



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY**

DEPARTMENT OF HUMAN SERVICES

Performance Audit Report

December 2017

Justin P. Wilson, Comptroller



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December 4, 2017

The Honorable Randy McNally
Speaker of the Senate
The Honorable Beth Harwell
Speaker of the House of Representatives
The Honorable Mike Bell, Chair
Senate Committee on Government Operations
The Honorable Jeremy Faison, Chair
House Committee on Government Operations
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
The Honorable Danielle W. Barnes, Commissioner
Department of Human Services
400 Deaderick Street
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is the sunset performance audit of the Department of Human Services. This audit was conducted pursuant to the requirements of the Tennessee Governmental Entity Review Law, Section 4-29-111, *Tennessee Code Annotated*.

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

Sincerely,

A handwritten signature in black ink that reads "Deborah V. Loveless".

Deborah V. Loveless, CPA
Director

17528

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Performance Audit
Department of Human Services
December 2017

FINDINGS

Vocational Rehabilitation clients did not always receive timely and complete Individualized Plans for Employment or have enough contacts with or have their progress reviewed by their counselor

While there were no serious problems with the timeliness of determining applicants' eligibility for services, there were substantial delays in developing Individualized Plans for Employment (IPE). IPEs were developed in a timely manner with proper extensions in only 71% of files reviewed that had an IPE in place. This does not meet the department's goal of 90% timeliness for IPE development. We also found that of the 45 clients who had an IPE in place at the time of our review, only 56% clients had IPEs that met all policy requirements. In addition, counselors did not contact their clients at least once every 90 days throughout the life of the case in 51% of the 90 client files we reviewed, as required by policy. We also determined that of those 17 clients who had an IPE in place for over one year, 76% did not have a "VR Annual Review" case note on file (page 8).

The department still needs to improve monitoring and auditing of its internal program operations

The Division of Program Integrity's internal audit work still focuses on county office and contractor compliance with federal Motor Voter and Internal Revenue Service tax information safeguards. This is a repeat finding from the Department of Human Services' January 2012 performance audit (page 14).

OBSERVATIONS

The audit also discusses the following issues: (1) the department does not adequately review Family Assistance case management data quality, the preservation of hard copy documents, and case manager caseloads (page 17) and (2) the department has improved some aspects of its continuity of operations plans since the prior audit; however, there is still room for improvement (page 20).

Performance Audit Department of Human Services

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Performance Audit Department of Human Services

INTRODUCTION

PURPOSE AND AUTHORITY FOR THE AUDIT

We conducted this performance audit of the Department of Human Services pursuant to the Tennessee Governmental Entity Review Law, Title 4, Chapter 29, *Tennessee Code Annotated*. Under Section 4-29-239, the department is scheduled to terminate June 30, 2018. Section 4-29-111 authorizes the Comptroller of the Treasury to conduct a limited program review audit of the agency and to report to the Joint Government Operations Committee of the General Assembly. Through this audit, we intend to aid the committee in determining whether the Department of Human Services should be continued, restructured, or terminated.

ORGANIZATION AND STATUTORY RESPONSIBILITIES

Under state law, the Department of Human Services' duties are to

- administer or supervise all functions of the federal Social Security Act in Tennessee that may be assigned to it by law, regulation, or executive order;
- cooperate with the federal government or its agencies or instrumentalities in establishing, extending, strengthening, or reforming services to assist persons and families in need of such services from the State of Tennessee;
- license or approve, and supervise, adult day care centers and child care agencies and promulgate any regulations necessary to carry out the licensing laws;
- restore persons receiving assistance or services from the department to a condition of self-support in the community, including providing foster care for adults who are unable to maintain an independent living arrangement, and such other services to those liable to become destitute or handicapped as will prevent their becoming or remaining public charges;
- study the causes of economic dependency or rehabilitative service requirements and promote efficient methods for assisting persons in need of such support or services;
- license blind persons to operate vending stands in state and county buildings in accordance with the Randolph-Sheppard Vending Stand Act of 1936;
- enforce the provisions of Title IV-D of the Social Security Act relative to child and spousal support and establishment of paternity and contract with public or private entities to provide any services necessary to carry out such provisions; and

- investigate the existence of: trafficking in, or fraud involving, the food assistance program administered by the department; fraud, abuse, theft, misappropriation, or misuse of property, funds, or services by any person or entity in any program administered by the department; and misconduct by any employee, contractor, or agent of the department concerning or related to the operation of any department program or any laws, regulations, or policies governing the department's operations.

The agency's major program areas include Family Assistance and Child Support; Rehabilitation Services; and Community and Social Services. The department's headquarters are in Nashville, and the department maintains a local presence in Tennessee with field offices throughout the state.

Family Assistance and Child Support

The Division of Family Assistance and Child Support consists primarily of the Families First, Supplemental Nutrition Assistance Program, and Child Support programs.

Families First – Families First, the state's Temporary Assistance for Needy Families program, is a workforce development and employment program. It is temporary and focuses primarily on participants gaining self-sufficiency through employment. The Families First program helps participants reach this goal by providing transportation, child care assistance, education, job training, employment activities, and other support services. Families First also provides temporary cash assistance to families with dependent children when at least one parent is incapacitated, unemployed, deceased, or absent from the home, and the family is unable to pay for essential living expenses.

Supplemental Nutrition Assistance Program (SNAP) – SNAP, formerly known as food stamps, provides nutritional assistance benefits to children and families, the elderly, the disabled, and unemployed and working families. SNAP supplements monthly food budgets of families with low incomes to help them buy the food they need to maintain good health and allow them to direct more of their available income toward other essential living expenses. Department staff determine the eligibility of applicants based on guidelines established by the U.S. Department of Agriculture. The primary goals of the program are to alleviate hunger and malnutrition and to improve nutrition and health in eligible households. The department has a dual focus on alleviating hunger and establishing or reestablishing self-sufficiency.

Child Support – The department administers the Child Support Program in Tennessee. Offices are located across the state in all 31 judicial districts. Local district attorneys, department staff, and private agencies provide the services under contract with the state. The offices provide services such as locating parents; establishing paternity; establishing and enforcing financial and medical support orders; and collecting and disbursing Child Support collections.

Rehabilitation Services

The Division of Rehabilitation Services primarily consists of Vocational Rehabilitation; Blind and Visually Impaired Services; Deaf, Deaf-Blind and Hard of Hearing Services; the

Tennessee Rehabilitation Center at Smyrna; Community Tennessee Rehabilitation Centers; Disability Determination Services; the Tennessee Technology Access Program; and Tennessee Business Enterprises.

