Birmingham	000518524-SC001	99,189.00		
		The University of Alabama at Birmingham	AT-011310-01	74,444.00		
		The University of Texas at Austin	UTA19-000909	19,911.00		
		University of California, Irvine	2020-1396	17,309.00		
		University of Miami	SPC-000964	23,786.00		
		University of Miami	SPC-001421	11,170.00		
		University of Nebraska Medical Center	24-1219-002-005	22,313.00		
		University of Pennsylvania	579258	56,259.00		
		University of Pennsylvania	579917	9,277.00		
		University of South Carolina	16-2994	19,348.00		
					8,210,105.00	1,018,715.00
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders			$ 4,210,667.00		
		Cincinnati Children's Hospital Medical	137754	868.00		
		Emory University	A289301	305,048.00		
		The Feinstein Institutes for Medical Research	500818-UTK	22,166.00		
					4,538,749.00	405,937.00
93.855	Allergy and Infectious Diseases Research			$ 10,129,139.00		
		Colorado State University	G-45858-1	74,019.00		
		La Jolla Institute for Allergy and Immunology	21448-04-153-404	15,635.00		

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues		Expenditures/Issues Passed Through To Subrecipients
		Louisiana State University	PO-0000071752	12,386.00		
		Miriam Hospital	7147108RLD	88,603.00		
		St. Jude Children's Research Hospital	111663080-7923068	44,786.00		
		St. Jude Children's Research Hospital	111663090-7982727	13,513.00		
		St. Jude Children's Research Hospital	112821010-7955678	32,797.00		
		St. Jude Children's Research Hospital	151443010	22,365.00		
		St. Jude Children's Research Hospital	151446010	73,258.00		
		The University of Iowa	S00943-01	391,775.00		
		The University of North Carolina at Chapel Hill	5118692	10,735.00		
		Tulane University	TUL-HSC-557438-19/20	28,241.00		
		University of California, San Diego	97922508(S9001916)	18,200.00		
		University of California, San Diego	AI-069536-15	28,650.00		
		University of California, San Francisco	10494SC	4,289.00		
		University of Louisville	ULRF 15-0382-01	149,377.00		
		University of Maryland	AI-150574-02	15,217.00		
		University of Oklahoma	2015-13	36,781.00		
		Vanderbilt University	Unknown	6,917.00		
		West Virginia University Research Corporation	20-071-ETSU	12,500.00		
					11,209,183.00	2,286,521.00
93.859	Biomedical Research and Research Training			$ 5,473,511.00		
		California Institute of Technology	S400678	47,601.00		
		Jackson Laboratory	210071-0720-03	19,805.00		
		Jackson Laboratory	210071-0721-03	20,430.00		
		Jackson Laboratory	GM 07683-12	5,886.00		
		Memorial Sloan-Kettering Institute for Cancer Research	BD521943B	78,260.00		
		Oregon Health & Science University	1014217 TN	45,830.00		
		University of Nebraska Medical Center	34-5301-2081	60,069.00		
		University of Notre Dame	202870UTK	34,971.00		
		Yale University	GR105886CON-80001759	22,229.00		
					5,808,592.00	113,783.00
93.865	Child Health and Human Development Extramural			$ 1,017,304.00		
		Illinois State University	A17-0146-S001	10,047.00		
		Michigan State University	RC111050B	67,438.00		
		Northwestern University	60047828 TENN	21,407.00		
		Tulane University	HSC-558614-3021	57,646.00		
		University of Notre Dame	203700UM	151,501.00		
		Vanderbilt University Medical Center	VUMC 53269	(6,488.00)		
		Vanderbilt University Medical Center	VUMC64370	3,826.00		
		Vanderbilt University Medical Center	W81XWH-15-1-0259-02	(102.00)		
		Virginia Commonwealth University	FP00008136 SA001	13,220.00		

