PERFORMANCE AUDIT REPORT

Department of Intellectual and Developmental Disabilities

November 2022

Jason E. Mumpower
Comptroller of the Treasury

DIVISION OF STATE AUDIT
November 29, 2022

The Honorable Randy McNally
   Speaker of the Senate

The Honorable Cameron Sexton
   Speaker of the House of Representatives

The Honorable Kerry Roberts, Chair
   Senate Committee on Government Operations

The Honorable John D. Ragan, Chair
   House Committee on Government Operations

and

Members of the General Assembly

State Capitol
Nashville, Tennessee 37243

and

The Honorable Brad Turner, Commissioner
Department of Intellectual and Developmental Disabilities
315 Deaderick Street
Nashville, Tennessee 37243

Ladies and Gentlemen:

We have conducted a performance audit of selected programs and activities of the Department of Intellectual and Developmental Disabilities for the period July 1, 2019, through May 31, 2022. This audit was conducted pursuant to the requirements of the Tennessee Governmental Entity Review Law, Section 4-29-111, Tennessee Code Annotated.

Our audit disclosed one finding in this report. Management of the department has responded to the audit finding, as well as any other conclusions and recommendations, and we have included the responses in the respective sections. We will follow up the audit to examine management’s corrective actions instituted because of the audit finding.

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

Sincerely,

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

KJS/lc
22/038

We have audited the Department of Intellectual and Developmental Disabilities for the period July 1, 2019, through May 31, 2022. Our audit scope included assessments of program effectiveness, efficiency, internal controls, prospective analysis, compliance with laws, regulations, policies, procedures, and provisions of contracts or grant agreements in the following areas:

- management’s controls to protect the integrity of information systems that support the department’s critical business operations;
- management’s efforts to address the direct support professional staffing shortage, which directly affects the department’s ability to provide services to vulnerable people;
- management’s oversight of the department’s growing use of Enabling Technology, which is intended to facilitate greater independence for people with intellectual and developmental disabilities;
- management’s collection and validation of data to monitor inclusion of people with disabilities in the workforce;

Scheduled Termination Date: June 30, 2023
• management’s Tennessee Early Intervention System to provide therapy and supports for young children with developmental delays;
• management’s responsibilities to background check new employees who care for people with intellectual and developmental disabilities;
• management’s process to reimburse providers for conducting employee background checks, to protect vulnerable people receiving care from provider employees; and
• management’s process for inventorying personal property, to safeguard the possessions of residents at the department’s community homes.

Finding

➢ As noted in the prior audit, the department did not provide adequate internal control in three specific areas (page 6).

Observations

The following topics are included in this report because of their effect on the operations of the Department of Intellectual and Developmental Disabilities and the citizens of Tennessee:

➢ Management should continue their efforts to address direct support professional staffing shortages threatening the department’s ability to serve Tennesseans with intellectual and developmental disabilities, including at the Harold Jordan Center (page 9).

➢ Management should formally monitor the Enabling Technology program’s impact on helping people with disabilities live more independently and reducing the department’s costs of providing services (page 16).
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Competitive and Integrated Employment Data Collection

Tennessee Early Intervention System

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Audit Authority

This performance audit of the Department of Intellectual and Developmental Disabilities (department) was conducted pursuant to the Tennessee Governmental Entity Review Law, Title 4, Chapter 29, Tennessee Code Annotated. Under Section 4-29-241, the department is scheduled to terminate on June 30, 2023. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of the agency and to report to the Joint Government Operations Committee of the General Assembly. This audit is intended to aid the committee in determining whether the department should be continued, restructured, or terminated.

Background

The Department of Intellectual and Developmental Disabilities provides community-based services and support for adults and children who have an intellectual disability or a developmental disability as defined by Section 33-1-101, Tennessee Code Annotated:

- **Intellectual disability** is significantly below-average cognitive ability that manifests before age 18, along with significant limitations in the ability to adapt and carry out everyday life activities.

- **Developmental disability** is a physical and/or mental impairment that begins before age 22 and alters or substantially inhibits an individual’s capacity to perform activities of daily living, such as self-care, receptive and expressive language, learning, mobility, self-direction, or economic self-sufficiency.

For more information on the department’s services and organizational structure, see Appendix 3.
AUDIT SCOPE

We have audited the Department of Intellectual and Developmental Disabilities for the period July 1, 2019, through May 31, 2022. Our audit scope included assessments of program effectiveness, efficiency, internal controls, prospective analysis, compliance with laws, regulations, policies, procedures, and provisions of contracts or grant agreements in the following areas:

- management’s controls to protect the integrity of information systems that support the department’s critical business operations;
- management’s efforts to address the direct support professional staffing shortage, which directly affects the department’s ability to provide services to vulnerable people;
- management’s oversight of the department’s growing use of Enabling Technology, which is intended to facilitate greater independence for people with intellectual and developmental disabilities;
- management’s collection and validation of data to monitor inclusion of people with disabilities in the workforce;
- management’s Tennessee Early Intervention System to provide therapy and supports for young children with developmental delays;
- management’s responsibilities to background check new employees who care for people with intellectual and developmental disabilities;
- management’s process to reimburse providers for conducting employee background checks, to protect vulnerable people receiving care from provider employees; and
- management’s process for inventorizing personal property, to safeguard the possessions of residents at the department’s community homes.

We present more detailed information about our audit objectives, conclusions, and methodologies in Appendix 1 of this report.

We provide further information on internal control significant to our audit objectives in Appendix 2. In compliance with generally accepted government auditing standards, when internal control is significant within the context of our audit objectives, we include in the audit report (1) the scope of our work on internal control and (2) any deficiencies in internal control that are significant within the context of our audit objectives and based upon the audit work we performed.

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 to the original populations.

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

Department of Intellectual and Developmental Disabilities management is responsible for establishing and maintaining effective internal controls and for complying with applicable laws, regulations, policies, procedures, and provisions of contracts and grant agreements.

PRIOR AUDIT FINDINGS

Report of Actions Taken on Prior Audit Findings

Section 8-4-109(c), Tennessee Code Annotated, requires that each state department, agency, or institution report to the Comptroller of the Treasury the action taken to implement the recommendations in the prior audit report. The prior audit report was dated October 2019 and contained six findings. The Department of Intellectual and Developmental Disabilities filed its report with the Comptroller of the Treasury on November 15, 2019. We conducted a follow-up of the prior audit findings as part of the current audit.

Resolved Audit Findings

The current audit disclosed that the Department of Intellectual and Developmental Disabilities (department) resolved the following previous audit findings concerning

- the department not ensuring remote caregivers completed critical training before caring for participants in the Enabling Technology program (page 12);
- the department not completing background checks on personnel responsible for caring for people with intellectual and developmental disabilities (page 24);
- the department not reimbursing providers for conducting background checks on employees responsible for caring for vulnerable people (page 27); and
- the department not conducting periodic inventories to safeguard community home residents’ possessions from damage, loss, and theft (page 28).
Partially Resolved Audit Finding

The prior audit report contained a finding stating that the department did not provide adequate controls in three specific areas related to information systems security. The current audit disclosed that although management implemented corrective action, their action was not sufficient to correct the deficiencies reported in the prior audit. We repeated this finding in the current audit (see page 6).

Update on Corrective Action on Prior Finding

The prior audit also contained a finding stating that the department did not verify that provider agencies accurately reported employment data for people supported in the department’s Medicaid waivers. The current audit disclosed that management implemented multiple actions to attempt to address the prior audit finding, but ultimately determined that these actions would not correct the issue and that a new system would need to be developed. We have reported on the status of management’s corrective action in the current audit and have deferred further follow-up work to determine whether this finding will be repeated or resolved in the next sunset audit.

Department of Intellectual and Developmental Disabilities
Audit Findings

October 2019 Performance Audit
6 findings
5 observations

November 2022 Performance Audit
Resolved 4 of 6 prior audit findings
Partially resolved 1 of 6 prior audit findings
Update on corrective action for 1 of 6 prior audit findings
2 new observations
Information Systems Security

We reviewed the department’s internal controls to protect the integrity of information systems used to conduct critical business operations. Our goal was to determine whether management took corrective action to resolve deficiencies noted in the October 2019 performance audit report.

General Background

The Department of Intellectual and Developmental Disabilities (department) uses information systems to support its mission-critical business functions. The state’s centralized computer services bureau, Strategic Technology Solutions, manages the department’s network access and email; hosts the department’s file and application servers; and administers Edison, the state’s enterprise resource planning system. We focused our audit work on the department’s information systems controls.