Vocational Rehabilitation – The Vocational Rehabilitation program determines eligibility for, as well as the nature and scope of, vocational rehabilitation services. The program provides employment-focused rehabilitation services for individuals with disabilities consistent with the individuals’ strengths, priorities, and resources.

Blind and Visually Impaired Services – This section offers several programs to assist individuals who are blind or visually impaired, including vocational rehabilitation, independent living services, deaf-blind services, newslines for the blind and visually impaired, register for the blind, and the Tennessee Business Enterprise.

Deaf, Deaf-Blind and Hard of Hearing Services – In 2005, the department established a new unit to provide specialized vocational rehabilitation services to eligible clients who are deaf, deaf and blind, or hard of hearing. Thirteen Vocational Rehabilitation counselors, who are specially trained to work and communicate with persons who are deaf, deaf and blind, or hard of hearing, provide services that enable their clients to enter, retain, or return to competitive employment.

Tennessee Rehabilitation Center at Smyrna – This facility is a state-operated comprehensive vocational rehabilitation training center and is one of eight such facilities in the nation. The facility provides services on campus, and the majority of clients live on campus in residential living units while receiving services. Length of programs of service offered at the center vary depending upon the individual client’s interest, abilities, and needs.

Community Tennessee Rehabilitation Centers – The Community Tennessee Rehabilitation Centers are a part of the Tennessee Facility Network of Vocational Rehabilitation Services. Seventeen Community Tennessee Rehabilitation Centers strategically located throughout the state provide rehabilitation services for individuals and employers in their surrounding areas. Federal and local dollars fund the centers.

Disability Determination Services – The Disability Determination Services section operates by agreement between the State of Tennessee and the Social Security Administration to process Social Security and Supplemental Security Income disability claims. The section has working relationships with the Social Security Administration’s Area Director’s office, 30 district and branch offices, 5 Office of Hearings and Appeals offices, medical and psychological associations, legislative offices, the legal community, and other state and local organizations that serve the disabled.

Tennessee Technology Access Program – The statewide Tennessee Technology Access Program increases access to, and acquisition of, assistive technology devices and services. Through its four core programs—Funding Assistance, Device Demonstration, Device Loan, and Device Reutilization—this program and a network of five assistive technology centers help people with disabilities and their families find and get the tools that they need to live independent, productive lives where and how they choose.

Tennessee Business Enterprises (TBE) – TBE offers vocational training and employment opportunities for individuals who are legally blind. The mission of this program is to provide high quality products and customer service while maximizing employment and economic opportunities for legally blind individuals. Federal and state laws grant TBE, under the Randolph-Sheppard Vending Stand Act of 1936, a priority to operate vending and food service in federal, state, and local government buildings. TBE trains, licenses, and places blind individuals in a facility where they function much like an independent business owner. TBE consultants provide assistance to managers.

Community and Social Services

The Division of Community and Social Services consists primarily of Child Care Services, food programs (the Child and Adult Care Food Program and the Summer Food Service Program), Adult Protective Services, and the Community Services Block Grant program.

Child Care Services – Child Care Services plans, implements, and coordinates activities and programs to ensure quality, accessibility, and the health and safety of children in care. The Child and Adult Care Licensing section is responsible for monitoring child and adult care agencies to ensure the health and safety of the young children and vulnerable adults in care. Child Care Assessment staff assess each licensed provider annually and have established the Star-Quality Report Card Rating and Evaluation System for facilities. The Child Care Certificate Program assists families who need help paying for child care in order to meet the requirements of the Families First program.

Child and Adult Care Food Program (CACFP) – This federally funded program provides reimbursements for eligible meals that are served to participants who meet age and income requirements. CACFP provides administrative payments for those agencies that sponsor the participation of day care homes. The U.S. Department of Agriculture has established annual rates on which all payments are based. CACFP provides aid to child and adult care institutions and family or group day care homes to provide nutritious foods to contribute to the wellness, healthy growth, and development of young children, and the health and wellness of older adults and chronically impaired disabled persons.

Summer Food Service Program (SFSP) – Established by Congress in 1968, the SFSP serves to ensure that, during school vacation, children 18 years or younger of families with low incomes could receive the same high-quality meals provided during the school year by the National School Lunch and Breakfast Programs. DHS administers SFSP under an agreement with the U.S. Department of Agriculture and in concert with community partners called “sponsors.” SFSP generally begins when school closes in late spring and continues until school opens for the fall term. SFSP may make special provisions for areas where schools operate on year-round schedules.

Adult Protective Services (APS) – APS staff investigate reports of abuse, neglect (including self-neglect), or financial exploitation of adults who are unable to protect themselves due to a physical or mental limitation. APS staff assess the need for protective services and provide services to reduce the identified risk to the adult.

Community Services Block Grant (CSBG) – CSBG is a federally funded grant program that combats poverty within communities by removing the barriers to self-sufficiency that clients may encounter. Allowable services range from “safety net” emergency services through job development, adult education, and self-sufficiency programs.

An organizational chart of the department is on the following page.