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
		Virginia Commonwealth University	FP00008924 SA001	22,134.00		
					1,357,933.00	60,767.00
93.866	Aging Research			$ 5,161,262.00		
		Hennepin Healthcare Research Institute	15156-22-01FFS	(229.00)		
		Jackson Laboratory	210262-0421-02	18,122.00		
		Northwestern University	60057410 UTHSC	17,416.00		
		The Ohio State University Research Foundation	SPC1000005106/GR1214	51,639.00		
		University of Massachusetts Lowell	S5111000004943	7,153.00		
		University of Southern California	AG-054424-03	82,250.00		
		University of Southern California	RSGI-17-234-01	38,669.00		
		Wake Forest University	159-100710-552702	60,612.00		
		Wake Forest University	AG-058571-04	4,358.00		
					5,441,252.00	785,369.00
93.867	Vision Research			$ 3,298,949.00		
		New York University	EY-026869-01	8,614.00		
		Texas A&M University Health Science	M2000375	62,957.00		
					3,370,520.00	294,665.00
93.879	Medical Library Assistance			$ 48,345.00		
		University of Maryland	1600679	29,044.00		
		University of Maryland	3000925 REQUEST 3701	222,253.00		
	COVID-19 - Medical Library Assistance	University of Maryland	1600679	8,522.00		
					308,164.00	-
93.989	International Research and Research Training	Florida International University	800007920/000066		23,476.00	-
Subtotal National Institutes of Health					$ 73,931,802.00	$ 9,179,618.00
		Substance Abuse and Mental Health Services Administration				
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Buffalo Valley, Incorporated	H79T1080553	$ 75,017.00		
		Mending Hearts, Incorporated	1H79TI082707-01	47,825.00		

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
		Power of Putnam, Inc.	SUB UNDER FOA NO. SP-20-002	11,604.00		
					$ 134,446.00	$ -
Subtotal Substance Abuse and Mental Health Services Administration					$ 134,446.00	$ -
			Other Programs			
93.RD	NIH Dated 6/9/2021 (52%) Hutson		Unknown		$ 17,563.00	$ -
93.RD	VOC Monitoring in Karnes	Northeastern University	VOC Monitoring in Karnes		2,287.00	-
Subtotal Other Programs					$ 19,850.00	$ -
Subtotal Department of Health and Human Services					$ 78,974,630.00	$ 9,680,980.00
			Executive Office of the President			
			Other Programs			
95.007	Research and Data Analysis	University of Baltimore	8		$ 171,067.00	$ 65,405.00
Subtotal Other Programs					$ 171,067.00	$ 65,405.00
Subtotal Executive Office of the President					$ 171,067.00	$ 65,405.00
			Department of Homeland Security			
			Countering Weapons of Mass Destruction			
97.077	Homeland Security Research, Development, Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Threat Detection				$ 1,265,633.00	$ 135,491.00
Subtotal Countering Weapons of Mass Destruction					$ 1,265,633.00	$ 135,491.00

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
		Federal Emergency Management Agency				
97.005	State and Local Homeland Security National Training Program			$ 470,280.00		
		Norwich University Applied Research Institutes	2018-010	137,394.00		
		The Center for Rural Development	EMW-2017-CA-0052-S01	(167.00)		
		The Center for Rural Development	EMW-2018-CA-0075-S01	4,493.00		
		The Center for Rural Development	FY16-00097-SOI-UT	(2.00)		
		University of Texas at San Antonio	1000001516	92,925.00		
					$ 704,923.00	$ -
Subtotal Federal Emergency Management Agency					$ 704,923.00	$ -
		Science and Technology				
97.061	Centers for Homeland Security	University of Illinois	077083-17345		$ 147,799.00	$ 60,000.00
97.062	Scientific Leadership Awards				8,880.00	-
Subtotal Science and Technology					$ 156,679.00	$ 60,000.00
Subtotal Department of Homeland Security					$ 2,127,235.00	$ 195,491.00
		Agency for International Development				
		Other Programs				
98.001	USAID Foreign Assistance for Programs Overseas			$ 87,989.00		
		Kansas State University	Unknown	93,764.00		
		Michigan State University	TO RC102095BHEARD	(9,280.00)		
					$ 172,473.00	$ 69,743.00
98.004	Non-Governmental Organization Strengthening (NGO)	Partner of the Americas	SG-2019-3		84,974.00	24,745.00

