



**Introduction**

The Office of Inspector General (OIG) provides audit, investigation, and compliance management within the Department of Human Services (DHS). The Office of Inspector General consists of two divisions:

**Audit Services**

Currently staffed with 54 positions including Directors, Supervisors, Auditors, Program Monitors, and admin staff. Responsibilities include program monitoring, internal audit, coordinating external audit activity, reporting, and other compliance activities as needed.

**Program Integrity**

Currently staffed with 74 positions including Directors, Special Investigators, Claims Specialists, Claims Specialist Supervisors, contractors, and admin staff. Responsibilities include overpayment claims, SNAP trafficking investigations, fraud and misconduct investigations, background investigations, incident reporting, and other program integrity activities as needed.

OIG's overall objectives are to help the department deliver quality services and help safeguard program assets against loss. OIG primarily serves internal customers including the Commissioner and program management staff. We also interact with external customers, contractors, and partners in our normal course of business. OIG strives to treat all customers fairly and with respect. We endeavor to provide outstanding service to our customers while maintaining the professional integrity and independence required for effective audit and investigative work. The following report summarizes OIG's activity for calendar year 2023.

**Civil and Criminal Investigations**

OIG works with federal, state, and local law enforcement and other entities as necessary to pursue fraud and trafficking in public assistance programs. In calendar years 2021 and 2022, OIG supported two successful federal prosecutions resulting in court-ordered restitution.

A Shelby County child care director was indicted by a Federal Grand Jury, and subsequently sentenced for committing fraud in the CACFP. The director falsified attendance records for food program reimbursement fraudulently obtaining \$375,158.81. Also, a former TRC Account Technician was indicted for Felony Theft of \$2,500-\$10,000 by a Rutherford County Grand Jury, and subsequently sentenced and ordered to pay \$4,047.76 in restitution. While employed the AT was skimming funds from student accounts for personal gain/expenses. We have several open cases pending prosecution throughout the State of TN, including a SNAP fraud case in excess of \$600,000.00.

## Audit Services Summary

### Internal Audit

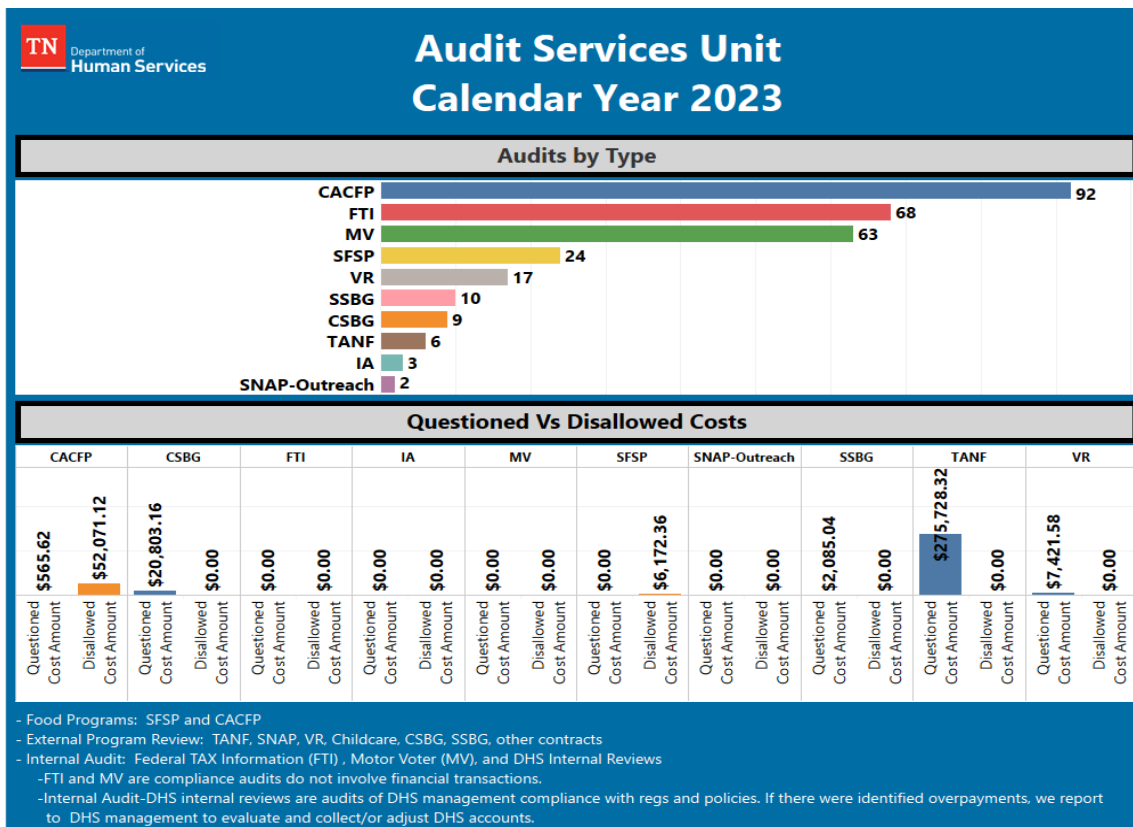
OIG’s Internal Auditors completed 3 DHS internal audits, 63 Motor Voter audits, and 68 Federal Tax Information audits during the 2023 calendar year.