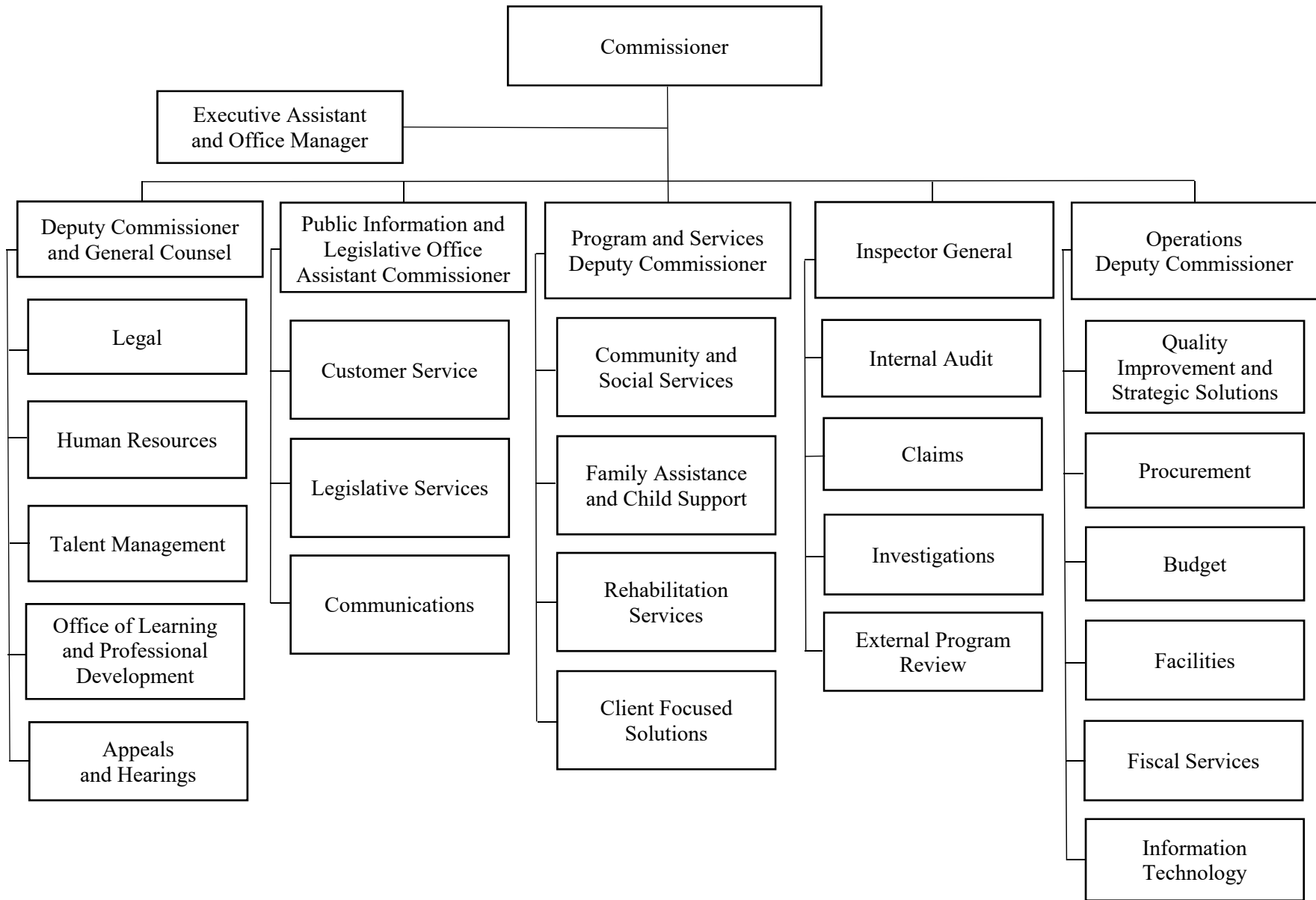
AUDIT SCOPE

We audited the Department of Human Services’ activities for the period of January 2016 to October 2017. Our audit scope included a review of internal controls and compliance with laws and regulations that are significant within the context of the audit objectives. Our scope did not include compliance testing of the Child and Adult Care Food Program. This federally funded program is included in the scope of the State of Tennessee Single Audit. The most recent Single Audit is for the fiscal year ended June 30, 2016. Management of the department is responsible for establishing and maintaining effective internal controls and for complying with applicable laws and regulations, and the provisions of contracts and grant agreements related to this compliance.

For our sample design, we used nonstatistical audit sampling, which was the most appropriate and cost-effective method for concluding on our audit objectives. Based on our professional judgment, review of authoritative sampling guidance, and careful consideration of underlying statistical concepts, we believe that nonstatistical sampling provides sufficient, appropriate audit evidence to support the conclusions in our report. Although our sample results provide reasonable bases for drawing conclusions, the errors identified in these samples cannot be used to make statistically valid projections. We present more detailed information about our methodologies in the individual report sections.

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

**Organizational Chart
Department of Human Services
As of August 2017**



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. We followed up on prior audit findings of the department's January 2012 performance audit and found the department resolved findings related to the implementation of a new computer system for Adult Protective Services, and have support for client service expenditure documentation for vocational rehabilitation services. We determined that the finding on internal audit functions is not resolved, and the finding on department and contractor continuity of operations plans is partially resolved. These are discussed in the Conclusions section of this report. Resolution of the findings in the 2016 Single Audit will be discussed in the 2017 audit.

CONCLUSIONS

VOCATIONAL REHABILITATION

The Vocational Rehabilitation Law of Tennessee (Section 49-11-601 et seq., *Tennessee Code Annotated*) provides for vocational rehabilitation for those Tennesseans with disabilities to help them seek employment, improved employment opportunities, and/or more independence. Section 49-11-602 states that vocational rehabilitation services include

- diagnostic and related services (including transportation) related to determining whether an individual is handicapped;
- training;
- guidance;
- placement;
- maintenance (not exceeding the estimated costs of subsistence during vocational rehabilitation);
- occupational licenses, tools, equipment, initial stocks, and supplies;
- transportation (other than provided as diagnostic and related services);
- physical restoration (such as corrective surgery or therapeutic treatment necessary to correct or substantially modify a physical or mental condition impeding employment); and
- “workshop” (a place where any manufacturing or handiwork is carried on, providing employment to severely handicapped individuals who cannot be readily absorbed in the competitive labor market).

Our audit objective was to assess the efficiency and effectiveness of case management in the department's Vocational Rehabilitation program. We reviewed relevant state and federal statutes, rules and regulations, policies and procedures, and reports related to these programs. We also talked to Vocational Rehabilitation program management and regional staff. In addition, we performed a file review of Vocational Rehabilitation cases.

From our audit work, we determined that Vocational Rehabilitation staff did not follow policies for several cases we reviewed. Details are in the following finding.

Finding

1. Vocational Rehabilitation clients did not always receive timely and complete Individualized Plans for Employment or have enough contacts with or have their progress reviewed by their counselor

The federal Rehabilitation Act of 1973 requires the Vocational Rehabilitation (VR) program to determine whether an individual is eligible for vocational rehabilitation services within a reasonable period of time, not to exceed 60 days unless there are exceptional and unforeseen circumstances that would preclude a VR counselor from making a determination within the above-mentioned time frame and the individual agrees to a specific extension of time. Federal law also requires that VR develop a client's Individualized Plan for Employment (IPE) as soon as possible, but no later than 90 days after the determination of eligibility unless the client agrees to a specific extension of time.

Federal law and VR program policy both require that each client's IPE must include the following components: a description of the specific employment outcome; specific VR services needed to achieve the employment outcome; the VR service provider; criteria to evaluate progress toward achievement of the employment outcome; and the terms and conditions of the IPE, which include the responsibilities of VR, the client, and other entities.