Information Systems Controls

Information systems controls are the methods management uses to ensure the security, accuracy, and reliability of information and underlying data. Information systems controls also include controls for information technology, including the hardware and software that management and staff use to conduct business. Our October 2019 performance audit included a finding relating to the department’s information systems controls that was repeated from the prior four audits.

We focused our current audit work in this area to determine whether the department established relevant information systems controls, both general to the department and specific to internal applications, that could impact business processes addressed in other areas of this report. General and application security safeguards and other controls for information systems can impact data integrity, reliability, confidentiality, and the availability of both the system and its data. Data reliability includes both the accuracy of data as well as the completeness of the data.
Results of the Prior Audits

In our prior audit, dated October 2019, we determined that the department did not provide adequate internal controls in three specific areas related to two of the department’s systems. For all three areas, we reported internal control deficiencies that were repeated from the November 2017 audit because corrective action was not sufficient. Management concurred with the results and stated that they were working to develop consistent internal controls in these areas, including the assignment of staff to be responsible for ongoing monitoring and taking action if deficiencies occur.

Current Audit

In the current audit, we followed up on management’s planned corrective action proposed in response to the most recent performance audit report, dated October 2019, to determine whether the agency addressed the deficiencies.

Our review disclosed that even though management has taken some action, the corrective actions have not fully resolved information systems security deficiencies noted in the prior performance audit report.

Finding 1

As noted in the prior audit, the department did not provide adequate internal control in three specific areas

Department of Intellectual and Developmental Disabilities (department) management did not effectively design and monitor internal controls in three areas, increasing the risk of unauthorized access to or modification of sensitive data. We found internal control deficiencies impacting two systems the department uses to conduct its operations. Ineffective implementation and operation of internal controls increases the likelihood of errors, data loss, and unauthorized access to department information.

Pursuant to Standard 9.61 of the U.S. Government Accountability Office’s Government Auditing Standards, we omitted details from this finding because they are confidential under the provisions of Section 10-7-504(i), Tennessee Code Annotated. We provided department management with detailed information regarding the specific conditions we identified, as well as the related criteria, causes, and our specific recommendations for improvement.
Recommendation

Department management should correct these conditions by promptly developing and consistently implementing internal controls in these areas. Management should implement effective controls to ensure compliance with applicable requirements, assign staff to be responsible for ongoing monitoring of the risks and mitigating controls, and take action if deficiencies occur.

Management’s Comment

We concur.

Management is working to develop consistent internal controls in these areas, including the assignment of staff to be responsible for ongoing monitoring and taking action if deficiencies occur.

Staffing Shortage of Direct Support Professionals

We reviewed management’s efforts to address the staffing shortage of direct support professionals, which directly affects the department’s ability to provide services. Our goal was to review management’s actions to mitigate the impact of labor shortages of staff who provide critical services to vulnerable people.

General Background

The Department of Intellectual and Developmental Disabilities (department) relies on a frontline workforce of caregivers, also known as direct support professionals, to administer essential services and supports to people with disabilities. Direct support professionals’ duties vary based on the unique abilities and needs of the individuals they serve, but generally include assistance with activities of daily living such as dressing, grooming, eating, bathing, medication administration, social engagement, and money management.

Direct support professionals work with people with disabilities in a variety of settings. The department employs direct support professionals to work in the community homes throughout the state, which provide homes for people with intellectual disabilities and related conditions who require 24-hour support. The department’s 37 state-operated community homes are designed as 4-person...
residences and together accommodate a maximum of 148 residents. To address placement of individuals in the community homes due to emergency situations and to allow for new admissions, management reserves vacancies in the community homes in each region.

Direct support professionals also work at the Harold Jordan Center, the department’s residential facility for people with intellectual disabilities who have been charged with a crime or who require acute behavioral treatment. The center has secure environmental features, and management has applied specialized policies and procedures to ensure the safety of the center’s residents and staff. For example, Harold Jordan Center staff are trained in different interventions designed to interrupt dangerous or harmful behaviors. The specialized nature of the Harold Jordan Center means that department management has less flexibility than the community homes regarding emergency resident transfers.

The department also operates three Medicaid waivers to support people with intellectual and developmental disabilities in their homes and the community through a network of approximately 375 private provider agencies (providers). These providers employ direct support professionals to deliver services to the department’s waiver members. The department, in conjunction with the Division of TennCare, establishes set payment rates to providers for services, based on factors such as staffing costs and overhead. Providers invoice the department for services rendered to waiver members, and the department transmits approved invoices to the Division of TennCare for payment.

Results of the Prior Audits

Our November 2017 sunset audit report contained an emerging issue that Tennessee, like other states, faced a crisis-level shortage of direct support professionals, posing serious implications for the quality of life of Tennesseans with intellectual and development disabilities. We also noted this crisis threatened the viability of private provider agencies operating within the department’s waiver network. Our audit work disclosed that the department, its network of providers, and Tennesseans with disabilities faced difficulties recruiting and retaining these vital workers for various reasons, including:

- low rates of pay for direct support professional work;
- greater competition amongst service industry employers for workers amid historically low levels of unemployment;
- physical and emotional challenges of supporting people with disabilities; and
the costly regulatory burden of compliance requirements, which providers stated stifled wages.

Our October 2019 audit report repeated the emerging issue regarding Tennessee’s critical shortage of caregivers for individuals with intellectual and developmental disabilities. Since the initial report of the emerging issue in November 2017, management’s annual risk assessment listed a diminished provider network due to inability to pay competitive rates as a threat to service delivery. We found that in response to management’s identified risk, managements of the department and the Division of TennCare have made efforts to address this issue since the November 2017 audit by

- obtaining state budget increases to accommodate Medicaid waiver rate improvements,
- eliminating financial disincentives for providers to deliver services in “blended homes”—residences shared between the department’s waiver members and participants in the Employment and Community First CHOICES program,
- leading workforce development programs to encourage graduates and job seekers to enter the direct support profession, and
- implementing an Enabling Technology pilot program.

Current Audit

Our review disclosed that department management is continuing to take action in response to the ongoing nationwide shortage of direct support professionals. We have reported the department’s ongoing challenges in Observation 1 below.

Observation 1

Management should continue their efforts to address direct support professional staffing shortages threatening the department’s ability to serve Tennesseans with intellectual and developmental disabilities, including at the Harold Jordan Center

In our follow-up audit work on the direct support professional staffing shortage dating back to November 2017, we determined that the Department of Intellectual and Developmental Disabilities (department) has deployed an array of adaptive responses to the direct support professional staffing crisis. Based on inquiry with management and review of documentation during the current audit, the COVID-19 pandemic posed additional workforce challenges but also granted the department emergency flexibilities to respond. See Table 1.
<table>
<thead>
<tr>
<th>Year</th>
<th>Management’s Efforts to Address Direct Support Professional Staffing Shortages</th>
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<tr>
<td>2020</td>
<td>Requested and received legislative approval for budget improvements necessary to</td>
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<td></td>
<td>increase the department’s rate of reimbursement to providers for direct support</td>
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<td>professional wages from $10 to $12.50, effective July 1, 2021.</td>
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<td>Created emergency plans for each region to deploy office staff to work at the</td>
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<td>community homes in the event of critically understaffed shifts.</td>
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<td></td>
<td>Requested and received Medicaid approval for emergency operational changes in</td>
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<td>response to the COVID-19 pandemic, allowing the department’s providers to have</td>
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<td>more flexibility in service delivery and staff hiring and training.</td>
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<td></td>
<td>Obtained federal approval to temporarily increase provider reimbursement rates to</td>
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<td>offset the higher cost of service delivery during the pandemic.</td>
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<td></td>
<td>Began expanding and increasing utilization of the Enabling Technology program,</td>
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<td>helping waiver members to live more independently with reduced reliance on direct</td>
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<td></td>
<td>support professionals.</td>
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<td>Created the new Behavior Therapy Specialist classification to increase pay for</td>
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<td>direct support professionals working at the Harold Jordan Center.</td>
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<tr>
<td>2021</td>
<td>Requested and received legislative approval for budget improvements necessary to</td>
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<td></td>
<td>increase the department’s rate of reimbursement to providers for direct support</td>
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<td></td>
<td>professional wages from $12.50 to $13.75, effective July 1, 2022.</td>
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<td></td>
<td>Made the Behavior Therapy Specialist position non-competitive to simplify the hiring</td>
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<td>process and onboard new personnel to the Harold Jordan Center more quickly.</td>
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<td>Created an internship at the Harold Jordan Center to attract more job seekers to</td>
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<td>the direct support professional field.</td>
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<td>Collaborated with the Division of TennCare to draft and submit a waiver</td>
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<td>amendments proposal to the federal Centers for Medicare and Medicaid Services.</td>
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<td>A key proposed change, if approved, will permit all waiver members the option to</td>
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<td>directly employ support workers instead of relying on provider agencies.</td>
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Impact of the Staffing Shortage on the Harold Jordan Center

Although management continued to take action, our current audit work disclosed the Harold Jordan Center as a key area of impact of the department’s direct support professional staffing shortage. During the period July 1, 2019, through April 1, 2022, the center had an average of 17 direct support professionals on staff and an average of 42 positions vacant. According to the Deputy Commissioner of Clinical Services, the department reduced service capacity at the Harold Jordan Center during our audit period to maintain the safety of residents amid workforce challenges. Center residents have significant behavioral challenges and typically have more intensive staffing needs than people supported in the community homes and the Medicaid waivers to minimize the resident’s risk of harm to self or others.

