

Tennessee Commission on Aging

**For the Years Ended
June 30, 1999, and June 30, 1998**

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

State Capitol
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John G. Morgan
Comptroller

August 8, 2000

The Honorable Don Sundquist, Governor
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and

Mr. James S. Whaley, Executive Director
Tennessee Commission on Aging
500 Deaderick Street, Ninth Floor
Nashville, Tennessee 37243

Ladies and Gentlemen:

We have conducted a financial and compliance audit of selected programs and activities of the Tennessee Commission on Aging for the years ended June 30, 1999, and June 30, 1998.

We conducted our audit in accordance with generally accepted government auditing standards. These standards require that we obtain an understanding of management controls relevant to the audit and that we design the audit to provide reasonable assurance of the commission's compliance with the provisions of policies, procedures, laws, and regulations significant to the audit. Management of the Tennessee Commission on Aging is responsible for establishing and maintaining internal control and for complying with applicable laws and regulations.

Our audit resulted in no audit findings.

We have reported other less significant matters involving the commission's internal controls and/or instances of noncompliance to the Tennessee Commission on Aging's management in a separate letter.

Sincerely,

Arthur A. Hayes, Jr., CPA, Director
Division of State Audit

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State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit
Tennessee Commission on Aging
For the Years Ended June 30, 1999, and June 30, 1998

AUDIT SCOPE

We have audited the Tennessee Commission on Aging for the period July 1, 1997, through June 30, 1999. Our audit scope included a review of management's controls and compliance with policies, procedures, laws, and regulations in the areas of revenue, expenditures and equipment, payroll and personnel, general financial and program compliance, compliance with the Financial Integrity Act, and utilization of the Department of Finance and Administration's State of Tennessee Accounting and Reporting System (STARS) grant module to record the receipt and expenditure of federal funds. The audit was conducted in accordance with generally accepted government auditing standards.

AUDIT FINDINGS

The audit report contains no findings.

"Audit Highlights" is a summary of the audit report. To obtain the complete audit report, which contains all findings, recommendations, and management comments, please contact

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Audit Report
Tennessee Commission on Aging
For the Years Ended June 30, 1999, and June 30, 1998

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
Post-Audit Authority	1
Background	1
AUDIT SCOPE	2
OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS	2
Revenue	2
Expenditures	4
Property and Equipment	4
Payroll and Personnel	5
General Financial and Program Compliance	6
Financial Integrity Act	6
Department of Finance and Administration Policy 20, “Recording of Federal Grant Expenditures and Revenues”	7
PRIOR AUDIT FINDINGS	8
Resolved Audit Finding	8
OBSERVATIONS AND COMMENTS	8
Title VI of the Civil Rights Act of 1964	8
1999 Performance Audit	9
APPENDIX	9
Allotment Code	9

Tennessee Commission on Aging For the Years Ended June 30, 1999, and June 30, 1998

INTRODUCTION

POST-AUDIT AUTHORITY

This is the report on the financial and compliance audit of the Tennessee Commission on Aging. The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which authorizes the Department of Audit to “perform currently a post-audit of all accounts and other financial records of the state government, and of any department, institution, office, or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller.”

Section 8-4-109, *Tennessee Code Annotated*, authorizes the Comptroller of the Treasury to audit any books and records of any governmental entity that handles public funds when the Comptroller considers an audit to be necessary or appropriate.

BACKGROUND

The legislature created the Tennessee Commission on Aging in 1963. The most recent authorizing legislation is the Tennessee Commission on Aging Act of 1984. The commission consists of 24 members, 22 of whom are appointed by the Governor: nine rural representatives, five urban representatives, five members from the Governor’s staff and cabinet, two members from aging advocacy organizations, and one member with expertise in gerontology or geriatrics from an academic institution in the state. The speakers of the House of Representatives and the Senate each appoint one legislator to serve *ex officio*.

Under state statute, the commission is authorized to do the following:

- allocate funds for projects and programs for older persons;
- accept and administer funds from the federal government and private sources;
- serve as an advocate within government and in the community for older persons in Tennessee;
- designate planning and service areas and area agencies on aging;
- advise the Governor and heads of state departments and agencies regarding policies, programs, services, allocation of funds, and the needs of older persons in Tennessee; and
- make recommendations for legislative action to the Governor and to the legislature.

The commission is also authorized to stimulate more effective uses of existing resources and services for older persons and to develop opportunities and services not otherwise available, with the aim of developing a comprehensive and coordinated system for the delivery of health and social services to older persons.