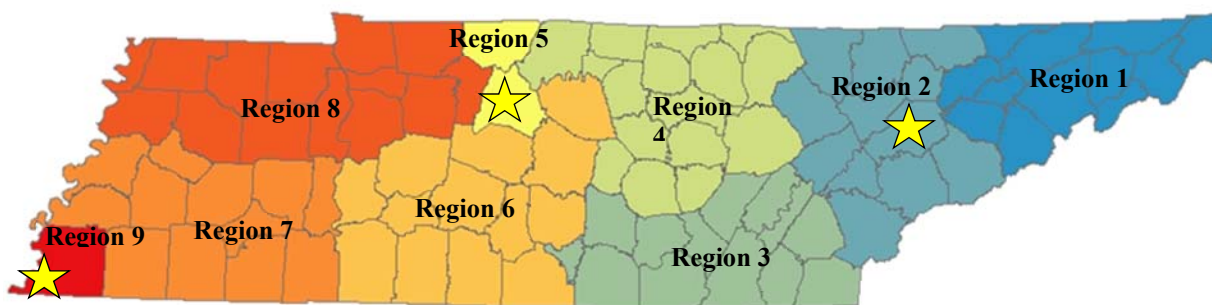
VR program policy also requires counselors to contact their clients, or the clients' representatives, as often as necessary to facilitate the VR process, but at least every 90 days. Counselors are to record such a contact in Tennessee Rehabilitation Information and Management System (TRIMS) as a "Client Contact" case note so that management can track and review these contacts to ensure the contacts are timely. VR central office management and regional supervisors we contacted were aware of the 90-day requirement, so the reason for the requirement not being followed does not appear to be lack of training or awareness.

In addition, VR program policy stipulates that counselors are to perform an annual review for cases open longer than a year to assess their clients' progress toward achieving the employment objectives listed in their IPEs. Counselors are also to conduct such a review any time there is a need to amend the IPE. Counselors must document these reviews in TRIMS through annual review case notes. When we spoke to regional staff about annual review case notes, there seemed to be some confusion about this policy. Some staff stated that if the IPE needed to be amended, they would not need to create a VR annual review case note for the review, while other staff said such

notes were needed. However, the VR policy manual clearly states that if “an annual program review reveals that changes are required to the IPE, conduct an ENA [employment needs assessment] and document appropriately in the ENA Summary for IPE Amendment. A ‘VR Annual Review’ case note is also required to update the PDQ [pre-defined query in TRIMS] review date.”

Problems With IPE Development and Extensions, and With Client Contacts and Progress Reviews

To examine whether clients had received the required services, we reviewed random samples of 90 clients the VR program had deemed eligible from January through June 2016. Each random sample was made up of 30 client files from each of the following VR regions: Region 2 (458 cases), Region 5 (221 cases), and Region 9 (475 cases). We selected regions for review that include the major metropolitan areas of Knoxville, Nashville, and Memphis because these regions represent Tennessee’s three grand divisions and offer a greater concentration of cases.



Source: Department of Human Services.

We reviewed each client’s case file using TRIMS, including electronic notes and scanned documents, to determine if counselors followed state and federal requirements in managing cases in an efficient and effective manner. We found that counselors did not follow policy requirements in several areas.

Individualized Plan for Employment Development

While there were no serious problems with the timeliness of determining applicants’ eligibility for services, there were substantial delays in developing IPEs. We found the counselors determined client eligibility timely in 96% of cases—including cases with extensions meeting policy requirements. This meets the department’s goal of 92% timeliness as outlined in the *Workforce Innovation and Opportunity Act Combined State Plan for Tennessee: July 31, 2016 – June 30, 2020*. (The federal Workforce Innovation and Opportunity Act is designed to help job seekers access employment, education, training, and support services to succeed in the labor market; the act is overseen by the U.S. Department of Labor.)

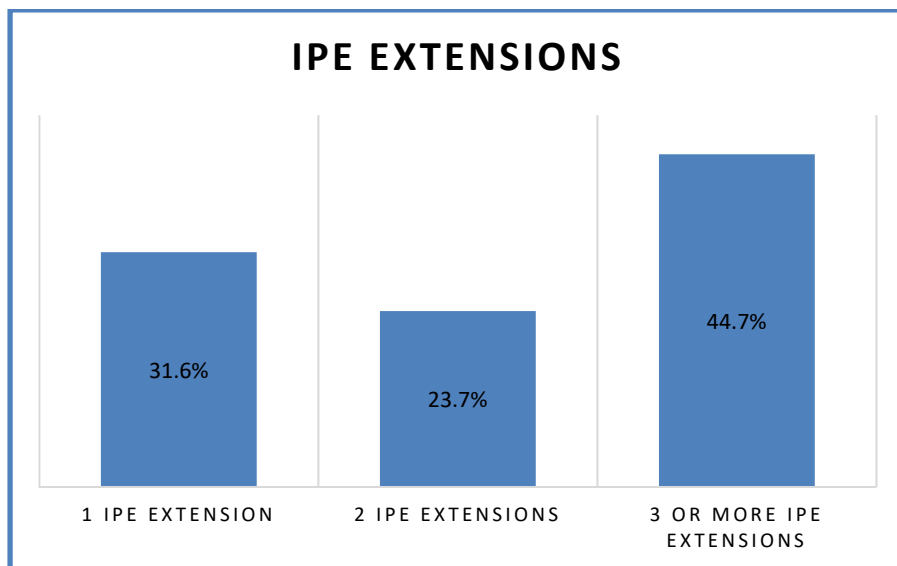
However, counselors developed IPEs in a timely manner with proper extensions in only 71% of files reviewed that had an IPE in place. This does not meet the department’s goal of 90% timeliness for IPE development as outlined in the plan. Of the client files that we reviewed that

did not have a completed IPE, 49% were open for more than 90 days past the eligibility determination date with either late or no current IPE extensions at the time of case closure. VR management stated that even if a counselor closes a client's case before the IPE is complete, a current IPE extension should still be on file if the case was open longer than 90 days from the date of eligibility determination.