At full capacity, the Harold Jordan Center has the capacity to accommodate the evaluation and active treatment of 28 people with intellectual disabilities who have been charged with a crime or who require intensive behavioral stabilization. Management suspended new admissions for intensive behavioral stabilization services in November 2021. As of May 31, 2022, the department had not resumed behavioral stabilization admissions.

We also determined that during our audit period, the department lacked staffing capacity to expediently admit at least one person court-ordered to the Harold Jordan Center for forensic evaluation. The individual waited in jail for six months before the department had the staffing capacity to safely accommodate them.

The department recognizes the direct support professional staffing issue as an ongoing risk shared by other state disability agencies throughout the nation. Management should continue to take action to combat the staffing shortage to minimize its impact upon the department’s service population.

Management’s Comment

We concur with the observation. The department has seen promising results from efforts to promote the use of tools and programming that support greater independence for those in I/DD [Intellectual/Developmental Disabilities] Waiver Services. The introduction of Enabling Technologies as a viable tool in service settings has demonstrated the ability to provide people supported with opportunities to live more self-directed and independent lives. The implementation of Enabling Technologies has shown significant ability to reduce dependence on Direct Support Professionals (DSPs), thus allowing provider agencies to better distribute essential resources to those who need this level of staffing. With this reduced reliance on direct support, agencies are adopting a Technology 1st orientation to programming.

However, organizational-level commitment to the Technology 1st principles has been limited to only agencies involved in our pilot programming and grant offerings. Now, with additional funding and a continued effort to provide consultation and training, Technology 1st Accreditation is beginning
to scale throughout our network and will soon become recognized in a new Value-Based Payment (VBP) incentive program set to launch in 2023. This VBP program will support organizational accreditation and reward successful outcomes of independence for people supported and, as a result, realize a broader positive impact on the direct staffing workforce crisis. Another positive fiscal impact experienced by Technology 1st agencies, these providers have the opportunity to increase DSP wages. Several agencies who take the Technology 1st approach have increased DSP wages above $15 dollars per hour. This opportunity for the redistribution of direct care workforce away from those who do not need direct support and toward those who do, compounded with cost savings from reduced overtime payments and staff turnover, will support private providers in their effort to reinvest savings into competitive wages. When combined these realities provide a significant opportunity to stabilize the workforce crisis.

DIDD [the department] intends to aggressively pursue further expansion of grant opportunities to utilize the skills and tools necessary to achieve organizational accreditation in Technology 1st strategies, which will continue to dramatically increase opportunities for people supported to live more independent lives. The ancillary outcome to greater levels of independence for people supported is reduced reliance on direct support staffing and a more nimble and well-positioned fiscal platform for networked providers.

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**Enabling Technology**

We reviewed the department’s increasing use of Enabling Technology, which is intended to provide a greater level of independence to individuals with intellectual and developmental disabilities. Our specific goals were to determine the department’s processes for measuring the Enabling Technology program’s outcomes and ensuring remote caregiver compliance with Enabling Technology training requirements.

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**General Background**

The Department of Intellectual and Developmental Disabilities (department) launched the Enabling Technology program in 2018. The Enabling Technology program uses various devices and virtual services to assist people with disabilities with living as independently as possible. Enabling Technology can help people navigate their jobs and communities, gain more control of their environment, and live more independently.
In addition to assistive devices, Enabling Technology participants may qualify for remote support in which a caregiver provides virtual assistance from a separate location. For example, participants may set sensors that alert remote support caregivers to contact the participant when certain events occur, such as when the doors to the home open or close or when the participant has left the oven on for a long time.

The Enabling Technology program is available to people supported in the department’s home and community-based services Medicaid waivers. Federal guidelines prescribe the development of a “plan of care” for all individuals receiving waiver services. The department fulfills this requirement via the Individual Support Plan, which provides a comprehensive description of the person supported, outcomes important for the person to develop and maintain a good quality of life, and the services required to meet those outcomes.

In addition to the Individual Support Plan, the department develops a separate Enabling Technology Care Plan for all Enabling Technology program participants. This plan is the department’s mechanism to ensure the safety of people who rely on assistive technology and remote supports. The Enabling Technology Care Plan lists the person’s routines, abilities, specific technology used, remote caregiving schedule, and backup plans in case of emergency. The department’s Independent Support Coordinators update and review the plan at least annually and any time there is a change in the person’s Enabling Technology services.

**Leveraging Enabling Technology Program Resources**

In July 2018, the Tennessee General Assembly appropriated $500,000 in recurring state funding so that the department could launch a pilot Enabling Technology program. Governor Bill Lee later increased the recurring funding to $1,000,000 effective fiscal year 2022. As of April 29, 2022, the program had 62 participants with a maximum of $5,000 allowed for each participant; however, no participant had reached the $5,000 limit as of that date. According to the Deputy Commissioner of Program Operations, the Enabling Technology program is a voluntary option that allows participants to live more independently with reduced reliance on in-person caregiving from direct support professionals. This allows management to redirect the savings toward increasing the number of positions and pay for direct support professionals.

In response to the COVID-19 pandemic, the federal government allowed states to obtain emergency operational changes to its Medicaid waivers. Effective March 13, 2020, management used these emergency flexibilities to move the Enabling Technology program out of the pilot phase and
temporarily incorporate it within the Specialized Medical Equipment and Supplies and Assistive Technology (SMEAT)\textsuperscript{1} waiver service. In effect, this change enabled the department to augment the program’s state appropriation with federal match funding. In June 2022, management requested federal approval to amend its waivers to establish Enabling Technology as a permanent service separate from SMEAT. This change, if approved, will secure federal funding for the program on an ongoing basis and improve management’s ability to track program costs and performance. As of June 21, 2022, the federal Centers for Medicare and Medicaid Services had received but not yet approved the department’s amendment request.

\textit{Monitoring Program Outcomes}

From April 1, 2019, through April 3, 2020, when the Enabling Technology program was still a pilot program, management partnered with AbleLink Technologies to conduct and compile periodic surveys to monitor participants’ satisfaction with the program. Because of the COVID-19 pandemic, the department decided to discontinue participant satisfaction surveys in conjunction with temporarily incorporating Enabling Technology within SMEAT waiver services.

\textit{Remote Caregivers}

The department contracts with eight providers who provide case management services to Enabling Technology program participants. In turn, the case management providers contract with two Enabling Technology vendors\textsuperscript{2} who employ and assign remote caregivers to serve individuals participating in the Enabling Technology program.

\textit{Training}

The department utilizes the Relias Learning System (Relias) to provide training for personnel who care for people with developmental disabilities in community settings.

Caregivers are required to complete training in accordance with the department’s \textit{Enabling Technology Training Requirements for Staff Category} policy. According to this document, remote caregivers should take 8 different types of trainings after a provider assigns the remote caregiver to the Enabling Technology program. Four of the trainings are due within 30 days of the remote caregiver’s assignment, and the other 4 trainings are due within 60 days. In addition, caregivers must retake 2 trainings related to non-discrimination and data privacy each year. Relias automatically assigns trainings and due dates for trainings to remote caregivers based on information providers enter into Relias.

\textsuperscript{1} SMEAT encompasses a wide array of services including but not limited to just Enabling Technology, such as hearing aids and eyeglasses.

\textsuperscript{2} According to department management, case management providers enter into a contract with either Safe-In-Home or Night Owl Support Services to provide remote caregiver services to eligible participants.
The Enabling Technology Director tracks Enabling Technology training carried out by remote caregivers through Relias. The Enabling Technology Director generates weekly reports, which identify trainings assigned to remote caregivers that are overdue or coming due within the next week. If the Director identifies any overdue training, he will send an email to inform the provider that the remote caregiver did not complete the training by the established due date; the Director retains this email for future reference.