### External Program Review

OIG’s External Program Review auditors completed 87 contracts monitoring during the 2023 calendar year, resulting in a questioned cost of \$717,834.24.

### Food Programs Monitoring

OIG’s Food Programs monitors completed 116 monitoring engagements during the 2023 calendar year, resulting in a disallowed cost of \$58,243.48.



## **Audit Services Programs Reviewed**

### **U.S. HHS Programs**

#### **Temporarily Assistance for Needy Families (TANF)**

##### *Tennessee Opportunity Act (TOA), Two Generation Approach, and Community Grants*

Monitoring of the TOA contracts began in June 2023. During this reporting period, there was one TANF-TOA contract monitoring completed. The contract monitoring resulted in questioned costs of \$248,135.17.

Also, OIG's External Program Review auditors completed 5 monitoring engagements during this reporting period, resulting in questioned costs of \$27,593.15.

#### ***Notable findings included:***

- Improper allocation of employees' salaries and benefits to the grant contract.
- Insufficient documentation to support charges for the grant contract.

#### ***Recommendations:***

Management should establish and implement internal control procedures to eliminate or mitigate the risk of improper cost allocation to the grant contract.

#### **Childcare and Development Fund (CCDF)**

OIG's External Program Review auditors completed 5 contract monitoring engagements during this reporting period, resulting in questioned costs of \$411,796.14.

#### ***Notable findings included:***

- Contractor did not provide sufficient support documentation for reimbursements.
- Contractor allocated costs to the grant contract for an employee whose salary was not assigned to the grant.

#### ***Recommendations:***

Management should establish and implement internal control procedures to eliminate or mitigate the risk of improper cost allocation to the grant contract.

#### **Community Services Block Grant (CSBG)**

OIG's External Program Review auditors completed 9 contract monitoring engagements during this reporting period, resulting in questioned costs of \$20,803.16.

#### ***Notable findings included:***

- Conflict of Interest forms were not on file for all active board members.
- Contractor was not in compliance with the CSBG organizational standard 5.6.

#### ***Recommendations:***

Management should establish and implement internal control procedures to ensure compliance with applicable state and federal requirements.

### Social Services Block Grant (SSBG)

OIG's External Program Review auditors completed 10 contract monitoring engagements during this reporting period, resulting in questioned costs of \$20,85.04.

#### ***Notable findings included:***

- Conflict of Interest forms were not on file for active board members.
- Contractor did not submit the quarterly expense and revenue reports to DHS management in a timely manner.

#### ***Recommendations:***

Management should establish and implement internal control procedures to ensure required reporting are submitted to the Grantor timely and ensure compliance with applicable state and federal requirements.

### USDA Programs

#### Child and Adult Care Food Program (CACFP)

OIG's Food Programs monitors completed 92 monitoring engagements during this reporting period, resulting in disallowed costs of \$52,071.12.

Notable findings included:

- Contractor did not complete monitoring of its facilities as required.
- Contractor claimed more meals for reimbursement than number of meals served.

#### ***Recommendations:***

Management should establish and implement internal control procedures to ensure accuracy of claims for reimbursement and monitoring of its facilities.

#### Summer Food Service Program (SFSP)

OIG's Food Programs monitors completed 24 monitoring engagements during this reporting period, resulting in disallowed costs of \$6,172.36.