Individualized Plan for Employment Extensions

We also observed a trend in counselors using multiple IPE extensions, and not all case files had an accompanying justification for the extension in the case note. Although there is no formal policy regarding the limit of IPE extensions that management can allow before the number of extensions becomes unreasonable, regional management stated that they would like to see management give no more than 2 extensions without supervisory review. Of the 38 cases we reviewed that had an IPE extension, 45% had 3 or more extensions, with some as high as 6 to 14 IPE extensions. Too many extensions may prevent the timely provision of services to clients. Chart 1 shows the breakdown of IPE extensions.

Chart 1
IPE Extensions
Random Sample of Vocational Rehabilitation Cases
January Through July 2016



Source: Department of Human Services.

Individualized Plans for Employment Completeness

Several IPEs also did not meet policy requirements. Of the 45 clients who had an IPE in place at the time of our review, only 56% had IPEs that met all policy requirements. The vast majority of IPEs that did not meet policy requirements were deficient because counselors did not completely fill out all fields on the IPE prior to its implementation. The fields that were most often left blank on the form were criteria for evaluation for progress toward employment outcome, terms and conditions, and responsibilities of the client. Federal law and VR program policy mandate

that counselors complete these fields. VR management also agreed that counselors need to complete all fields on the IPE at the time they implement the IPE, with the exception of the outcome and outcome date boxes because counselors would not know that information at the time they create the IPE.

Counselors must completely fill out all fields on the IPE because the IPE serves as an agreement between VR and clients that outlines the services, service providers, terms and conditions, and responsibilities of all parties that are required to achieve a specific employment objective. A client's signature on the IPE signifies that he or she agrees with all aspects of the IPE and intends to participate in the planned program of services.

Contacts With Clients

In 51% of the 90 client files we reviewed, counselors did not contact their clients at least once every 90 days throughout the life of the case. Maintaining client contact is important because it allows the counselor to build a relationship with the client and helps facilitate the VR process. If a counselor does not stay in frequent contact with the client, the client might experience a delay in finding, obtaining, and retaining employment and achieving greater independence.

Annual Progress Reviews

We also determined that of those 17 clients who had an IPE in place for over one year, 76% did not have a "VR Annual Review" case note on file. Annual reviews are important because they assess the clients' progress toward achieving the employment objective listed on their IPE.

Recommendation

The department should ensure that counselors create and implement all Individualized Plans for Employment (IPE) for Vocational Rehabilitation (VR) program clients in a timely manner and in accordance with federal law and VR program policy requirements. The department should develop a policy limiting the number of IPE extensions per case, allowing more than two extensions only after management reviews the case to determine any extenuating circumstances (for example, client illness).

The department should ensure that counselors contact their clients at least every 90 days and perform all annual and IPE amendment reviews of VR cases in a timely manner. Counselors should document client contacts and IPE reviews in TRIMS.

Management's Comment

We concur. As part of management's continuing quality improvement efforts, Vocational Rehabilitation has implemented several process improvements prior to the issuance of the findings of this audit to ensure that all counselors create and implement Individualized Plans for Employment (IPEs) for Vocational Rehabilitation (VR) clients in a timely manner in accordance

with federal regulations and program policy requirements. Improvements to enhance timeliness and compliance with program policy requirements include:

- **Expansion of the Vocational Rehabilitation Policy Unit.** In 2016, the Vocational Rehabilitation program expanded the Policy Unit to include policy specialists located in each grand region of the state to provide specific policy guidance and technical assistance to field staff. In addition to their primary responsibilities related to performance trend analysis, policy guidance, and training reinforcement, these regional policy specialists are tasked with working with VR management and field staff to identify, develop, and provide technical assistance to support VR counselors in complying with federal regulations and program policy. In addition to the support field staff receives through their field and regional supervisors, the policy specialists meet with counselors one on one, in unit and regional meetings, as well as develop and implement webinars for policy clarification purposes.
- **Implementation of Quality Assurance reviews.** The Vocational Rehabilitation program management, in collaboration with the Quality Improvement and Strategic Solutions (QISS) unit, has developed review and monitoring strategies that specifically address timeliness of plan development by Vocational Rehabilitation counselors. The monitoring process includes supervisors at all levels, including senior program management, to more intentionally monitor, discuss, and make course corrections to ensure that counselors are identifying potential delays in case progress and addressing them earlier. Supervisors discuss cases with their units and facilitate case conferences on more challenging cases as needed for a more collaborative approach to keep cases progressing timely. The process conducted by QISS includes reviewing client case files to determine if case work has been performed in accordance with the standard business processes, VR Policy Manual, and best practices and reporting those findings to the VR leadership, including the Assistant Commissioner, VR Director, VR Assistant Director, VR Policy Director, and Regional Supervisors. Once these reports are provided to VR leadership, a monthly Quality Assurance (QA) results meeting is held to review the results. Once the QA results are shared with program leadership, VR QA conducts quarterly meetings with the regional staff on those results.

Additional contributions to quality in VR case processes are made by Front Line and Regional Supervisors. Front Line Supervisor contributions in the QA process include regular and consistent case reviews of their unit member's caseloads to ensure timeliness of cases and that the appropriate procedural requirements are followed, evaluation of counselor performance, and assisting counselors with workload management. Regional Supervisor contributions in the QA process include periodic case reviews to ensure timeliness of cases and the appropriate procedural requirements are followed, and evaluation of counselor and front line supervisor performance.

The department takes timeliness seriously and will continue the improvement process to ensure that all VR cases are handled accurately and timely. To date, the VR program has experienced significant improvement in counselor timeliness. As of the most recent QA report (November 2017), the current timeliness rate for Individualized Plan for Employment (IPE) development (Status 10) within 90 days is 95%.

VR management is monitoring the use of extensions through the improvements outlined above to ensure that counselors create and implement Individualized Plans for Employment (IPEs) for Vocational Rehabilitation program clients in a timely manner and in accordance with federal law, regulations, and program policy requirements. In addition to reviewing the number of cases that require an extension, the QA process tracks the reason for the extension. For example, in the November 2017 report, evaluations (41%) were the most frequent reason cited for extensions. Scheduling, completing, and receiving the results from a needed evaluation like a psychological exam or other vocational assessment can necessitate the need for an extension in completing the IPE. Other reasons for extensions cited in the November report include client career goal undecided, trial work experience, client missed appointments, and unable to contact the client. Understanding that each path to employment is unique and building on the vocational rehabilitation philosophy of the individual plan for employment, Vocational Rehabilitation leadership will continue to monitor the use of extensions and further evaluate the need to implement a policy requiring management reviews of cases that require more than two extensions.