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
98.RD	Gene Profile Sorghum/Biofue	National Academy of Sciences	ESP-A-00-05-00001-00	(1,741.00)	-
Subtotal Other Programs				$ 255,706.00	$ 94,488.00
Subtotal Agency for International Development				$ 255,706.00	$ 94,488.00
Total Research and Development Cluster				$ 231,527,020.00	$ 28,004,458.00
Student Financial Assistance Cluster					
Department of Education					
84.007	Federal Supplemental Educational Opportunity Grants			$ 13,388,771.00	$ -
84.033	Federal Work-Study Program			4,636,234.00	-
84.038	Federal Perkins Loan Program_Federal Capital Contributions			9,412,688.00	-
84.063	Federal Pell Grant Program			335,717,043.00	-
84.268	Federal Direct Student Loans			645,805,599.00	-
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)			432,453.00	-
84.408	Postsecondary Education Scholarships for Veteran's Dependents			8,955.00	-
Subtotal Department of Education				$ 1,009,401,743.00	$ -
Department of Health and Human Services					
93.264	Nurse Faculty Loan Program (NFLP)			$ 1,147,808.00	$ -
93.342	Health Professions Student Loans, Including Primary Care Loan/Loans for Disadvantaged Students			631,530.00	-
93.364	Nursing Student Loans			34,997.00	-

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds				636,212.00	-
Subtotal Department of Health and Human Services					$ 2,450,547.00	$ -
Total Student Financial Assistance Cluster					$ 1,011,852,290.00	$ -
			SNAP Cluster			
			Department of Agriculture			
10.551	Supplemental Nutrition Assistance Program				$ 1,383,413,506.00	$ -
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				99,569,930.00	3,194,873.00
Subtotal Department of Agriculture					$ 1,482,983,436.00	$ 3,194,873.00
Total SNAP Cluster					$ 1,482,983,436.00	$ 3,194,873.00
			Child Nutrition Cluster			
			Department of Agriculture			
10.553	School Breakfast Program			$ 115,863,666.00		
	COVID-19 - School Breakfast Program			6,315,674.00		
					$ 122,179,340.00	$ 122,179,340.00
10.555	National School Lunch Program			$ 262,830,128.00		
	National School Lunch Program (Noncash)			30,641,664.00		
	COVID-19 - National School Lunch Program			40,492,732.00		
					333,964,524.00	333,964,524.00
10.556	Special Milk Program for Children			$ 3,062.00		
	COVID-19 - Special Milk Program for Children			759.00		
					3,821.00	3,821.00
10.559	Summer Food Service Program for Children			$ 22,759,808.00		
	COVID-19 - Summer Food Service Program for Children			4,899,784.00		
					27,659,592.00	27,496,574.00

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
10.579	Child Nutrition Discretionary Grants Limited Availability				320,713.00	320,779.00
Subtotal Department of Agriculture					$ 484,127,990.00	$ 483,965,038.00
Total Child Nutrition Cluster					$ 484,127,990.00	$ 483,965,038.00
	Food Distribution Cluster					
	Department of Agriculture					
10.565	Commodity Supplemental Food Program			$ 790,121.00		
	Commodity Supplemental Food Program (Noncash)			2,851,630.00		
					$ 3,641,751.00	$ 770,126.00
10.568	Emergency Food Assistance Program (Administrative Costs)			$ 2,069,467.00		
	COVID-19 - Emergency Food Assistance Program (Administrative Costs)			1,870,694.00		
					3,940,161.00	3,853,954.00
10.569	Emergency Food Assistance Program (Food Commodities) (Noncash)			$ 21,101,435.00		
	COVID-19 - Emergency Food Assistance Program (Food Commodities) (Noncash)			8,092,549.00		
					29,193,984.00	29,193,984.00
Subtotal Department of Agriculture					$ 36,775,896.00	$ 33,818,064.00
Total Food Distribution Cluster					$ 36,775,896.00	$ 33,818,064.00
	Forest Service Schools and Roads Cluster					
	Department of Agriculture					
10.665	Schools and Roads - Grants to States				$ 870,519.00	$ 870,519.00
Subtotal Department of Agriculture					$ 870,519.00	$ 870,519.00
Total Forest Service Schools and Roads Cluster					$ 870,519.00	$ 870,519.00