The Public Guardianship for the Elderly Law was established in 1986 to aid disabled persons over the age of 60 who have no person willing and able to serve as conservator or guardian. The law requires the Commission on Aging to administer the statewide program and requires the development districts to hire staff to serve as district public guardians.

Under the leadership of the executive director and the assistant director, the commission has five organizational sections: planning services, community services, fiscal and administrative services, advocacy/elderly rights services, and support services. Additionally, the commission administers an employment program for the elderly which is directed by an employment services coordinator.

An organization chart of the Tennessee Commission on Aging is on the following page.

AUDIT SCOPE

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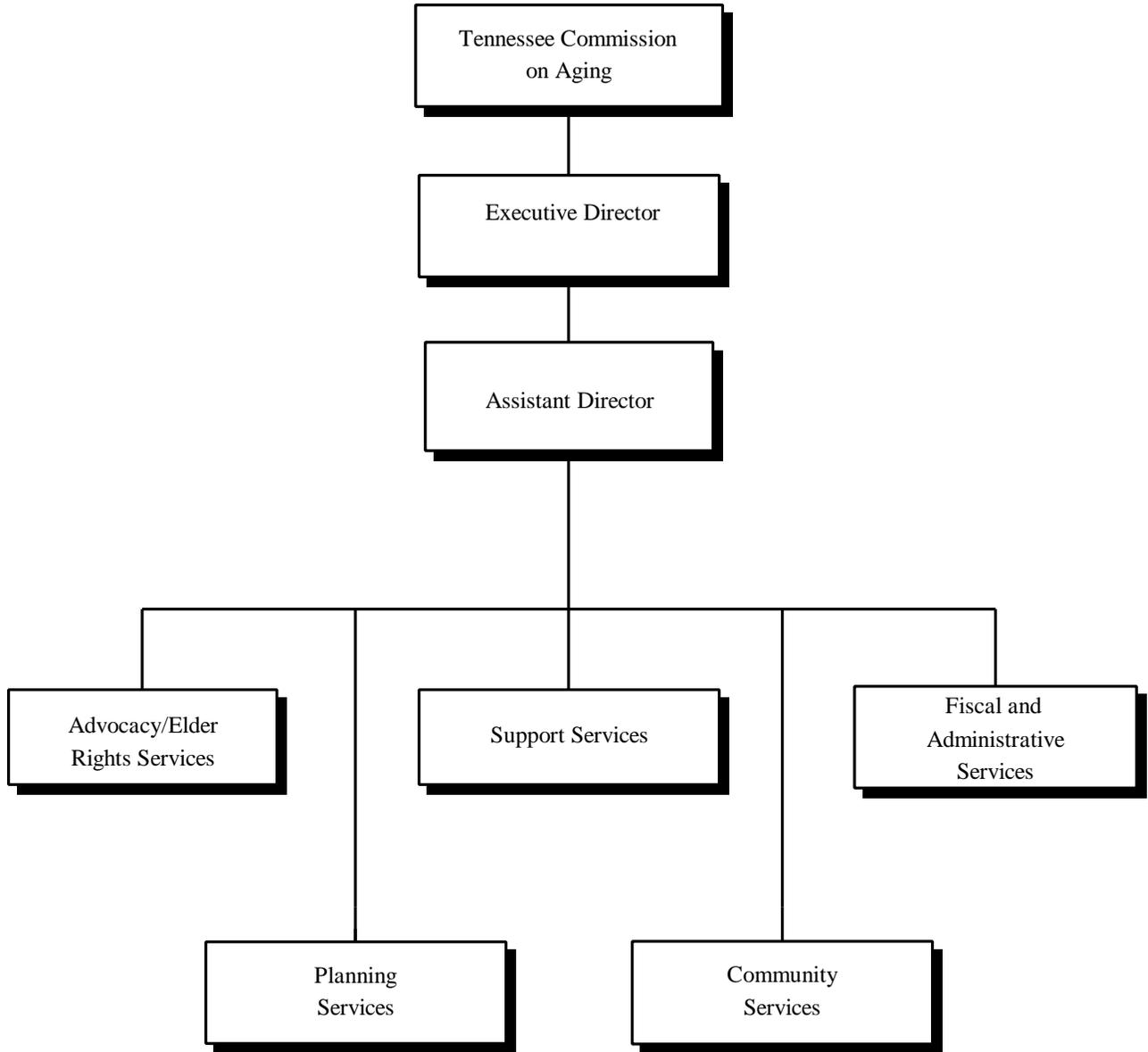
OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS

REVENUE

Our objectives in reviewing revenue were to determine whether

- cash collected during the audit period had been deposited timely,
- petty cash or change funds had been authorized by the Department of Finance and Administration, and

**TENNESSEE COMMISSION ON AGING
ORGANIZATION CHART**



- the commission's records were reconciled with Department of Finance and Administration reports.