The Vocational Rehabilitation program is taking steps to monitor and ensure that counselors create and implement Individualized Plans for Employment (IPEs) for clients in a timely manner and in accordance with federal law, regulations, and program policy requirements. Through the improvements outlined above, the Vocational Rehabilitation program is taking steps to monitor and ensure that counselors contact their clients at least every 90 days, and perform all annual and IPE amendment reviews of Vocational Rehabilitation cases in a timely manner in accordance with federal law, regulations, and program policy requirements—including ensuring that client contacts and IPE reviews are documented in the VR program’s case management system, TRIMS. In addition to monitoring timeliness of eligibility determinations and the development of the IPE, the QA process also evaluates the quality of case notes to ensure that there is clear documentation that allows the reviewer to follow the history of the case through the VR process.

INTERNAL AUDIT FUNCTION

According to the Institute of Internal Auditors, internal auditing is “an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations.” The institute describes internal auditing, at “its simplest,” as “identifying the risks that could keep an organization from achieving its goals, making sure the organization’s leaders know about these risks, and proactively recommending improvements to help reduce the risks.” In addition to assessing internal controls (which are structures, activities, processes, and systems that help management effectively mitigate the risks to an organization’s achievement of objectives), internal auditors promote ethics by abiding by “a Code of Ethics that upholds the principles of integrity, objectivity, confidentiality, and competency,” including raising “a red flag” when they come across misconduct. The 2012 performance audit of the Department of Human Services found that “While the department devotes significant resources to monitoring and auditing its programs’ subrecipients, contractors, and clients, it needs to improve monitoring and auditing of its own internal program operations to ensure the efficiency and effectiveness of its operations.”

Our objective was to determine if the department has sufficiently improved monitoring and auditing of its own internal program operations to ensure their efficiency and effectiveness. We spoke with Division of Program Integrity management (the department's internal audit function is in that division) and reviewed recent division internal audit plans and risk assessments, as well as reviews conducted by the Division of Quality Improvement and Strategic Solutions (QISS). We determined that the department has not resolved this issue.

Finding

2. The department still needs to improve monitoring and auditing of its internal program operations

The Division of Program Integrity's internal audit work still focuses on county office and contractor compliance with federal Motor Voter and Internal Revenue Service tax information safeguards. In addition, at the division's request, QISS is reviewing food programs' (specifically, the Child and Adult Care Food and Summer Food Service programs) contractors in response to recent Single Audit findings. Also at the division's request, QISS reviews Vocational Rehabilitation program client files (for example, for timeliness and accuracy of case processing), which appears to be the only review the department does of its program operations.

Division of Program Integrity management stated that, as part of the new Executive Internal Auditor function, which is located in the Department of Finance and Administration, the division will review the performance of its Families First and Supplemental Nutrition Assistance Food (SNAP) programs in fiscal year 2018. (Section 4-4-124, *Tennessee Code Annotated*, states that the Executive Internal Auditor, among other duties, shall "develop comprehensive internal audit standards for executive branch agencies" and review "and approve internal audit plans" for these agencies.) The department chose these programs through a risk assessment.

A strong internal auditing function is essential for the Department of Human Services, which provides regulatory, safety, and often life-dependent services to the citizens of Tennessee. To provide these services to a large number of clients who have limited resources and many different problems, the department must maintain a strong internal control system to mitigate the numerous programs' risks, manage staff spread across the state, and navigate voluminous federal and state requirements of the programs it oversees.

Recommendation

The Commissioner, in cooperation with the Executive Internal Auditor, should ensure regular internal audits of department programs based on annual risk assessments. The department should provide adequate staff and other resources to perform these internal audits. Internal audits should assess departmental programs, not just contractor/subrecipient/client compliance, to ensure efficient and effective program operations. The conclusions of these audits should be reported to department management, who has the authority to correct the issues.

Management's Comment

We concur. The department agrees that most of the Internal Audit staff work was spent on the safeguarding of Federal Tax Information (FTI) and National Voter Registration Act of 1993. Internal Audit staff conducts audits and issues compliance reports on counties and judicial districts throughout the state every year.

The Internal Audit staff within the Division of Audit Services is responsible for conducting and issuing reports on the safeguarding of Federal Tax Information that is received from the Internal Revenue Service (IRS). IRS publication 1075 requires those agencies or agents that legally receive FTI directly from either the IRS or from secondary sources (e.g., Social Security Administration), pursuant to Internal Revenue Code 6103 or by an IRS-approved exchange agreement, to have adequate programs in place to protect the data received.

The Internal Audit staff is also responsible for conducting and issuing reports on the department's compliance with the National Voter Registration Act of 1993 (also known as the NVRA or motor voter law). This act sets forth certain voter registration requirements with respect to elections for federal office. Section 7 of the NVRA requires that states offer registration opportunities at certain state and local offices, including public assistance and disability offices.

During the audit period of January 2016 through October 2017, the Internal Audit staff conducted and issued 168 FTI and motor voter (MV) internal review reports. Details follow:

Period	Federal Tax Information - Reports	Judicial Districts - Reports	Motor Voter - Reports
1/1/2016 - 6/30/2016	18	8	20
7/1/2016 - 6/30/2017	33	15	33
7/1/2017 - 10/31/2017	17	2	22
Total Number of Reports Issued	68	25	75

In addition, during the Comptroller's Office audit period, Internal Audit staff was conducting an audit of the Tennessee Rehabilitation Center within the department's Vocational Rehabilitation Program. The audit report was finalized and provided to management on November 17, 2017. A copy of the report was also provided to the Comptroller's Office staff.

Based on risk assessment, the department, in accordance with Section 4-4-124, *Tennessee Code Annotated*, submitted to the Comptroller's Office the approved Executive Internal Auditor Audit Plan for the fiscal year ended June 30, 2018. The audit plan included, in addition to FTI and MV audits, the following areas identified for audit within the department:

Division	Area Identified for Audit for FY 2018
Office of General Counsel	Appeals and Hearings - timeliness
Family Assistance	SNAP EBT cards - SNAP trafficking
Family Assistance	TANF* – TANF payments to clients

* Temporary Assistance for Needy Families.

The internal audit work on the aforementioned three areas is currently underway, and the audit reports are expected to be issued by June 30, 2018.

The Division of Audit Services will continue to increase the number of internal audits within the department and include the identified areas, based on a risk assessment, in the annual audit plan.