#### ***Notable findings included:***

- Contractor overstated the number of meals eligible for reimbursement.
- Contractor meals menu did not meet USDA meal pattern requirements.

#### ***Recommendations:***

Management should establish and implement internal control procedures to ensure accuracy of claims for reimbursement and meals menus in compliance with USDA requirements.

### Supplemental Nutrition Assistance Program (SNAP)

OIG's External Program Review auditors completed 2 contract monitoring engagements during this reporting period.

#### ***Notable findings included:***

- Contractor overstated the number of meals eligible for reimbursement.
- Contractor meals menu did not meet USDA meal pattern requirements.

#### ***Recommendations:***

Management should establish and implement internal control procedures to ensure accuracy of claims for reimbursement and meals menus in compliance with USDA requirements.

### RSA Programs

#### Vocational Rehabilitation (VR)

OIG's External Program Review auditors completed 17 contract monitoring engagements during this reporting period, resulting in questioned costs of \$7421.58.

#### ***Notable findings included:***

- Contractor over-reported units of service on the Monthly Program Reports.
- Contractor did not maintain accurate student enrollment records.

#### ***Recommendations:***

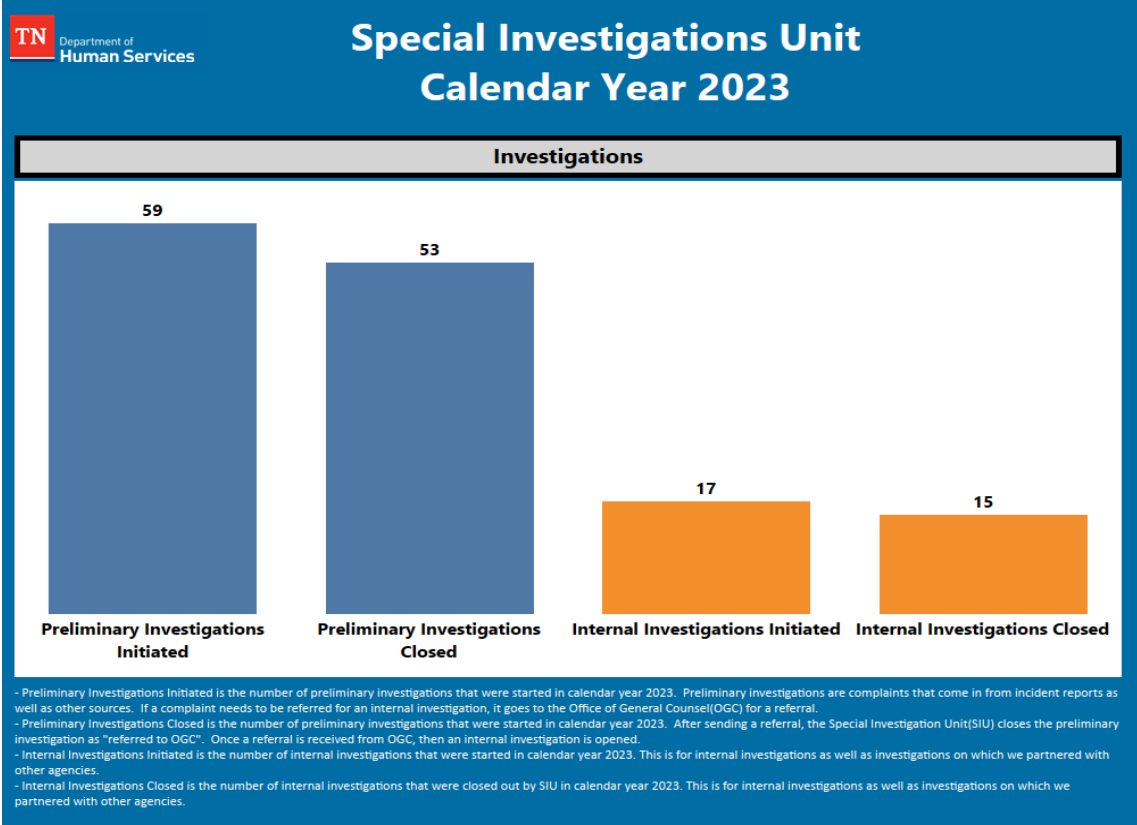
Management should establish and implement internal control procedures to ensure monthly reports are accurate and supported.