We interviewed key personnel to gain an understanding of the internal controls over revenue. We performed analytical procedures using computer-assisted audit techniques; we also tested revenue transactions and reviewed supporting documentation.

Based on our review, inquiry, and testing, cash collected during the audit period was been deposited timely, petty cash/change funds were authorized by the Department of Finance and Administration, and the commission's revenue records reconciled with Department of Finance and Administration reports. We had no findings related to revenue.

EXPENDITURES

Our objectives in reviewing expenditures were to determine whether

- recorded expenditures were for goods and services authorized and received;
- payment was made in a timely manner and for the proper amount;
- the commission's records were reconciled with Department of Finance and Administration reports;
- travel payments were paid in accordance with the Comprehensive Travel Regulations;
- contracts were made in accordance with regulations, and whether contract payments complied with contract terms and purchasing guidelines and were properly approved and recorded against the contract; and
- federal expenditures complied with grant requirements.

We interviewed key personnel to gain an understanding of the internal controls over expenditures. We performed analytical procedures using computer-assisted audit techniques; we also tested expenditure transactions and reviewed supporting documentation.

Based on the results of our procedures, it appears that expenditures and payments were properly authorized and supported, contracts were in compliance with guidelines, and expenditures involving federal funds were in compliance with applicable guidelines. We had no findings related to expenditures.

PROPERTY AND EQUIPMENT

Our objectives in reviewing property and equipment were to determine whether

- the property listing represented a complete and valid listing of the costs of the commission's assets purchased during the audit period,
- property and equipment were adequately safeguarded,
- capital expenditures represented a complete and valid listing of the property and equipment acquired during the audit period, and
- equipment purchases charged to federal grants complied with grant requirements.

We interviewed key personnel to gain an understanding of the internal controls over property and equipment. We tested samples and reviewed supporting documentation.

Based on the results of our procedures, it appears that the commission's property listing was complete and proper, the commission's property and equipment was adequately safeguarded, the capital expenditures listing was a complete and valid listing of items acquired during the audit period, and equipment purchases charged to federal grants complied with grant requirements.

We had no findings related to property and equipment; however, other minor weaknesses came to our attention which have been reported to management in a separate letter.

PAYROLL AND PERSONNEL

Our objectives in reviewing payroll and personnel were to determine whether

- payroll disbursements were made only for work authorized and performed and were supported by time records;
- payroll amounts were recorded correctly, and properly distributed by account;
- employees were qualified for their positions;
- performance evaluations were completed timely for all employees; and
- payroll charged to federal grants was adequately supported and properly distributed.

We interviewed key personnel to gain an understanding of the internal controls over payroll and personnel. We performed an analytical review using computer-assisted audit techniques.

Based on our review and inquiry, payroll disbursements appear properly supported and recorded, employees were qualified for their positions, and employees were evaluated in a timely manner.

We had no findings related to payroll and personnel; however, other minor weaknesses came to our attention which were reported to management in a separate letter.

GENERAL FINANCIAL AND PROGRAM COMPLIANCE

Our objectives in reviewing general financial and program compliance were to determine whether

- procedures for financial monitoring of the area agencies complied with applicable policies, laws, and regulations;
- financial data generated internally by the commission reconciled with financial data reported by the area agencies;
- programs were adequately monitored in accordance with federal and state guidelines and regulations; and
- programs complied with applicable federal and state guidelines regarding training, eligibility, documentation, and other applicable requirements.

We interviewed key personnel to gain an understanding of the internal controls over general financial compliance. We reviewed applicable laws and grant agreements, performed analytical procedures using computer-assisted audit techniques, and traced amounts on the commission's federal reports to supporting documentation.

Based on the results of our testwork, procedures for financial monitoring of the area agencies appeared to comply with applicable policies, laws, and regulations; financial data generated internally by the commission appeared to be reconciled with financial data reported by the area agencies; programs were adequately monitored in accordance with federal and state guidelines and regulations; and programs appeared to comply with applicable federal and state guidelines regarding training, eligibility, documentation, and other applicable requirements.

We had no findings related to general financial and program compliance; however, other minor weaknesses came to our attention which were reported to management in a separate letter.