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
Community Facilities Loans and Grants Cluster						
Department of Agriculture						
10.766	Community Facilities Loans and Grants				$ 20,486.00	$ -
Subtotal Department of Agriculture					$ 20,486.00	$ -
Total Community Facilities Loans and Grants Cluster					$ 20,486.00	$ -
Economic Development Cluster						
Department of Commerce						
11.307	Economic Adjustment Assistance			$ 2,968,444.00		
	COVID-19 - Economic Adjustment Assistance			166,300.00		
					$ 3,134,744.00	$ -
Subtotal Department of Commerce					$ 3,134,744.00	$ -
Total Economic Development Cluster					$ 3,134,744.00	$ -
Section 8 Project-Based Cluster						
Department of Housing and Urban Development						
14.195	Section 8 Housing Assistance Payments Program			$ 221,034,885.00		
	COVID-19 - Section 8 Housing Assistance Payments Program			305,504.00		
					$ 221,340,389.00	$ -
Subtotal Department of Housing and Urban Development					$ 221,340,389.00	$ -
Total Section 8 Project-Based Cluster					$ 221,340,389.00	$ -

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
CDBG - Entitlement Grants Cluster						
Department of Housing and Urban Development						
14.218	Community Development Block Grants/Entitlement Grants	Knox County	CDBG 2020-2021	$ 9,995.00		
	COVID-19 - Community Development Block Grants/Entitlement Grants	City of Memphis, Division of Housing and Community Development	38095	267,730.00		
					$ 277,725.00	$ -
Subtotal Department of Housing and Urban Development					$ 277,725.00	$ -
Total CDBG - Entitlement Grants Cluster					$ 277,725.00	$ -
CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster						
Department of Housing and Urban Development						
14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)				$ 789,423.00	$ 234,972.00
14.272	National Disaster Resilience Competition				12,011,576.00	4,185,528.00
Subtotal Department of Housing and Urban Development					$ 12,800,999.00	$ 4,420,500.00
Total CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster					$ 12,800,999.00	$ 4,420,500.00
HOPE VI Cluster						
Department of Housing and Urban Development						
14.889	Choice Neighborhoods Implementation Grants	Memphis Housing Authority	South City Neighborhood Transformation Plan		$ 11,784.00	$ -
Subtotal Department of Housing and Urban Development					$ 11,784.00	$ -
Total HOPE VI Cluster					$ 11,784.00	$ -

State of Tennesse
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues		Expenditures/Issues Passed Through To Subrecipients
Housing Voucher Cluster						
Department of Housing and Urban Development						
14.871	Section 8 Housing Choice Vouchers			$ 42,424,601.00		
		Abilene Housing Authority	TN903	5,584.00		
		Alaska Housing Finance Corporation	TN903	2,635.00		
		Albany Housing Authority	TN903	1,587.00		
		Chicago Housing Authority	TN903	8,949.00		
		Cincinnati Metro Housing Authority	TN903	3,168.00		
		City of Evansville Housing Authority	TN903	1,553.00		
		City of Richmond	TN903	1,480.00		
		Crossville Housing Authority	TN903	30,267.00		
		Housing Authority of San Diego County	TN903	1,893.00		
		Housing Authority of Snohomish County	TN903	1,922.00		
		Housing Authority of St. Louis County	TN903	1,345.00		
		Jackson Housing Authority	TN903	10,563.00		
		Johnstown Housing Authority	TN903	4,747.00		
		Knoxville Community Development Corporation	TN903	6,373.00		
		Kokomo Housing Authority	TN903	1,163.00		
		Metropolitan Development and Housing Authority	TN903	562,363.00		
		Miami-Dade County Public Housing Authority	TN903	6,042.00		
		Northampton Housing Authority	TN903	3,231.00		
		Northwest Minnesota Housing and Development	TN903	2,953.00		
		Pulaski County Public Housing Authority	TN903	820.00		
		Virginia Housing Development Authority	TN903	11,389.00		
		Westbrook Housing Authority	TN903	4,223.00		
	COVID-19 - Section 8 Housing choice Vouchers			4,376,866.00		
	COVID-19 - Section 8 Housing Choice Vouchers (EHV)			6,993.00		
					$ 47,482,710.00	$ -