# Program Integrity

## Fraud and Misconduct Investigations

The DHS OIG Special Investigations Unit (SIU) conducts a variety of investigations, including both external investigations and internal investigations, and produces quality investigative reports. SIU reports are referred to the DHS Office of General Counsel (OGC), DHS Human Resources (HR), State and Federal Law enforcement, and or State and Federal prosecutors for civil or criminal determinations.

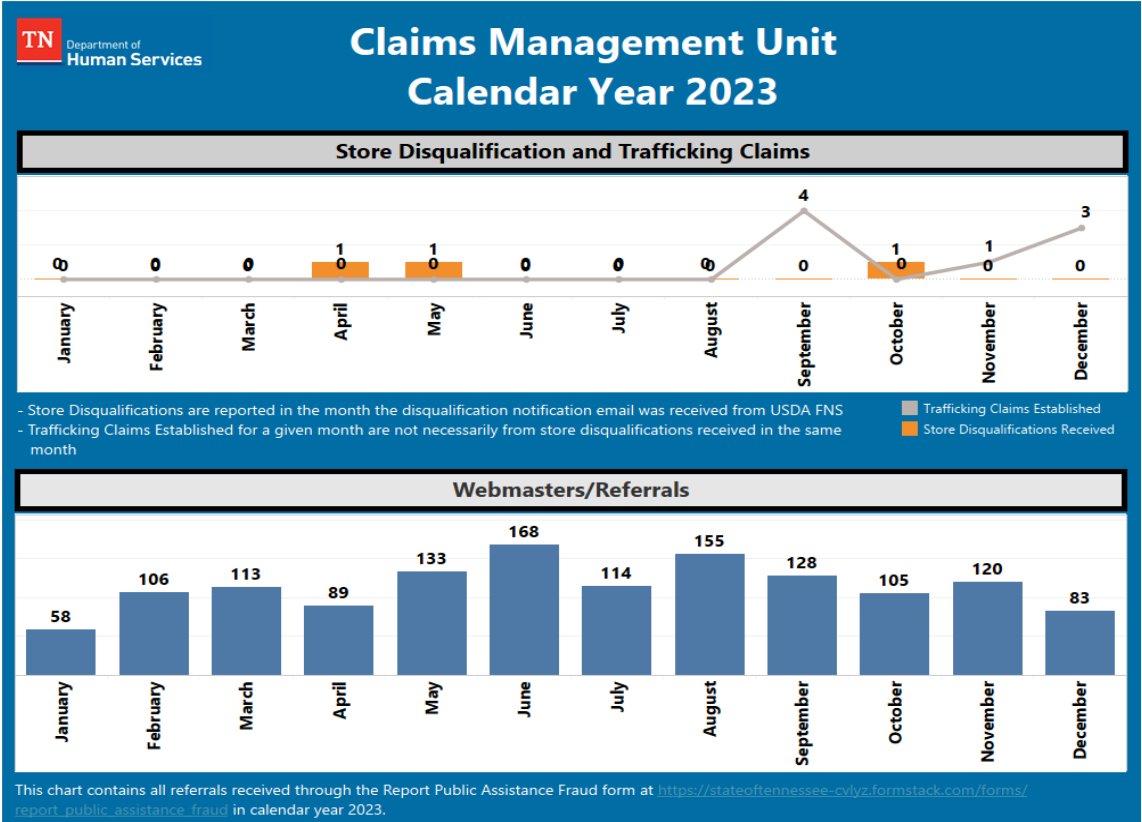
For calendar year 2022 OIG completed 68 investigations.



**SNAP Trafficking**

OIG receives store disqualifications from USDA FNS listing fraudulent transactions by TN customers. The fraudulent transactions for each customer are grouped together and only customers whose total combined fraudulent transactions meet or exceed \$500 are pursued via a waiver or an administrative disqualification hearing. If the waiver is signed or the customer is found guilty at an administrative disqualification hearing, they will be disqualified from receipt of assistance for a period of time and be required to pay benefits back.

For calendar year 2022 OIG processed 3 store disqualifications and 8 claims related to trafficking.