Results of the Prior Audit

In the prior audit, we found that the department did not ensure that remote caregivers completed critical trainings timely or at all before caring for Enabling Technology program participants. We also noted the department did not maintain evidence that remote caregivers completed equipment-specific training and reviewed individualized documentation critical to the care of program participants.

Management stated that some of the trainings within the curriculum are duplicative and they needed to reevaluate the curriculum to not overburden the remote caregivers with unnecessary trainings. We recommended that management review and reevaluate these unnecessary trainings and implement controls to ensure vendors engaged in remote care of people with intellectual and developmental disabilities are completing all critical trainings.

Current Audit

To address the prior audit finding, we focused our work on determining whether management has maintained documentation and ensured caregivers took mandatory training. Additionally, we performed work to determine whether management gathered information and performed and documented monitoring activities to ensure the effectiveness of, the efficiency of, and the success of the program.

Our review disclosed that management did not implement monitoring procedures to evaluate the success of the Enabling Technology program; for further information, see Observation 2. We found that management did ensure its contracted remote caregiver providers completed critical trainings before caring for Enabling Technology participants.
Observation 2

Management should formally monitor the Enabling Technology program’s impact on helping people with disabilities live more independently and reducing the department’s costs of providing services.

Department of Intellectual and Developmental Disabilities (department) management does not have procedures or metrics in place to allow them to monitor the outcomes of the Enabling Technology program. Although management did conduct satisfaction surveys with individuals with developmental and intellectual disabilities enrolled in the program, the department ceased performing these surveys on April 3, 2020, and did not implement any other procedures to measure overall satisfaction with or the successful outcomes of the program. Furthermore, our discussions with management noted that they did not have a plan in place to measure the overall cost savings or staff reduction opportunities based on successful program outcomes for individuals enrolled in the program. The Deputy Commissioner of Program Operations explained the department uses the individual’s Enabling Technology Plan to track cost changes in services; however, this information is not consolidated and summarized so that management may measure the overall cost savings and staff reduction opportunities for the program.

According to the Deputy Commissioner of Program Operations, the Enabling Technology program had not matured enough for the department to obtain reliable figures to reflect the cost savings and staff reduction attributed to the program. Particularly, the Deputy Commissioner explained that wide implementation of the Enabling Technology program only began March 13, 2020, when Appendix K\(^3\) added it as a service to waiver participants. Before wide implementation, the department did not have enough individuals in the program to reliably determine the cost savings and staffing reduction for the program.

The Deputy Commissioner of Program Operations agreed that since the department now has widely implemented the Enabling Technology program, they should begin developing plans to monitor the overall cost savings and staff reductions for the program. According to the Deputy Commissioner of Program Operations, the department has submitted another amendment to the Centers for Medicare and Medicaid Services to add Enabling Technology as its own permanent waiver service. If approved, providers will bill the department for Enabling Technology costs through the existing waiver reimbursement process. This will enable management to better consolidate and track costs associated with this program across all waiver participants instead of on an individual basis.

\(^3\) The Centers for Medicare and Medicaid Services allows states to utilize Appendix K to request amendments to one or more of the state’s approved waivers during emergency situations, such as the COVID-19 pandemic. This gives states more freedom to address specific problems caused by the emergency.
The department’s mission is “to become the nation’s most person-centered and cost effective state support system for people with intellectual and developmental disabilities.” Management has designed the Enabling Technology program to align the department’s mission by investing in devices that provide opportunities for people with disabilities to gain independence. When management does not monitor the outcomes for the Enabling Technology program, such as participant satisfaction and cost savings through staff reduction, management may lack information to determine the extent to which the program promotes the department’s mission. Furthermore, without monitoring outcomes, management may not have evidence to share with the legislature to obtain additional funding to expand and enhance the program.

**Recommendation**

Department management should perform monitoring of the Enabling Technology program to measure program outcomes such as cost savings, staff reduction, and overall participant satisfaction, and should identify areas of risk. Management should implement effective controls to address the risks noted and take action if deficiencies occur in order to further the department’s mission to provide a greater level of independence to individuals with intellectual and developmental disabilities.

**Management’s Comment**

We concur with the observation and deeply appreciate the thoughtful and fruitful discussions held between our Innovations Division and members of the Comptroller’s Audit Team around process and monitoring solutions. Enabling Technologies has been limited to small pilot opportunities funded through DIDD’s [the department’s] Enabling Technology state appropriation or, with the onset of the pandemic, as a benefit enmeshed within a service category called Specialized Medical Equipment and Assistive Technology (SMEAT). SMEAT are services and benefits, funded under a single service code, where discrete service detail can only be attained by manual review of each individual service plan submitted. This operation renders individualized tracking nearly impossible with the resources available to DIDD’s Innovations Division. However, with the anticipated approval of waiver amendments availing Enabling Technology Services as an identifiable service within our service menu, DIDD will develop a process to track individual utilization, determine levels of increased independence attained through usage, and derive data related to system cost implications. DIDD anticipates this approval in January 2023. Tracking and trending will begin with that approval.
Competitive and Integrated Employment Data Collection

We reviewed management’s process to collect and validate competitive and integrated employment data, which is used to develop policies and monitor outcomes of a state initiative to promote employment for people with disabilities. Our specific goal was to determine whether management’s corrective action to resolve deficiencies noted in the 2019 performance audit improved management’s initiative to promote employment for people with disabilities.

General Background

According to the U.S. Department of Labor, people with disabilities have lower rates of employment and higher rates of unemployment than the general population. In June 2013, Governor Bill Haslam signed Executive Order 28, establishing the Employment First initiative to help address disproportionate levels of unemployment and underemployment amongst Tennesseans with disabilities by promoting competitive and integrated employment. Competitive and integrated employment refers to providing typical job environments and competitive wages and benefits to people with disabilities. The order directed the Department of Intellectual and Developmental Disabilities (department) to convene and lead an Employment First Taskforce consisting of representatives from state agencies, people supported in state disability services, family members of people supported, and community service providers. The taskforce meets quarterly to develop recommendations to increase opportunities for competitive and integrated employment for Tennesseans with disabilities and provides an annual progress report to the Governor.

The Employment First Taskforce has identified quality data related to the employment of people with disabilities as crucial to its work of developing policy recommendations and monitoring outcomes. The taskforce collects key data points from its state agency members, including competitive and integrated employment data for people supported in the department’s waiver programs. To obtain this data, department management instructs its providers to collect and report monthly employment rates, hours worked, and average wages earned for people supported who receive any of the following types of waiver services:
• **Residential Services**, which establish housing or living arrangements for waiver members who are not able to live at home with family;

• **Day Services**, which help waiver members participate in community life; and

• **Employment Services**, which support waiver members in seeking and maintaining competitive, integrated employment in their communities.

**Results of the Prior Audit**

During the 2019 sunset audit, we found that the department implemented and launched the Service Provider Data Collection tool to capture employment data for people supported in waiver programs, including employment status, type, wages, hours, and industry. The department reported results from the data collected, but we tested the data and found management did not have a process in place to ensure providers entered complete and accurate information. We also found providers did not maintain documentation to support the data entered. Management concurred with the prior finding and stated they would implement upgrades to the Service Provider Data Collection tool that would prevent providers from submitting incomplete data forms and validate data entered.

**Current Audit**

Based on our discussion with department management and review of documentation, the department attempted to remedy the problems noted in the prior audit but continued to encounter data collection and validation challenges. In July 2020, management worked with the Service Provider Data Collection tool vendor to implement a replacement system known as the Performance Outcome Reporting Tool (PORT). PORT contained a component for providers to upload supporting documentation, such as paychecks, that the system would automatically compare against provider-entered data to detect errors and inaccuracies. Management also relied on Employment Data Surveys as a secondary source of validation for provider-entered data. Department case managers and support coordinators administer Employment Data Surveys annually to all waiver participants (except those under age 16 or age 62 or older who are not currently working and do not have an interest in working) to learn about their employment or interest in becoming employed.

Despite these changes, the department continued to experience difficulties collecting and validating provider-reported data during our audit period. Prior to the commencement of our audit, management found that providers did not always enter employment data into PORT, citing privacy concerns of persons supported or lack of available staff to perform data entry. When providers did enter data, it was not always accurate due to keying errors. Furthermore, in June 2021, management determined the validation component within PORT did not reliably scan uploaded documents to confirm the accuracy of provider data. Management decided to discontinue using the component as a result. Management continued to use Employment Data Surveys as a secondary source of data validation, but the survey’s usefulness is limited because the information collected in PORT does not align exactly with information collected from the survey.
As a result of ongoing data collection and accuracy problems, the department discontinued reporting employment data to the public in 2019. In August 2021, management contracted with a new vendor for a system that will allow providers to enter real-time updates on the employment status of people supported. Management estimates the new system will be implemented by August 2024. In addition, the department is developing an incentive program that will give additional funding to providers for reporting employment data for waiver participants. Management anticipates these incentives will be available in 2023, subject to approval from the federal Centers for Medicare and Medicaid Services.