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
14.879	Mainstream Vouchers			$ 507,193.00		
	COVID-19 - Mainstream Vouchers			9,331.00		
					516,524.00	-
Subtotal Department of Housing and Urban Development					$ 47,999,234.00	$ -
Total Housing Voucher Cluster					$ 47,999,234.00	$ -
Fish and Wildlife Cluster						
Department of the Interior						
15.605	Sport Fish Restoration				$ 7,323,049.00	$ 7,323,049.00
15.611	Wildlife Restoration and Basic Hunter Education				21,545,408.00	20,847,119.00
15.626	Enhanced Hunter Education and Safety				62,266.00	62,266.00
Subtotal Department of the Interior					$ 28,930,723.00	$ 28,232,434.00
Total Fish and Wildlife Cluster					$ 28,930,723.00	$ 28,232,434.00
Employment Service Cluster						
Department of Labor						
17.207	Employment Service/Wagner-Peyser Funded Activities				$ 11,321,036.00	$ -
17.801	Jobs for Veterans State Grants				3,640,194.00	-
Subtotal Department of Labor					$ 14,961,230.00	$ -
Total Employment Service Cluster					$ 14,961,230.00	$ -

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
WIOA Cluster						
Department of Labor						
17.258	WIOA Adult Program				$ 16,742,507.00	$ 10,893,544.00
17.259	WIOA Youth Activities			$ 13,593,963.00		
		Alliance for Business and Training	12032	91,630.00		
					13,685,593.00	10,153,365.00
17.278	WIOA Dislocated Worker Formula Grants			$ 19,369,063.00		
		Upper Cumberland Human Resource Agency	WORKFORCE INVESTMENT ACT	69,153.00		
					19,438,216.00	13,329,685.00
Subtotal Department of Labor					$ 49,866,316.00	$ 34,376,594.00
Total WIOA Cluster					$ 49,866,316.00	$ 34,376,594.00
Highway Planning and Construction Cluster						
Department of Transportation						
20.205	Highway Planning and Construction			$ 950,523,229.00		
	COVID-19 - Highway Planning and Construction			9,643,433.00		
					$ 960,166,662.00	$ 90,907,946.00
20.219	Recreational Trails Program				1,629,741.00	-
Subtotal Department of Transportation					$ 961,796,403.00	$ 90,907,946.00
Total Highway Planning and Construction Cluster					$ 961,796,403.00	$ 90,907,946.00
FMCSA - Cluster						
Department of Transportation						
20.218	Motor Carrier Safety Assistance				$ 6,569,176.00	$ -

State of Tennesse
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
20.237	Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements			723,385.00	-
Subtotal Department of Transportation				$ 7,292,561.00	$ -
Total FMCSA - Cluster				$ 7,292,561.00	$ -
		Federal Transit Cluster			
		Department of Transportation			
20.500	Federal Transit Capital Investment Grants			$ 117,995.00	$ 117,995.00
20.526	Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs			1,463,047.00	1,463,047.00
Subtotal Department of Transportation				$ 1,581,042.00	$ 1,581,042.00
Total Federal Transit Cluster				$ 1,581,042.00	$ 1,581,042.00
		Transit Services Programs Cluster			
		Department of Transportation			
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities			$ 4,036,882.00	$ 3,983,456.00
20.516	Job Access and Reverse Commute Program			(203,493.00)	(203,493.00)
20.521	New Freedom Program			409,817.00	333,600.00
Subtotal Department of Transportation				$ 4,243,206.00	$ 4,113,563.00
Total Transit Services Programs Cluster				$ 4,243,206.00	$ 4,113,563.00

State of Tennesse
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
Highway Safety Cluster					
Department of Transportation					
20.600	State and Community Highway Safety			$ 6,356,275.00	$ 3,563,285.00
20.616	National Priority Safety Programs			3,794,240.00	604,015.00
Subtotal Department of Transportation				$ 10,150,515.00	$ 4,167,300.00
Total Highway Safety Cluster				$ 10,150,515.00	$ 4,167,300.00
Clean Water State Revolving Fund Cluster					
Environmental Protection Agency					
66.458	Capitalization Grants for Clean Water State Revolving Funds			$ 18,549,338.00	$ -
Subtotal Environmental Protection Agency				$ 18,549,338.00	$ -
Total Clean Water State Revolving Fund Cluster				$ 18,549,338.00	$ -
Drinking Water State Revolving Fund Cluster					
Environmental Protection Agency					
66.468	Capitalization Grants for Drinking Water State Revolving Funds			$ 7,669,289.00	$ -
Subtotal Environmental Protection Agency				$ 7,669,289.00	$ -
Total Drinking Water State Revolving Fund Cluster				$ 7,669,289.00	$ -