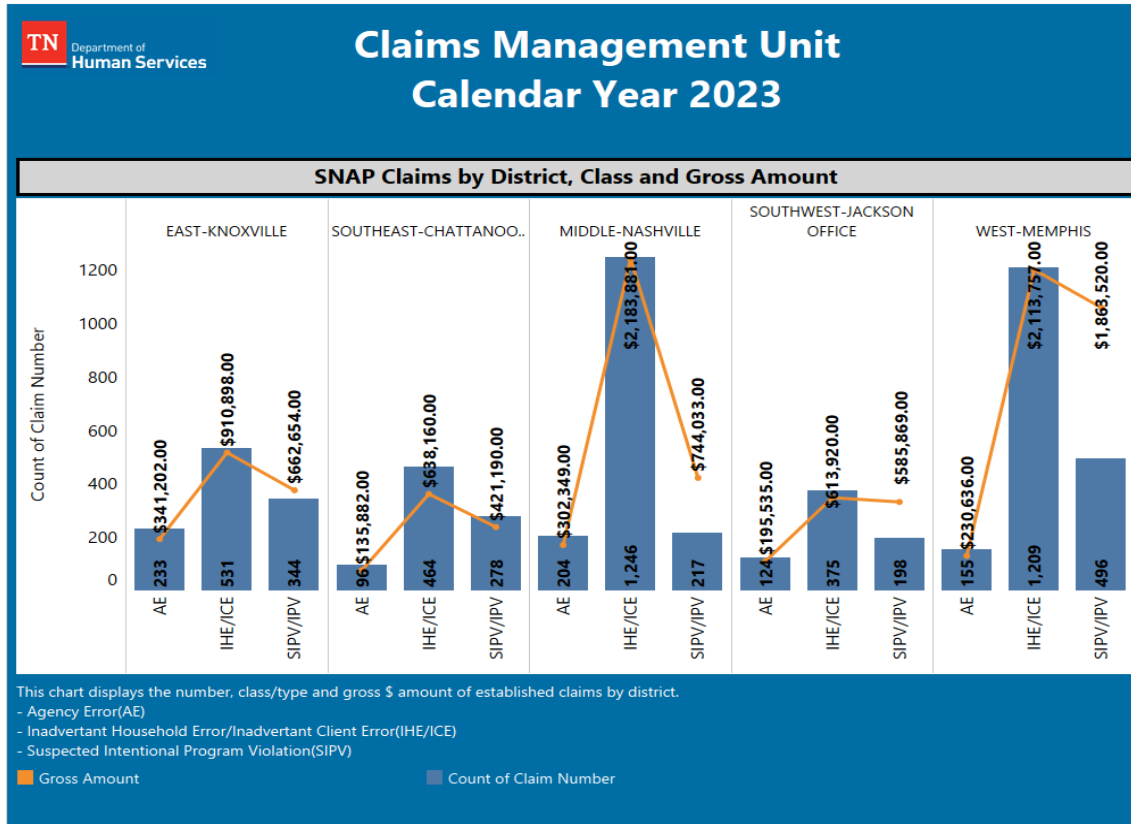




### Overpayment Claims

The OIG Claims Management Unit works to maintain program integrity by ensuring that benefit amounts disbursed to recipients in the SNAP and TANF programs are accurate according to Federal and State policies and based on the recipient’s circumstances. OIG recovers overpaid benefit claims which are classified as either Suspected Intentional Program Violations (SIPV), Agency Error (AE) or Inadvertent Household (or client) Error (IHE).