Management acknowledged that, even though they tried potential solutions to address data collection and validation issues, the department still lacks a reliable validation process. In addition, given that management pursued steps for resolution, which has ultimately led management to procurement of a new system, we will not repeat the prior audit finding in this report, but we will follow up on management’s implementation of the Therap \(^4\) solution in our subsequent sunset performance audit. Until management has the ability to collect reliable data, neither management nor we can determine the effectiveness of management’s initiative to promote employment for people with disabilities.

### Tennessee Early Intervention System

We reviewed management’s process for entering children into the Tennessee Early Intervention System, which provides therapy and other supports for children with developmental delays and disabilities. Our goals were to determine whether management ensured children received early intervention service plans and initial services within specified state and federal timeframes and exited children from early intervention services within statutory requirements.

### General Background

The Department of Intellectual and Developmental Disabilities (department) administers the Tennessee Early Intervention System (TEIS), which provides early intervention services and supports to children under three years of age who have developmental delays or specific diagnoses, such as Down syndrome. Early intervention services focus on helping children to become more social and independent and to reach their optimal development. Executive Order 10, issued by Governor Bill

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\(^4\) Therap Employment Module is a software that allows for real-time employment tracking. The department entered a contract with Carahsoft Technology Corporation, the vendor of Therap, in July 2021.
Lee in December 2019, transferred the responsibility for the administration and operation of TEIS from the Tennessee Department of Education to the department effective July 1, 2020.

The Individuals with Disabilities Education Act of 2004 (IDEA) authorizes federal funding to states to provide early intervention services to eligible children at no cost to the child’s family. In accordance with IDEA Part C, to qualify for TEIS services, a child must be under three years of age and

- have a 40% delay in one developmental area;
- have a 25% delay in two separate developmental areas; or
- have a specific diagnosis that has a high probability of resulting in a developmental delay, such as Down syndrome.

Department personnel determine eligibility for TEIS based on information from the child’s doctor and the results of a developmental screening. The department contracts with three regional evaluator agencies to conduct the developmental screening.

TEIS Enrollment

The TEIS enrollment process starts with a referral from an individual concerned about a child’s development, such as a family member or a physician. State and federal regulations require that once department staff receive a referral for a child, they have 45 days to determine whether the child is eligible for services and, if so, complete an initial Individualized Family Service Plan (IFSP) with the child’s family. An IFSP documents the family’s concerns and goals for the child, timelines to achieve them, and the services needed to do so. Each child has an assigned service coordinator, who completes the IFSP, meets with the family monthly, and facilitates services. See Exhibit 1 for a summary of the enrollment process, from the receipt of the referral to the completion of the initial IFSP. The service coordinator conducts an IFSP meeting and drafts a revised IFSP at least twice per year, though the family or a provider may request additional revisions. A parent may withdraw their child from the enrollment process or TEIS program at any time. The department cannot move forward without a parent’s consent and continued participation due to the voluntary nature of the program.
After the department receives consent to begin TEIS services, typically at the initial IFSP meeting, the child must receive their first service within 30 days. The department does not provide services directly, but instead uses contracted speech, occupational, and developmental therapists. Once the service coordinator makes a referral to a provider, the responsibility is on the family and the provider to establish the days and times that work best for them. However, the service coordinator facilitates these communications and helps identify the root issues when services are not occurring. Although they cannot require the provider or family to make changes, the service coordinator makes recommendations on how to proceed so that the child still receives TEIS services, such as decreasing the frequency of appointments to accommodate a parent’s work schedule.

Transitioning Out of TEIS

Title 34, Code of Federal Regulations, Section 303, Part 209, requires the states to ensure a smooth transition for children receiving TEIS services to either preschool (or other appropriate services) or exiting TEIS without transitioning to another program. At the initial IFSP meeting, the service coordinator and the family create a transition goal for exiting the TEIS program. At that time, the service coordinator explains that the child will age out of TEIS at age three and that there will be other services for which they may qualify, such as IDEA Part B, Section 619, which covers special
education services for preschool-aged children. The transition process itself will vary depending on when the department received the referral for a child. Table 2 outlines the transition procedures and protocols followed for each type of referral.

Table 2
TEIS Transition Procedures and Protocols

<table>
<thead>
<tr>
<th>Entry and Exit Points From the Program</th>
<th>Standard exit from program</th>
<th>Children enrolled 135 to 90 days until the child’s third birthday</th>
<th>Children enrolled 90 to 45 days until the child’s third birthday</th>
<th>Children enrolled 45 days or less until the child’s third birthday</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard intake process (Service coordinator conducts IFSP meeting)</td>
<td>X</td>
<td>X*</td>
<td>X†</td>
<td></td>
</tr>
<tr>
<td>Transition planning conference performed no later than 90 days before third birthday</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported to the Local Education Agency (LEA) via monthly email at 27 months of age</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported individually to LEA</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

* Limited to services available due to time constraint. The focus is on transitioning to Part B, Section 619, services.
† IFSP meeting held but focused solely on transition.
Source: The auditor prepared this chart based on the Interagency Agreement and discussions with management.

Tennessee Early Intervention Data System

Department staff utilize the Tennessee Early Intervention Data System (TEIDS) to manage plans, services, and other information for children eligible for TEIS. The department inherited the system from the Tennessee Department of Education when it assumed responsibility for TEIS in 2020. Within TEIDS, staff can track a child’s demographic and screening information, Individualized Family Service Plan, goals, planned services, health/immunization records, service log, and evaluation results. The system does not support document uploads; therefore, department staff place supporting documents, such as signed forms, intake forms, eligibility evaluation results, correspondence, medical records, and additional evaluations, on the department’s SharePoint site in individual folders for each child.

Monitoring Process

To ensure that service coordinators are meeting the required timeframes for initial IFSPs and transitions, as well as facilitating communication between providers and families, the supervisors in
each district conduct regular meetings with service coordinators. During these meetings, the supervisor selects between two and five of the service coordinator’s assigned children and reviews their files in TEIDS to determine whether they completed all required meetings timely and documented contact with the family and providers. The supervisor provides verbal feedback to the service coordinator at that time and makes corrections as necessary.

**Current Audit**

Our review did not result in any findings or recommendations. Our review disclosed that, except for reasons beyond management’s control, the department complied with state and federal requirements for early intervention service planning, provision, and transition.

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**Department Employee Background Checks**

We reviewed management’s process for completing background checks, which is intended to ensure that staff completed background checks on new employees hired to care for individuals with intellectual and developmental disabilities.

**General Background**

The Department of Intellectual and Developmental Disabilities (department) conducts background checks on employees and volunteers whose job functions include direct contact with or direct responsibility for persons supported as part of its pre-employment screening process, in accordance with Section 33-2-1201, *Tennessee Code Annotated*. These checks help the department determine the suitability of prospective volunteers and employees to work directly with people with intellectual and developmental disabilities. Furthermore, department policy requires all prospective staff, contract workers, and volunteers who will have direct contact with or direct responsibility for people supported to authorize the release of investigative

**Department employees and volunteers with direct contact or direct responsibility assist or supervise the assistance of people supported with activities of daily living such as bathing, toileting, eating, medication administration, transportation, and communication.**
Department management developed a pre-employment checklist, which requires regional human resources staff to

- conduct name-based checks in the
  - Tennessee Sex Offender Registry;
  - U.S. Department of Justice’s National Sex Offender Search;
  - Tennessee Felony Offender Information List; and
  - U.S. Department of Health and Human Services Office of Inspector General’s List of Excluded Individuals and Entities;
- conduct Social Security-based checks in the
  - Tennessee Department of Health Abuse Registry; and
  - department’s Substantiated Investigation Record Inquiry database;
- review the results of the Tennessee Bureau of Investigation (TBI) fingerprint-based criminal records search;
- review the results of the applicant’s drug test;
- verify the applicant’s work history and job references, driver’s license (as needed for the position), personal references, academic records, and any required professional credentials and certification; and
- document the results of these efforts.

Once regional human resources staff complete the pre-employment screening, they submit the results to the central office for review and approval.