State of Tennesse
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

AL#	Program Name	Passed Through From	Other Identifying Number	Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
	Special Education Cluster (IDEA)				
	Department of Education				
84.027	Special Education Grants to States			$ 250,317,666.00	$ 240,068,812.00
84.173	Special Education Preschool Grants			5,471,062.00	5,458,823.00
Subtotal Department of Education				$ 255,788,728.00	$ 245,527,635.00
Total Special Education Cluster (IDEA)				$ 255,788,728.00	$ 245,527,635.00
	TRIO Cluster				
	Department of Education				
84.042	TRIO Student Support Services			$ 3,152,225.00	$ -
84.044	TRIO Talent Search			884,195.00	-
84.047	TRIO Upward Bound			5,310,630.00	-
84.066	TRIO Educational Opportunity Centers			1,426,797.00	-
84.217	TRIO McNair Post-Baccalaureate Achievement			437,154.00	-
Subtotal Department of Education				$ 11,211,001.00	$ -
Total TRIO Cluster				$ 11,211,001.00	$ -
	Aging Cluster				
	Department of Health and Human Services				
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers			$ 6,793,940.00	

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
	COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers			2,250,537.00		
					$ 9,044,477.00	$ 9,044,441.00
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services			$ 14,606,294.00		
	COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services			7,217,055.00		
					21,823,349.00	20,601,096.00
93.053	Nutrition Services Incentive Program				1,617,030.00	1,617,030.00
Subtotal Department of Health and Human Services					$ 32,484,856.00	$ 31,262,567.00
Total Aging Cluster					$ 32,484,856.00	$ 31,262,567.00

Health Center Program Cluster

Department of Health and Human Services

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
93.224	Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)			$ 7,205,445.00		
	COVID-19 - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)			2,633,536.00		
					9,838,981.00	$ 768,088.00
Subtotal Department of Health and Human Services					$ 9,838,981.00	$ 768,088.00
Total Health Center Program Cluster					$ 9,838,981.00	$ 768,088.00

CCDF Cluster

Department of Health and Human Services

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
93.575	Child Care and Development Block Grant			$ 242,785,655.00		
		Community Foundation of Middle Tennessee	64008	569.00		

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
		Community Foundation of Middle Tennessee	65809	7,000.00		
		Signal Centers, Inc	CC&R FY2020	305,279.00		
		Signal Centers, Inc	CCR&R FY2021	697,749.00		
	COVID-19 - Child Care and Development Block Grant			259,756,003.00		
					503,552,255.00	88,947,519.00
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund				70,584,101.00	-
Subtotal Department of Health and Human Services					$ 574,136,356.00	$ 88,947,519.00
Total CCDF Cluster					$ 574,136,356.00	$ 88,947,519.00

Head Start Cluster

Department of Health and Human Services

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
93.600	Head Start			$ 3,684,747.00		
		Porter-Leath Children's Center	Porter-Leath	431,990.00		
					$ 4,116,737.00	$ 800,561.00
Subtotal Department of Health and Human Services					$ 4,116,737.00	$ 800,561.00
Total Head Start Cluster					$ 4,116,737.00	$ 800,561.00

Medicaid Cluster

Department of Health and Human Services

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
93.775	State Medicaid Fraud Control Units				$ 5,899,346.00	$ -
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare				10,040,707.00	-
93.778	Medical Assistance Program			$ 7,761,314,347.00		
		Jackson-Madison County General Hospital	A02-1063-038	202,403.00		
		St. Francis Hospital	A02-1063-038	144,229.00		
		University Health Services	GMEP	35,547,808.00		