FAMILY ASSISTANCE

The Department of Human Services' Family Assistance program has two main components providing direct assistance to Tennessee families in need: Families First and the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps. Families First had 62,796 participants and SNAP had 1,064,658 participants, as of December 2016 (the last month in the sample discussed below).

Families First

The Families First Act of 1996 (Section 71-3-101 et seq., *Tennessee Code Annotated*) created the department's version of the federal Temporary Assistance for Needy Families (TANF) program, Families First. TANF replaced the Aid to Families with Dependent Children program in 1996.

Families First provides temporary cash assistance and other support services (such as employment opportunities, job training, and child care) to help participants become self-sufficient. Participants must agree to and follow a Personal Responsibility Plan (PRP). The PRP requires participants to keep their children's immunizations and health checks up to date, keep their children in school, cooperate with Child Support services, and participate in work and/or training for at least 30 hours per week.

Section 71-3-104, *Tennessee Code Annotated*, mandates a lifetime 60-month limit for each participant, unless he or she meets certain exemption criteria, which include the following:

- the family does not contain an adult;
- the caretaker relative (for example, the father, mother, grandfather, or grandmother) is 65 years of age or older;
- the caretaker relative is caring for a disabled or incapacitated child relative or disabled adult relative, based upon criteria set forth in the department's rules; or

- the caretaker relative is disabled, based upon criteria set forth in the department’s rules.

Supplemental Nutrition Assistance Program (SNAP)

Section 71-5-302, *Tennessee Code Annotated*, states that the purpose of SNAP is “to provide for improved levels of nutrition among economically needy households.” Section 71-5-304 requires the department to develop and implement “state-wide standards for determining the amount of food stamp assistance or food assistance any person, household or family shall receive.” In supplementing participants’ food budgets, SNAP allows participants to direct more funds to other essential living expenses. The department issues benefits electronically through Electronic Benefits Transfer (EBT) cards. The department administers this program in cooperation with the U.S. Department of Agriculture.

Our audit objective was to evaluate the efficiency and effectiveness of case management of Families First and SNAP. We reviewed relevant statutes, rules and regulations, policies and procedures, and reports related to these programs. We also talked to Family Assistance management and regional staff. In addition, we performed a file review of Families First and SNAP cases.

From our audit work, we determined that although both Families First and SNAP programs mostly met the requirements for case processing, case data provided by the department had errors, and several cases were missing hard copies of necessary documents (the department does not use electronic versions of such documents). In addition, some case managers (formally called eligibility counselors) and their supervisors reported excessive caseloads. Details are in the following observation.

Observation

- 1. The department does not adequately review Families Assistance case management data quality, the preservation of hard copy documents, and case manager caseloads**

Family Assistance File Review

For Families First and SNAP applications, case managers must meet certain processing standards regarding the maximum amount of time and the information to verify. Case managers have to process Families First applications within 45 days of receipt, regular SNAP applications within 30 days, and expedited SNAP applications (for those applicants in emergency food situations) within 7 days. The department’s goal is to have 95% of cases processed in a timely manner, both for Families First cases (a department internal goal) and for SNAP cases (a U.S. Department of Agriculture requirement).

Information that case managers must verify for both Families First and SNAP applicants include

- citizenship;

- expenses;
- household members;
- income;
- residence;
- resources (such as automobiles and bank accounts); and
- social security number(s).

All applicants in Families First cases must sign PRPs, including cases where clients are exempt from the work requirement and child-only cases (situations where children live with non-related legal guardians or with family members other than their own parents, like grandparents, aunts, or uncles).

We reviewed random samples of 30 Families First cases and 30 SNAP cases approved for benefits from July to December 2016 in Davidson, Knox, and Shelby Counties (counties with the largest metropolitan areas in Tennessee and thus a greater concentration of cases). The Families First cases we reviewed met the 95% timeliness goal, but SNAP cases did not (see Table 1). All cases had proof of adequate verification of required application information, and all Families First cases had signed PRPs.

Table 1
Timeliness of Benefits Approval
Review of Random Samples of Families First and SNAP Cases
July Through December 2016

Case Timeliness	Families First		SNAP	
	Number	Percent*	Number	Percent*
Timely	18	95%	23	88%
Untimely	1	5%	3	12%
Not Applicable**	11	-	4	-
Total	30	100%	30	100%

* Pertains only to applicable cases.

** In cases that were not applicable, individuals were not approved for benefits during the period reviewed (37% of Families First cases and 13% of SNAP cases). However, we did evaluate five SNAP cases which, although approved during the first half of calendar year 2016, did have information in the department’s Automated Client Certification and Eligibility Network for Tennessee (ACCENT) system. Counting these five cases, 30%, not 13%, of SNAP cases were not approved during period reviewed.

Source: Department of Human Services.

We found problems with some of the case closure data the department provided to us: While we requested dates of approval, case managers did not approve for benefits 20 of the 60 cases reviewed (33%) during the period reviewed, and the “approval dates” were actually case closure dates or dates payments were adjusted. We believe department management would have the same data quality problems if it used similar data for Family Assistance management oversight.

Although all the cases we reviewed had information on applications, and applicants had signed and dated PRPs in the department’s Automated Client Certification and Eligibility Network for Tennessee (ACCENT) system, several cases did not have hard copy documentation of these forms. Table 2 provides specific information on documents missing and breaks down the results into Families First and SNAP cases. Of the 45 Family Assistance cases we reviewed, 4 cases did not have hard copy documentation of application forms (9%). (SNAP cases do not require PRPs.)

Table 2
Hard Copy Case Documents Unavailable
Review of Random Samples of Families First and SNAP Cases
July Through December 2016

Document Type	Case Type					
	Families First			SNAP		
	Total Cases Reviewed	Cases With No Document	Percent Missing Document*	Total Cases Reviewed	Cases With No Document	Percent Missing Document
Application Forms	19	2	11%	26	2	8%
PRPs*	15	10	67%	-	-	-

* Personal Responsibility Plans. Four Families First renewal cases we reviewed did not have PRPs but were not counted as missing this documentation, so we reviewed a total of 19 Families First cases.

Source: Department of Human Services.

Despite similar information in ACCENT, without the hard copy documents, management cannot confirm by merely reviewing case files if case managers met all procedures for Family Assistance case approval. The department should follow Records Disposition Authorizations for the length of time to retain hard copy documents for Family Assistance cases.

Case Manager Caseloads

Family Assistance management stated that the program’s emphasis is to evenly distribute the workload among case managers instead of just focusing on the number of cases assigned to each caseworker. Equalizing the workload, not the overall number of cases, is the top priority. A key measure of this is whether case managers meet the 95% timeliness requirement for processing applications.