COVID-19 Pandemic Considerations

Executive Order 32, Section 36.1, gave the Commissioner the right to suspend any requirements for the hiring or retention of an employee whose function would include direct contact with or direct responsibility for the people supported by the department. The order required the department to complete any suspended requirements within 90 days following the termination of Section 36.1. Executive Order 32 went into effect on May 1, 2020, and Governor Bill Lee extended Section 36.1 through several additional orders. The latest of these was Executive Order 59, which

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5 Based on our review of Policy 10.1.2, “Background Checks for Department of Intellectual and Developmental Disabilities (DIDD) Employees, Contract Workers and Volunteers,” authorizations for release of information represent an applicant’s approval for the department to conduct background checks, check references and work history, and conduct other pre-employment checks.

6 Applicants with results from the TBI must receive documented approval from the department’s Executive Director of Human Resources and the department’s General Counsel prior to the department hiring them.
expired on September 30, 2020. Therefore, the department needed to complete any suspended requirements by December 29, 2020.

Department management implemented additional training and emergency staffing rosters to address the risk of potential staffing gaps created by the pandemic. Department management provided additional video training to staff who do not normally have direct contact with people supported. According to the Executive Director of Human Resources, each of the three regions created an emergency staffing roster from which they could pull to address staffing shortages; however, only the West region ultimately used any emergency employees. All employees pulled from the West emergency staffing roster were registered nurses who had some previous experience working in the community homes.

Results of the Prior Audit

In the October 2019 sunset audit report, we found that department management did not promptly address background check deficiencies identified in the November 2017 performance audit report. Specifically, in the 2019 audit, we found the department

- hired an employee with a conviction following denial by the Human Resources and Legal divisions,
- failed to correctly verify that an employee was not listed on the sex offender registry, and
- did not perform work history and reference checks on some employees.

In response to the prior audit finding, management stated they improved the new hire review process by requiring both an employee of the regional office and the Executive Director of Human Resources or their designee to review the pre-employment screening packet and to document their review by signing the coversheet. In addition, management instituted random audits of new hire files to ensure compliance with departmental processes.

Current Audit

To evaluate management’s corrective actions taken in response to the October 2019 audit finding, we focused our audit work on management’s completion and approval of pre-employment background checks on new employees with direct contact with or responsibility for people with intellectual and developmental disabilities.

Our review did not result in any findings or recommendations.
Provider Background Check Reimbursements

Given the importance of criminal background checks for employees who provide direct care services to individuals receiving departmental services, we reviewed management’s process for reimbursing providers for their costs of conducting those checks for new hires. Our goal was to determine whether the department established procedures to reimburse providers for pre-employment background checks.

General Background

The Department of Intellectual and Developmental Disabilities (department) administers services through a combination of state facilities and through contracts with providers. Section 33-2-1202, Tennessee Code Annotated, requires providers to complete criminal background checks on any potential employee or volunteer who will be in a position that involves providing direct contact with or direct responsibility for the individuals receiving services. The provider must complete the background check prior to allowing the employee or volunteer to have any direct contact with or direct responsibility for the individual served. The provider must either select the Tennessee Bureau of Investigation (TBI) and Federal Bureau of Investigation (FBI) or a Tennessee-licensed private investigation company to conduct the criminal background check on potential employees or volunteers who will have direct contact or direct responsibility for service recipients.

As a courtesy to providers, the department reimburses them for the cost of conducting these criminal background checks on new hires. According to Section 5.2.e of the department’s Provider Manual, the department will reimburse the providers for the cost of the criminal background check if the following conditions are met:

- the provider must be properly licensed and have a current provider agreement with the department;
- the TBI, FBI, or a Tennessee-licensed private investigation company must have conducted the background check; and
- the department must have funding available to make such reimbursement payments.
Background Check Reimbursement Process

Providers generally email their invoices for background checks to the department monthly. An Administrative Services Assistant enters information from the invoice into Titan, the department’s claims management system, and logs the information in an Excel spreadsheet. After another Administrative Services Assistant reviews and approves the reimbursements in Titan, the approved reimbursements automatically transfer to the department’s provider payment system. Department fiscal personnel process the approved payments in the state’s accounting system every two weeks.

Results of the Prior Audit

During the 2019 sunset audit, we found that the department did not reimburse providers for conducting background checks on new employees during a period between October 1, 2018, until June 10, 2019, which was during the Titan implementation period. Over that period, the department amassed a backlog of $221,503 in unpaid background check reimbursements outstanding to 103 providers, with amounts owed ranging between $20 and $26,161. We recommended that the Director of the Office of Business Services and the Deputy Commissioner of Fiscal and Administrative Services work together to ensure that the department pays providers for background checks promptly but did not recommend any specific payment processing timeframes.

Current Audit

In our current audit, we followed up to see if management addressed late reimbursement to providers responsible for conducting pre-employment criminal background checks. We found minor deficiencies occurring prior to November 2020, but the department paid all reimbursements after that. As a result, we did not report any findings or recommendations for this current audit.

Resident Personal Property Inventories

We reviewed management’s process for inventorying the personal property of residents in the department’s care. Our goal was to determine if the staff performed periodic inventories at the department’s 37 community homes to ensure that residents’ personal property was protected from damage, loss, and theft.

The Department of Intellectual and Developmental Disabilities (department) operates intermediate care facilities throughout the state to provide 24-hour residential support to individuals with intellectual disabilities to allow them to live more independently. There are 37 four-person
community homes integrated into residential neighborhoods. Individuals live in community homes on a long-term basis and receive services to ensure their daily health, safety, and welfare, such as personalized care, self-help training, and communication and socialization skills, among others.

People who live in state-operated community homes have the right to retain and use their private, personal possessions and create a homelike living environment. According to department policy, personal property includes all material possessions belonging to an individual, including items they purchase as well as gifts they receive. Department policy requires that residents have as much involvement as possible in the selection, care, and control of their personal property. Because certain disabilities may make it more difficult for some individuals to account for their belongings, there is an increased risk that their personal property may be lost or stolen or kept for longer than its useful life. To help safeguard individuals’ personal property, department staff maintain and monitor an inventory of each individual’s property. Department policy also requires each purchase has a store receipt and a Request for Funds form, which staff use to obtain approval to withdraw funds and make purchases for the person served.

When an individual moves into one of the department’s community homes, the home manager creates an initial inventory list of the individual’s property. The list includes items such as clothing and jewelry, grooming implements, games and entertainment devices, and equipment. Department staff use the list to create a Microsoft Excel workbook, which they will update whenever the individual purchases, receives, disposes of, or loses property. When creating or updating an individual’s inventory, department staff do not include disposable or consumable items, such as toiletries, favorite snacks, cigarettes, or paper.

Personal Possession Inventory Reviews

Each quarter, the Community Homes staff review the property of all residents to ensure each resident’s inventory workbook is up to date. If staff identify property that is not in the workbook, they will add it at that time. If staff are unable to locate any items within 2 business days, the department’s policy requires staff to report the lost property to the Community Homes Director for the region and replace the property at the department’s expense within 30 business days. See Table 3 for a summary of missing property during our audit period, July 1, 2019, through March 31, 2022.

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7 According to the department’s website, there are also two homes in Middle Tennessee which are state-owned but privately operated (https://www.tn.gov/didd/divisions/community-homes.html). The former Director of the Office of Risk Management and Licensure explained that privately operated homes are not required by either state licensure or federal standards to conduct physical inventories. He further explained that although most, if not all, do conduct physical inventories, they are not as extensive or frequent as the state-operated homes. Additionally, the department does not review or audit their inventories.
### Table 3
Missing Item Replacement Costs by Fiscal Year

<table>
<thead>
<tr>
<th>Region</th>
<th>Fiscal Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2021</td>
</tr>
<tr>
<td>East</td>
<td>$ 325</td>
<td>$ 117</td>
</tr>
<tr>
<td>Middle</td>
<td>94</td>
<td>408</td>
</tr>
<tr>
<td>West</td>
<td>69</td>
<td>222</td>
</tr>
<tr>
<td>Total</td>
<td>$ 488</td>
<td>$ 747</td>
</tr>
</tbody>
</table>

* Fiscal year 2022 is through March 31, 2022.

Source: The auditor prepared this table based on documents provided by management.

To ensure that Community Homes staff keep the workbooks updated and document all changes, the department has two separate teams who perform regular audits on them. Each month, the department’s Trust Fund Operations staff review all purchases made by or for one of the four people served in each home since the previous month’s audit and verify that each purchase has a store receipt and a Request for Funds form. Trust Fund Operations staff also verify that Community Homes staff have included the item in the individual’s workbook at the correct monetary amount. This review ensures that the workbook is complete and up to date.