State of Tennesse
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

AL#	Program Name	Passed Through From	Other Identifying Number		Total Expenditures/Issues	Expenditures/Issues Passed Through To Subrecipients
	COVID-19 - Medical Assistance Program			678,200,662.00		
					8,475,409,449.00	41,842,278.00
Subtotal Department of Health and Human Services					$ 8,491,349,502.00	$ 41,842,278.00
Total Medicaid Cluster					$ 8,491,349,502.00	$ 41,842,278.00
			Disability Insurance/SSI Cluster			
			Social Security Administration			
96.001	Social Security Disability Insurance				$ 50,385,464.00	$ -
Subtotal Social Security Administration					$ 50,385,464.00	$ -
Total Disability Insurance/SSI Cluster					$ 50,385,464.00	$ -
Grand Total					$ 24,173,530,706.00	$ 3,269,966,668.00

NOTE 1. PURPOSE OF THE SCHEDULE

The Single Audit of the State of Tennessee for the year ended June 30, 2021 was conducted in accordance with the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (contained in Title 2 of the U.S. Code of Federal Regulations Part 200) (Uniform Guidance), which requires a disclosure of the financial activities of all federally funded programs. To comply with the Uniform Guidance, the Department of Finance and Administration required each department, agency, and institution that expended direct or pass-through federal funding during the year to prepare a schedule of expenditures of federal awards and reconciliations with both the state's accounting system and grantor financial reports. The schedules for the departments, agencies, and institutions were combined to form the Schedule of Expenditures of Federal Awards (Schedule) for the State of Tennessee.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

A summary of the State's significant accounting policies and related information is provided below to assist the reader in interpreting the information presented in the Schedule.

A. Basis of Accounting

The State's *Annual Comprehensive Financial Report* and this Schedule are presented in accordance with generally accepted accounting principles, following the accrual or modified accrual basis of accounting, as appropriate for the fund structure. Negative amounts shown in the Schedule result from adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

B. Basis of Presentation

The information in the Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the State, it does not and is not intended to present the financial position, changes in net position, or cash flows of the State.

- **Federal Financial Assistance** – Pursuant to the Single Audit Act Amendments of 1996 and the Uniform Guidance, federal financial assistance is defined as assistance that non-federal organizations receive from or administer on behalf of the federal government in the form of grants, loans, loan guarantees, noncash contributions, or donations of property (including donated surplus property), and other financial assistance.
- **Assistance Listing** – The Schedule presents total expenditures for each federal assistance listing as identified on June 30, 2021. Assistance Listings are a government-wide compilation of federal programs, projects, services, and activities administered by departments and establishments of the federal government. Each program included in the Assistance Listing is assigned a five-digit program identification number, Assistance Listing number (AL number). The first two digits of the AL number designate the federal agency, and the last three digits designate the federal program within the federal agency.

For programs that have not been assigned an AL number, the number shown in the Schedule is the federal agency's two-digit prefix followed either by "U" and a two-digit number identifying one or more federal award lines which make up the program or by "RD" if the program is part of the Research and Development (R&D) cluster. Also shown on the Schedule for each of these programs is an Other Identifying Number, which is required to identify the program or award.

- **Clusters of Programs** – A cluster of programs is a grouping of closely-related programs with different AL numbers that share common compliance requirements. The clusters presented in the Schedule are R&D, Student Financial Assistance (SFA), and other clusters as mandated by the Office of Management and Budget (OMB) in its most recent Compliance Supplement. The R&D and SFA clusters include expenditures from multiple federal grantors.
- **Direct and Pass-through Federal Financial Assistance** – The State received federal financial assistance either directly from federal awarding agencies or indirectly from pass-through entities. A pass-through entity is defined as a non-federal entity that provides federal assistance to a subrecipient. For federal assistance that the State received as a subrecipient, the name of the pass-through entity and the Other Identifying Number assigned by the pass-through entity are identified in the Schedule.
- **Expenditures/Issues Passed Through to Subrecipients** – A subrecipient is defined as a non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program. The amount of federal assistance that the State provided to subrecipients under each federal program (where the State is the pass-through entity, as defined above) is presented in a separate column in the Schedule. All expenditures are rounded to the nearest dollar.