We interviewed nine case managers (including three supervisors) in the three largest urban counties in Tennessee (three in each county)—Davidson, Knox, and Shelby Counties—to determine any major problems they or their colleagues had managing their workloads. Although some of the staff did not express major problems, other staff reported that the number of clients they saw prevented them from obtaining more detailed information on their clients’ needs. They said that a major factor affecting processing was clients failing to timely provide needed documentation for their applications. In addition, some clients missed their appointments. The department should review any workload problems, especially in counties with high levels of social service needs (major urban areas or isolated rural areas) to promptly find solutions.

CONTINUITY OF OPERATIONS PLANS

Observation

2. The department has improved some aspects of its continuity of operations plans since the prior audit; however, there is still room for improvement

The January 2012 Department of Human Services performance audit found that the department and many of its contractors needed to improve their continuity of operations plans (COOP) to ensure they could continue to provide services should natural or man-made disasters and other critical events directly impact department/contractor buildings, equipment, or staff.

To determine whether the prior audit issues were resolved, we interviewed the department's Emergency Services Coordinator, its Program Director of the Centralized Policy and Planning Unit, and Tennessee Emergency Management Agency's (TEMA) Administrator of Planning and Exercises. In addition, we reviewed

- the department's COOP, issued in September 2016, disaster recovery plans for a judgmental sample of county office districts located in each of Tennessee's grand divisions, and a judgmental sample of three Community Tennessee Rehabilitation Centers, and the residential Tennessee Rehabilitation Center in Smyrna;
- the department's Child Support program contract language for a random selection of one judicial district each Child Support program contractor manages and for the districts that the District Attorneys General Conference manages, and the accompanying contractor disaster recovery plans; and
- the Federal Emergency Management Agency's (FEMA) COOP templates and instructions.

We found that the department has improved some aspects of its COOPs since the prior audit; however, there is still room for improvement.

Emergency Service Coordinator

Sections 58-2-106 and 108, *Tennessee Code Annotated*, require TEMA to prepare a Tennessee Emergency Management Plan and maintain an accountable Emergency Services Coordinators (ESC) program. The ESCs (departmental liaisons with TEMA) established under TEMA's authority and oversight are responsible for ensuring that their departments develop plans to ensure continuation of necessary agency functions and that suitable space is provided for personnel, equipment, and records essential for operations during times of emergency and/or disaster.

The ESC for the Department of Human Services works as a liaison between the department and TEMA to develop and improve the department's COOP. Since the prior audit, the department has developed a more detailed plan that TEMA has approved. In addition, the department's ESC worked with both agencies to lead an emergency tabletop exercise in 2016 to test the department's

COOP. The department should continue seeking input from state emergency management personnel on the preparation and maintenance of their COOP, continue to participate in emergency simulations to test their COOP, and make any necessary adjustments on a regular basis.

Emergency Response Training

The department's COOP requires each county office to always have two Crisis Response Coordinators, who are staff members trained in emergency preparedness. The coordinators need to have periodic training in FEMA's National Incident Management System (NIMS) to represent the office in the county emergency operations center. TEMA management stated that NIMS training courses are updated every few years. The May 2017 NIMS training record showed that most NIMS-trained staff members had not had such training for at least five years. Department management stated that staff should complete refresher NIMS training on at least a five-year cycle. Department management staff also indicated that the American Red Cross provided disaster shelter simulation training to volunteer field staff in 2016. The department should continue to review staff rosters and ensure that all applicable staff receive disaster shelter simulation training on a five-year cycle as suggested by management.

Supplemental COOP Documents

According to the department's COOP, each county office or Vocational Rehabilitation facility should have an emergency response plan specific to its location that includes the following items: written procedures for emergency evacuation of the building; a graphic floor plan of the structure, showing the locations of emergency exits, fire extinguishers, first aid kits, auto-defibrillators, and any other health or safety equipment on site; designation of a safe gathering point away from the building where a headcount of staff/students can be made after a building evacuation; written procedures for addressing the actions of unruly, disruptive, or dangerous individuals who come into the facility; written procedures for addressing other threats to the safety and security of the staff, facility, customers, or students; and a plan for rapidly contacting staff during after-hours to alert them to emergencies or to alert them of problems affecting the functioning of the facility.

As part of the audit, we reviewed the emergency response plans for a judgmental sample of county office districts located in each of Tennessee's grand divisions and a judgmental sample of three Community Tennessee Rehabilitation Centers, in addition to the residential Tennessee Rehabilitation Center in Smyrna, to determine if each office's plan included all the items listed above. We found that not all plans include legible, clearly labeled office floor plans that indicate the locations of emergency exits, fire extinguishers, first aid kits, auto-defibrillators, and any other health or safety equipment on site. In addition, some plans do not list designated, site-specific gathering points away from the building to meet and perform headcounts after a building evacuation. Some of the Vocational Rehabilitation Center plans also do not contain detailed information for rapidly contacting staff during after-hours emergencies.

Without meeting all department COOP requirements, district and Vocational Training Center disaster recovery plans limit the ability of field staff to effectively respond to emergencies and fully restore services as soon as possible. The department should work with county office and

Vocational Training Center supervisors to make sure that all disaster recovery plans include the elements outlined in the department's COOP to ensure field staff are fully prepared to timely reinstate full services in the event of an emergency.

Child Support Program Contractors

According to standard departmental contract language, each Child Support program contractor managing a Child Support district should have an emergency response plan specific to its office location. The contracts do not outline specifically what should be contained in each disaster response plan, only that each Child Support program contractor should provide copies of these plans to the department. The department's COOP does not mention these plans.

Our review of the disaster recovery plans determined they are sufficiently detailed, although only one plan has an emergency floor plan. However, without specific instructions, the department cannot ensure Child Support program contractors have disaster recovery plans sufficient to ensure full services are reinstated during emergencies as soon as possible. The department should incorporate in contracts with Child Support program district contractors, or in a document the contract references, specific requirements for their disaster recovery plans.

APPENDIX
Budget Information
Department of Human Services
Estimated Budget
For the Fiscal Year Ended June 30, 2017

<i>Source</i>	<i>Amount</i>	<i>Percent of Total</i>
State	\$186,098,800	6%
Federal	2,604,250,500	91%
Other	73,950,900	3%
Total	\$2,864,300,200	100%