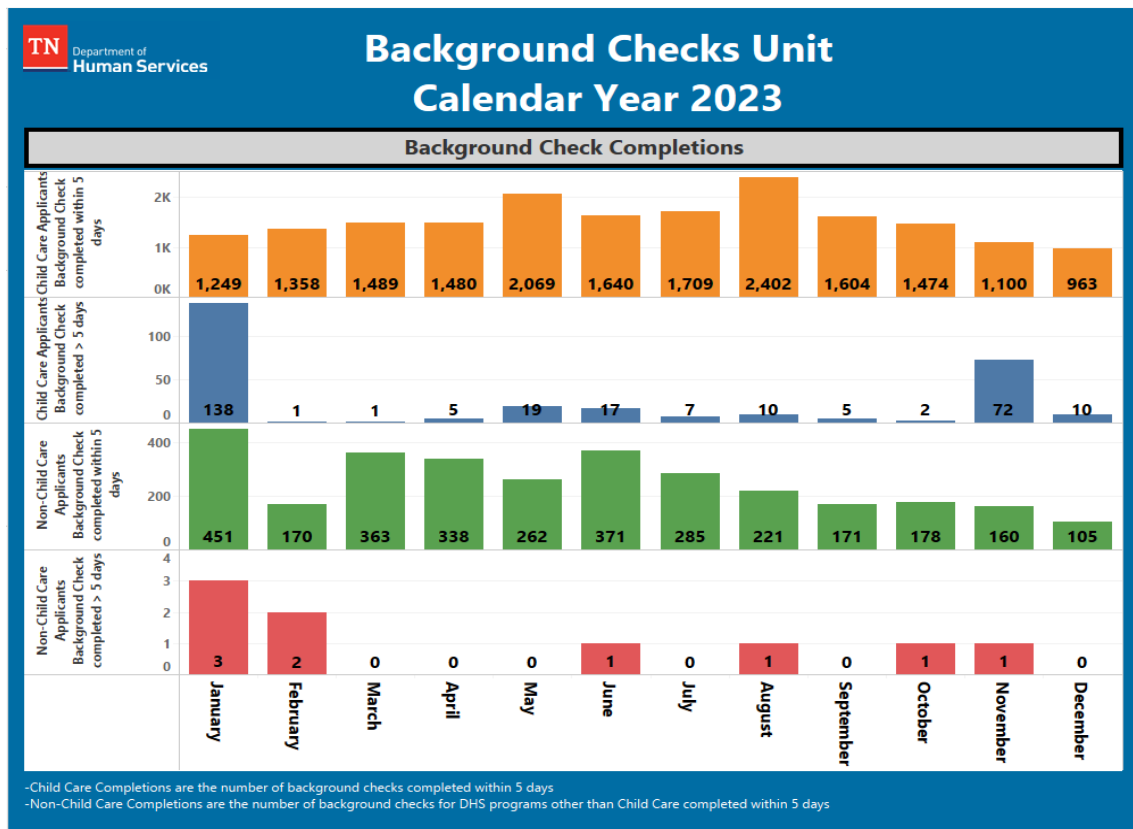
For calendar year 2023 OIG recovered a total of \$9,851,391.45.



**Background Investigations**

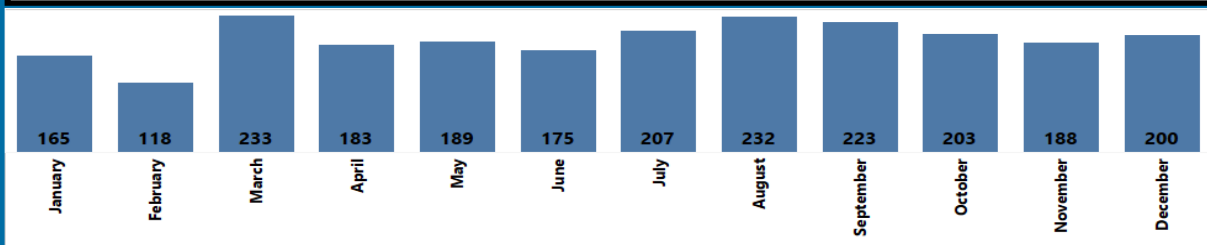
The Background Check Units record and track fingerprints submitted to Tennessee Bureau of Investigation (TBI) and Federal Bureau of Investigation (FBI) from employees of childcare providers, adult daycare providers, and State employees who work for TNDHS, the TN Department of General Services (TDGS) and the TN Department of Education (TDOE). Fingerprints are submitted for the purpose of conducting criminal history checks on DHS employees, DHS contractors, childcare providers, applicants for childcare centers, and other programs as required by Federal and State laws and regulations. Various State registries are also checked as part of these investigations.

For calendar year 2023 OIG completed 18,824 Child Care background checks and 3,084 non-Child Care background checks for a total of 21,908.