NOTE 3. INDIRECT COST RATE

Under the Uniform Guidance, State departments, agencies, and institutions may elect to charge a de minimis cost rate of 10% of modified total direct costs which may be used indefinitely. No State departments, agencies, or institutions within the State reporting entity have elected to use the 10% de minimis cost rate.

NOTE 4. UNEMPLOYMENT INSURANCE

State unemployment tax revenues, along with other payments and revenues, are combined with federal funds and used to pay benefits under the Unemployment Insurance program (AL 17.225). The state and federal portions of the total (rounded) expenditures reported in the Schedule for this program were $388,514,710 and $2,857,895,650, respectively.

NOTE 5. LOAN AND LOAN GUARANTEE PROGRAMS

A. Loan Programs Administered by Institutions of Higher Education

The following federal loan programs are administered by State institutions of higher education:

- Federal Perkins Loan Program_Federal Capital Contributions (AL 84.038)
- Nurse Faculty Loan Program (NFLP) (AL 93.264)
- Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students (AL 93.342)
- Nursing Student Loans (AL 93.364)

Expenditures in the Schedule for these programs include the value of new loans made during the year, the balance of loans from previous years for which the federal government imposes continuing compliance requirements, and administrative cost allowances.

Loan balances outstanding (rounded) at year-end:

AL #	Program Name	Balance Outstanding
84.038	Federal Perkins Loan Program_Federal Capital Contributions	$ 9,412,688
93.264	Nurse Faculty Loan Program (NFLP)	1,147,808
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	631,530
93.364	Nursing Student Loans	$ 34,997
Total Loan Balance:		$ 11,227,023

B. Other Loan Programs

Loans under the following federal loan programs are made by outside lenders to students at State institutions of higher education:

- Federal Direct Student Loans (AL 84.268)

The institutions are responsible for certain administrative requirements for new loans; therefore, the value of loans made during the year and accompanying administrative cost allowances are recognized as expenditures in the Schedule. The balances of loans for previous years are not included in the Schedule because the outside lenders account for those prior balances.

NOTE 6. NONCASH ASSISTANCE

The Schedule contains values for several programs that includes noncash assistance such as donated food commodities, surplus property, and supplies. The Food Stamp program is presented at the dollar value of food stamp electronic benefit transfers authorized and used by recipients. The commodities and vaccines distributed by state programs are presented at the federally assigned value. The surplus property program is presented at the estimated fair value of the property distributed. The fair value was estimated to be 23.34% of the property's original federal acquisition value. All other donated supplies were valued at fair market value at the time of receipt.

The total value of fiscal year 2021 noncash federal financial assistance is shown in the table below.

AL #	Program Name	Assistance Description	Dollar Value
10.178	Trade Mitigation Program Eligible Recipient Agency Operational Funds	Food Commodities	$ 8,528,536
10.555	National School Lunch Program	Food Commodities	30,641,664
10.565	Commodity Supplemental Food Program	Food Commodities	2,851,630
10.569	Emergency Food Assistance Program (Food Commodities)	Food Commodities	21,101,435
10.569	COVID-19 - Emergency Food Assistance Program (Food Commodities)	Food Commodities	8,092,549
39.003	Donation of Federal Surplus Personal Property	Surplus Property	465,149

93.268	Immunization Cooperative Agreements	Immunizations	89,319,407
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Medical Supplies	$ 1,257,362
97.036	COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Materials and Labor	62,474,934
Total Noncash Assistance			$ 224,732,666

NOTE 7. COVID-19 ASSISTANCE

In response to the COVID-19 pandemic several legislative acts were passed that provided additional funding to existing federal programs and created new federal programs to assist in the recovery from the pandemic. The acts listed below are considered the source of COVID-19 federal assistance for the purposes of this schedule:

- Coronavirus Preparedness and Response Supplemental Appropriations Act
- Families First Coronavirus Response Act
- Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
- Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)
- American Rescue Plan Act (ARP)

All programs funded via one of these COVID-19 relief bills are reported in the schedule with the pre-fix COVID-19 before the program name and these amounts are reported on a separate line from amounts derived from other funding sources.

The total (rounded) expenditure of COVID-19 assistance as of 6/30/2021 is $7,911,332,380.