In addition to monthly Trust Fund Operations review, the department’s Risk Assessment team conducts a 2-part quarterly audit, which involves an inventory audit and a documentation review of residents’ property. To conduct their inventory audit, a Risk Assessment auditor selects 1 individual from each home and randomly samples 15 items from their inventory workbook to verify the items are in their possession. The auditor also selects 5 items, not included in the previous 15, in the individual’s possession and verifies that they are included on the inventory list. For any missing items, staff report the lost property to the Community Homes Director for the region and replace the property at the department’s expense within 30 business days. The Risk Assessment auditor verifies Community Homes staff follow this process by reviewing the reporting form, obtaining a picture of the new (replacement) item, and reviewing the receipt on which the item was purchased.

The Risk Assessment auditor also performs a paperwork review to determine whether Community Homes staff completed all aspects of the inventory spreadsheet from the prior quarter, including the correct dates and signing the form. The auditor verifies whether Community Homes staff performed the inventories within three business days of printing the supported person’s inventory list. If auditor finds they did not, or if they find the date of the inventory occurred before the print date of the inventory list, the auditor notes an exception. The Risk Assessment auditor provides the results to the Community Homes staff.
COVID-19 Pandemic Considerations

According to management, during the COVID-19 pandemic, Community Homes staff transitioned to quarterly virtual inventories with little delay, using video conferencing to view all inventory items. The Risk Assessment team, however, did not conduct its inventory audits from April 1, 2020, through August 19, 2021, but continued to carry out documentation audits without interruption. The former Director of the Office of Licensure and Risk Management stated that guidance from the Centers for Medicare and Medicaid Services (CMS) and Governor Bill Lee\(^8\) precluded staff from entering the homes except to provide essential services. Although it appears from our review of the guidance that the Risk Assessment team could have returned to in-person inventories as early as October 2020, we acknowledge that the department serves a vulnerable population and erred on the side of caution with regard to COVID-19 protocols.

Results of the Prior Audit

During the 2019 sunset audit, we found that although the department made strides in addressing our concerns from the 2017 performance audit, staff still did not maintain updated, accurate, or complete personal property records or conduct regular inventories. Management concurred with our finding and stated they would monitor the documentation to substantiate their inventory monitoring efforts. Management further stated that they would focus on the accuracy of dates documented and reviewer signatures.

Current Audit

During the current audit, we focused our work on reviewing management’s corrective action, including their process over personal property inventory, to ensure individuals’ personal property items are safeguarded from damage, loss, and theft.

Our review did not result in any findings or recommendations. Our review disclosed that the department conducted periodic inventories to safeguard the personal property of community home residents.

\(^8\) CMS issued guidance on March 13, 2020, restricting access to nursing homes (which includes Intermediate Care Facilities for Individuals with Intellectual and Developmental Disabilities, such as the department’s community homes) to essential personnel and allowed visitors and non-essential personnel in end-of-life situations only. On September 17, 2020, CMS released additional guidance allowing visitors and non-essential personnel. Executive Order 38, effective May 22, 2020, and extended in subsequent orders through October 1, 2020, also restricted visitors to care-related facilities to critical assistance or end-of-life care.
Appendix 1
Objectives, Conclusions, and Methodologies

Information Systems Security

Audit Objective: In response to the prior audit finding, did the department design and implement internal controls in three specific areas consistent with state information systems security policies and industry best practices?

Conclusion: Based on our review, we found that management did not ensure that state information systems security policies were followed. See Finding 1.

Methodology to Address the Audit Objective

To address our audit objective, we interviewed key personnel, observed controls in place during walkthroughs, and obtained and inspected evidence in the form of screenshots, manuals, policies, procedures, and other documentation to gain an understanding of the relevant general and application controls in place for the department. The key personnel we interviewed included the Executive Information Technology Director, the Chief of Staff, the Director of the Office of Business Services, the Director of Risk Management and Licensure, the Executive Director of Human Resources, the Senior Information Security Analyst, the Business Tech Support Lead, an Auditor 4, and an Administrative Support Assistant.

We used an information system controls questionnaire to organize our questions and collect answers from key personnel interviewed. We used the responses, comments, and additional documentation provided to identify, verify, and assess the security safeguards and other controls in place supporting the department’s systems and critical business processes during our audit period.

Staffing Shortage of Direct Support Professionals

Audit Objective: Did management take steps to address the prior audit’s emerging issue regarding the state’s critical shortage of caregivers for individuals with intellectual and developmental disabilities?

Conclusion: Since the prior audit, management took steps to address the state’s critical shortage of caregivers for individuals with intellectual and developmental disabilities.
Despite management’s efforts, the department’s workforce challenges persisted during the current audit. See Observation 1.

Methodology to Address the Audit Objective

To address our audit objective, we reviewed emerging issues included in prior sunset audit reports from November 2017 and October 2019 and interviewed the Deputy Commissioner of Program Operations, the Deputy Director of Program Operations, the Director of the Office of Risk Management and Licensure, the Chief of Staff, the Director of Human Resources, the Deputy Commissioner of Fiscal and Administrative Services, and the Deputy Commissioner of Clinical Services to gain an understanding of the staffing shortage.

We obtained and reviewed federal and department staffing standards for services for individuals with intellectual and developmental disabilities; National Association of State Directors of Developmental Disabilities Services Staff Stability Survey Reports issued in 2014, 2017, 2018, 2019, and 2020; Section 33-1-309(d), Tennessee Code Annotated, relative to provider rate increases for waiver services; the department’s Provider Manual; Medicaid waiver approval, amendment, and proposed amendment documents; state budget documents and presentations for fiscal years 2019 through 2023; direct support professional online job postings; memorandums from department management to providers regarding rate increases targeted at improving direct support professional wages and emergency flexibilities for staffing requirements in response to the COVID-19 pandemic; and state job classification and salary information for direct support professional positions.

We obtained lists of the department’s providers for the period January 1, 2019, through May 17, 2022. To determine whether the size of the provider network stabilized in response to budget increases and elimination of financial disincentives during our audit period, we analyzed the lists by calculating the total number of agencies in each grand region of the state (East, Middle, and West) for each calendar year and compared year-over-year changes in provider counts.

We obtained lists of the department’s direct support professionals who were actively employed as of April 27, 2022; who were hired or rehired at any time during the period July 1, 2019, through March 7, 2022; and who were separated from department employment between July 1, 2019, and January 28, 2022. To assess how department staffing levels changed during our audit period, we calculated direct support professional hires, separations, and turnover by fiscal year and grand region for the period July 1, 2019, through December 31, 2021. We additionally acquired the number of vacant departmental direct support professional positions for each quarter during the period July 1, 2019, through December 31, 2021, and the average annual number of residents at the Harold Jordan Center and at the East, Middle, and West community homes during the same period. To determine whether staff-to-resident ratios at department facilities changed during our audit period, we computed
Appendix 1
(Continued)

the ratio of active employees and vacant positions for each quarter for the Harold Jordan Center and for the East, Middle, and West community homes.

Enabling Technology

1. **Audit Objective:** Did the department correct the prior audit finding to ensure that remote caregivers completed critical trainings before caring for Enabling Technology program participants?

   **Conclusion:** Based on our work, we found that, although management had minor issues with their process to schedule training for remote caregivers and did not retain some emails to follow up on overdue trainings, the department did correct the prior finding by ensuring that remote caregivers completed critical training before caring for Enabling Technology program participants.

2. **Audit Objective:** Has the department designed procedures and metrics to evaluate the effectiveness, efficiency, and success of the Enabling Technology program?

   **Conclusion:** We determined management uses surveys to review individuals’ general satisfaction of the program but has not yet implemented Enabling Technology specific monitoring procedures to ascertain the program’s effectiveness, efficiency, or success. See Observation 2.

Methodology to Address the Audit Objectives

To address our audit objectives, we interviewed the Deputy Commissioner of the Office of Program Operations, the Internal Compliance Officer, the Chief of Staff, the Director of the Division of Program Innovation, and the Director of Enabling Technology; reviewed Enabling Technology documents, such as Appendix K of the waiver, training requirements, Enabling Technology plans, and operational guidelines; and observed operational processes to gain an understanding of internal controls significant to our audit objectives, and to determine management’s design and implementation of internal control.