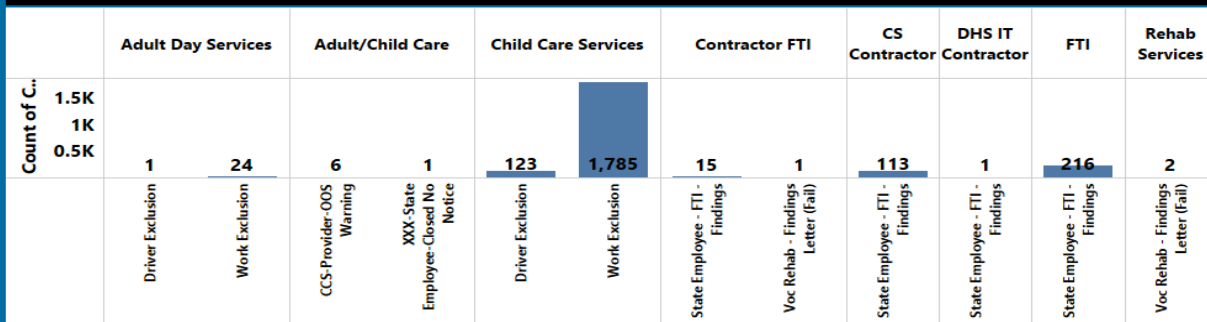


# Background Checks Unit Calendar Year 2023

## Background Check Denials by Month



## Background Check Denials by Category and Outcome

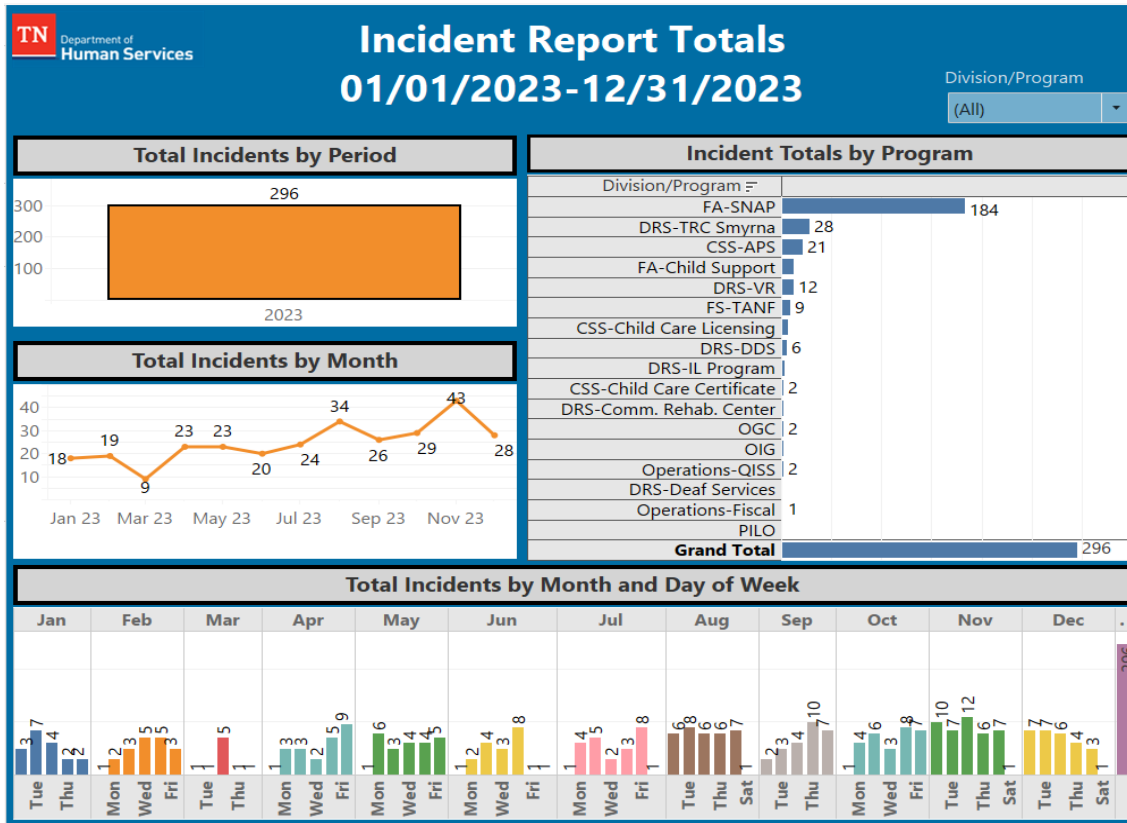


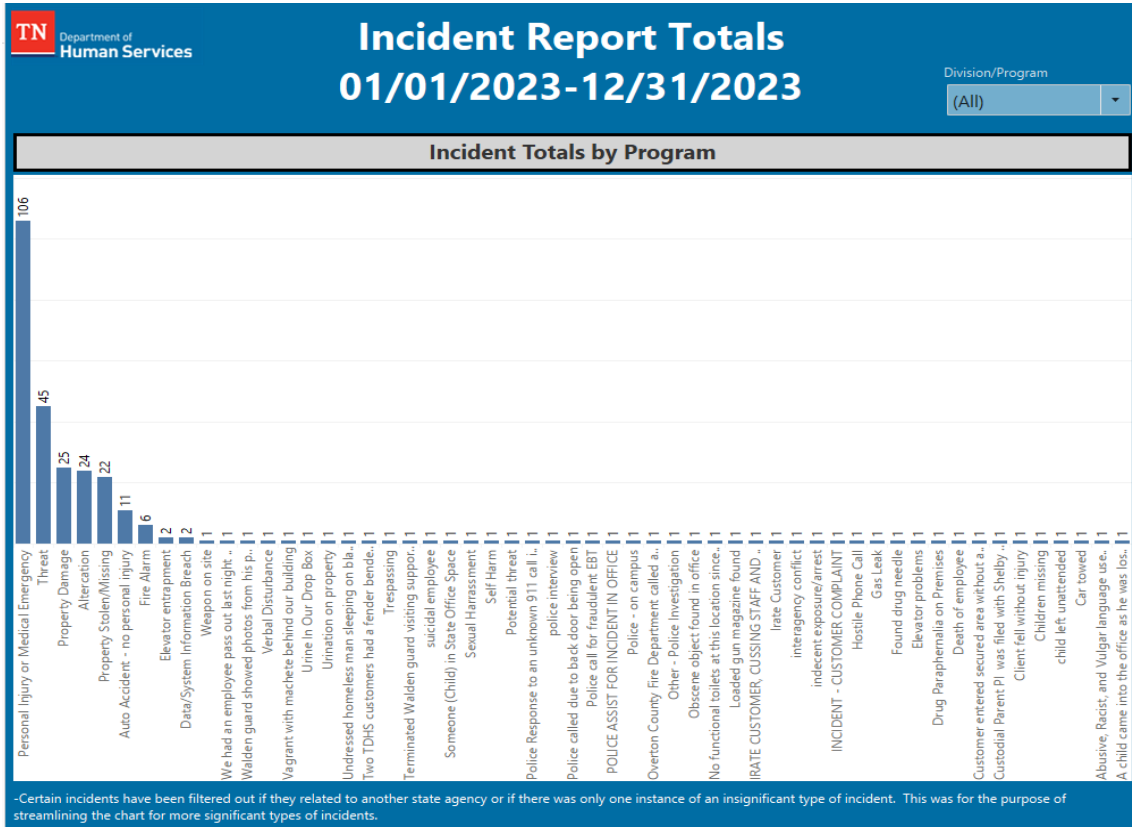
This chart displays the total number of denials for each category and outcome type. Category is the worker group for which the background check was requested. Outcome is the reason the background check was denied.

**Incident Reports**

OIG receives, records, and analyzes incident reports from all DHS divisions statewide. OIG chairs an Employee Safety Committee whereby results are communicated to management and the committee discusses solutions to identified concerns.

For calendar year 2023 OIG recorded 296 incidents in 107 different categories.





**OIG Initiatives and Conclusion**

The TN DHS OIG has made significant progress in addressing fraud, waste, and abuse for its areas of responsibility and for the citizens of the state of TN, however, there is still much work to be done and greater things to achieve. Given the increase in public assistance benefits being distributed over the last three years with respect to the pandemic and other disasters, there has been an increase in fraud and trafficking of these benefits. OIG is working to meet the challenge by deploying proactive fraud detection tools and aggressively staffing our operations. TN DHS OIG has received multiple grants from USDA FNS in recent years to support enhancements to our efforts to prevent, detect, and investigate SNAP fraud and trafficking. Funds from these grants have been used for a much-needed fraud detection and case management application, training, and other necessary resources. OIG will continue to pursue these opportunities for the foreseeable future to enhance our capabilities and continue supporting the DHS mission.