FINANCIAL INTEGRITY ACT

The Financial Integrity Act of 1983 requires the head of each executive agency to submit a letter acknowledging responsibility for maintaining the internal control system of the agency to the Commissioner of Finance and Administration and the Comptroller of the Treasury by June 30, 1999, and each year thereafter. In addition, the head of each executive agency is also required to conduct an evaluation of the agency's internal accounting and administrative control and submit a report by December 31, 1999, and December 31 of every fourth year thereafter.

The objectives of our review of the Tennessee Commission on Aging's compliance with the Financial Integrity Act were to determine whether

- the department’s June 30, 1999, responsibility letter was filed in compliance with the Financial Integrity Act of 1983;
- documentation to support the commission’s internal accounting and administrative control was properly maintained;
- procedures used in compiling information were adequate; and
- corrective actions have been implemented for weaknesses identified in previous reports.

We interviewed key employees responsible for compiling information for the report to gain an understanding of the department’s procedures. We also reviewed the supporting documentation for these procedures and the June 30, 1999, responsibility letter submitted to the Comptroller of the Treasury and to the Department of Finance and Administration.

We determined that the Financial Integrity Act responsibility letter was submitted on time. Support for the internal accounting and administrative control report was adequate.

**DEPARTMENT OF FINANCE AND ADMINISTRATION POLICY 20,
“RECORDING OF FEDERAL GRANT EXPENDITURES AND REVENUES”**

Department of Finance and Administration Policy 20 requires that state departments whose financial records are maintained on the State of Tennessee Accounting and Reporting System (STARS) fully utilize the STARS grant module to record the receipt and expenditure of all federal funds. Our testwork focused on whether

- appropriate grant information was entered into the STARS Grant Control Table upon notification of the grant award and whether related revenue and expenditure transactions were coded with the proper grant codes;
- appropriate payroll costs were reallocated to federal programs within 30 days of each month-end using an authorized redistribution method; and
- the department negotiated an appropriate indirect cost recovery plan and whether indirect costs were included in drawdowns.

We interviewed key personnel to gain an understanding of the department’s procedures and controls concerning Policy 20. The Tennessee Commission on Aging is in compliance with the applicable provisions of the Department of Finance and Administration’s Policy 20.

PRIOR AUDIT FINDINGS

Section 8-4-109, *Tennessee Code Annotated*, requires that each state department, agency, or institution report to the Comptroller of the Treasury the action taken to implement the recommendations in the prior audit report. The Commission on Aging filed its report with the Department of Audit on September 21, 1998. A follow-up of the prior audit finding was conducted as part of the current audit.

RESOLVED AUDIT FINDING

The current audit disclosed that the Commission on Aging has corrected the previous audit finding concerning the reconciliation of its internal accounting reports with reports from the area agencies.

OBSERVATIONS AND COMMENTS

TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

Tennessee Code Annotated, Section 4-21-901, requires each state governmental entity subject to the requirements of Title VI of the Civil Rights Act of 1964 to submit an annual Title VI compliance report and implementation plan to the Department of Audit by June 30, 1994, and each June 30 thereafter. For the year ended June 30, 1999, the Tennessee Commission on Aging filed its compliance report and implementation plan on June 30, 1999, and for the year ended June 30, 1998, on June 30, 1998.

Title VI of the Civil Rights Act of 1964 is a federal law. The act requires all state agencies receiving federal money to develop and implement plans to ensure that no person shall, on the grounds of race, color, or origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal funds.

On October 15, 1998, the Commissioner of Finance and Administration notified cabinet officials and agency heads that the Human Rights Commission is the coordinating agency for the monitoring and enforcement of Title VI.

A summary of the dates state agencies filed their annual Title VI compliance reports and implementation plans is presented in the special report *Submission of Title VI Implementation Plans*, issued annually by the Comptroller of the Treasury.

1999 PERFORMANCE AUDIT

The Division of State Audit released a performance audit of the Tennessee Commission on Aging dated June 28, 1999. The audit was conducted pursuant to the requirements of Section 4-29-11, *Tennessee Code Annotated*, the Tennessee Governmental Entity Review Law (the “Sunset Law”). The results of the audit were intended to aid the Joint Government Operations Committee in its review to determine whether the commission should be continued, restructured, or terminated. The audit noted three findings and an observation. The findings included the following:

- The commission did not follow up with area agencies on aging to ensure they had implemented assessment recommendations.
- The commission did not conduct any research or special studies prior to fiscal year 1999.
- Commission members and volunteer ombudsman representatives did not always complete conflict-of-interest forms.

The report also noted that some area agencies on aging failed to meet targeting goals.

APPENDIX

ALLOTMENT CODE

The Tennessee Commission on Aging’s allotment code is 316.02.