Additionally, we obtained all 1,143 trainings for all individuals employed with the 2 Enabling Technology vendors in Relias as of March 17, 2022. We selected a sample of 25 trainings listed in the training reports and validated that the data provided within the reports matched what was recorded in Relias. We then filtered the training population to include all 634 required trainings for 67 remote caregivers with a training due date from November 1, 2019, through May 17, 2022. We carried out
an analysis of this population to determine if remote caregivers completed Enabling Technology training in accordance with department training requirements.

### Competitive and Integrated Employment Data Collection

**Audit Objective:** In response to the prior audit finding, did the department verify that provider agencies accurately reported competitive and integrated employment data for working service recipients and maintained supporting documentation to ensure management’s corrective action improved their initiative to promote employment?

**Conclusion:** Since the prior audit, the department has attempted to adapt the current system to allow for data validation; however, every attempt that the department made failed to ensure the department had and reported reliable data. Ultimately, the department determined that the current system was not capable of meeting their needs and would need to be replaced. The department has selected a new system and believes it will be in place by 2023. Due to these circumstances, we have provided an update on the status of management’s corrective action and will follow up on the prior audit finding in the next sunset audit. Until management has the ability to collect reliable data, neither management nor we could determine the effectiveness of management’s initiative to promote employment for people with disabilities.

**Methodology to Address the Audit Objective**

To address our audit objective and to gain an understanding of competitive and integrated employment data collection, we reviewed the October 2019 sunset audit report and the department’s corrective action plans and interviewed key personnel, including the Deputy Commissioner of Program Operations, the Director of Employment Innovation and Community Inclusion, the Special Projects Coordinator, the Chief of Staff, and the Director of the Office of Risk Management and Licensure.

We also obtained and reviewed Executive Order 28 and reports associated with the Employment First initiative established under the order for calendar years 2014, 2019, 2020, and 2021, as well as the 2016 *Guide for Employer Transformation to an Employment First Service Model*. We reviewed the state’s January 2020 and April 2020 waiver amendment filings with the federal Centers for Medicare and Medicaid Services affecting competitive and integrated employment. We inspected state policies, procedures, and other documentation relating to waiver service definitions; Individual Support Plans; and employment data collection. In addition, we obtained and reviewed the
department’s contracts with employment data tool vendors, Econsys and Therap, and the vendors’ training documentation and user guides.

**Tennessee Early Intervention System**

1. **Audit Objective:** Did the department ensure eligible children received early intervention services timely by completing Individualized Family Service Plans (IFSPs) within 45 days after receiving a referral in accordance with state and federal requirements?

   **Conclusion:** Based on our analysis, we determined the department ensured 11,795 of 16,043 eligible children (74%) received early intervention services timely by completing IFSPs in accordance with state and federal regulations. From the remaining population of 4,248 children, we tested a sample of 30 children with late IFSPs and 30 children without IFSPs to determine whether service coordinators documented a valid reason for not meeting IFSP deadlines. Our testwork disclosed that for all 60 children tested, service coordinators had documented evidence in the Tennessee Early Intervention Data System (TEIDS) to explain they were unable to meet required deadlines for reasons beyond department control, such as family illness or lack of communication from the family.

2. **Audit Objective:** Did service coordinators make referrals and facilitate communication between families and service providers to ensure providers could begin services in accordance with state and federal requirements?

   **Conclusion:** Based on our analysis, we determined service coordinators ensured providers could begin services in accordance with state and federal requirements for 9,613 of 13,396 (72%) children who received an IFSP. From the remaining population of 3,783 children, we tested a sample of 30 children with late first services and 30 children with no services to determine whether service coordinators documented a valid reason for not meeting first service deadlines. Except for minor deficiencies arising from human error, our testwork disclosed that for the 60 children tested, service coordinators had documented evidence in TEIDS to explain missed deadlines due to reasons beyond department control, such as family illness, lack of communication from the family, or lack of provider availability.

3. **Audit Objective:** Did the department exit children from early intervention services in accordance with state and federal requirements?
Appendix 1
(Continued)

Conclusion: Based on our analysis, we determined that the department transitioned 2,720 of 3,313 children (82%) out of the early intervention program in accordance with state and federal requirements. From the remaining population of 593 children, we tested a sample of 64 children to determine whether service coordinators documented a valid reason for not meeting transition deadlines. Our testwork disclosed that for all 64 children tested, service coordinators had documented evidence in TEIDS to explain missed deadlines due to reasons beyond department control, such as school system scheduling conflicts or lack of communication from the family.

Methodology to Address the Audit Objectives

To address our audit objectives and gain an understanding of management’s design and implementation of internal control, we met with department management and obtained and reviewed relevant policies and example documentation, such as the Interagency Agreement, the TEIS Operations Manual, and the LEA Referral Form. We also obtained a list of 16,619 children whom the department found eligible for TEIS services between July 1, 2020, and February 9, 2022, including IFSP, parental consent, and transition conference dates, as well as a list of all services the children received between July 1, 2020, and February 22, 2022. We performed data analytics on these full data sets to identify children who had a higher risk of not promptly receiving the departmental services noted in our audit objectives.

To address Audit Objective 1, we performed data analytics to identify all children for whom service coordinators did not conduct an initial IFSP meeting within 45 days of the department receiving a referral for the child. From our analysis, we identified all 2,461 children who never received an IFSP meeting and all 1,787 children who received an IFSP more than 45 days after their referral date. We tested a nonstatistical, random sample of 30 children who received a late initial IFSP and a nonstatistical, random sample of 30 children who did not receive an initial IFSP. We reviewed the child’s IFSP, if applicable, and reviewed the contact log to determine whether staff documented the cause for the delay or lack of IFSP and whether the service coordinator documented communications with the family reflected a reason beyond the department’s control (such as lack of family response to the service coordinator’s outreach attempts).

To address Audit Objective 2, we performed data analytics to identify children who did not receive a first service within 30 days of the department receiving parental consent. From our analysis, we identified all 1,265 children who received an IFSP but never received services9 and all 2,518

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9 Because we tested children who never received an IFSP to address Objective 1 and a child cannot receive services until they have received the IFSP, we did not test any children who had not yet received an initial IFSP for Objective 2.
children who received services more than 30 days after their IFSP meeting. We tested a nonstatistical, random sample of 30 children who received late first services and a nonstatistical, random sample of 30 children who did not receive any services. We reviewed each child’s IFSPs, contact log, and service log to determine whether the service coordinator documented the cause for the delay or lack of services, whether the service coordinator documented communications with the family and provider reflected a reason beyond the department’s control (such as provider scheduling conflicts or lack of family response to department outreach attempts), and whether the service coordinator facilitated communication between the family and provider throughout the process.

To address Audit Objective 3, we performed data analytics to identify children for whom service coordinators did not conduct the transition planning conference at least 90 days prior to the child’s third birthday. From our analysis, we found service coordinators logged in TEIDs that they did not conduct 349 transition meetings at least 90 days before the child’s third birthday because of “Family” reasons; 240 meetings because of “System” reasons; and 4 meetings because of no reason. From our analysis, we tested a nonstatistical, random sample of 30 children who had late transition meetings due to “Family” reasons and 30 children who had late meetings for “System” reasons. We also tested all 4 children who had late transition meetings because no reason was provided in our population. We reviewed service coordinators’ contact logs and other notes in TEIDs for each child tested to determine if the delay for conducting the transition was for a documented reason beyond the service coordinators’ control (such as family request to reschedule transition meetings).

To assess the operating effectiveness of management’s monitoring activities, we obtained the full population of 227 service coordinators employed between July 1, 2020, and April 21, 2022. We selected a nonstatistical, random sample of 25 service coordinators and reviewed the most recent supervisor review documentation for each.

**Department Employee Background Checks**

<table>
<thead>
<tr>
<th>Audit Objective:</th>
<th>In response to the prior audit finding, did the department complete background checks on new employees hired to care for individuals with intellectual disabilities?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conclusion:</td>
<td>Based on our review of the employee screening process, we determined department staff completed background checks on new employees hired to care for individuals with intellectual disabilities.</td>
</tr>
</tbody>
</table>
Methodology to Address the Audit Objective

To address our audit objective, we interviewed the Executive Director of Human Resources, the Internal Compliance Officer, and the Chief of Staff; reviewed department Policy 10.1.2; obtained and reviewed examples of Human Resource documents, such as the pre-employment checklist, information release authorizations, and background check results; and observed operational processes to gain an understanding of internal control significant to our audit objective and to assess management’s design and implementation of internal control. We also obtained and reviewed executive orders and emergency staffing rosters to determine whether department management made any changes to their hiring procedures during the COVID-19 pandemic.

To determine whether the department completed background checks on new employees hired to care for individuals with intellectual disabilities, we obtained a list of 218 direct contact employees whom the department hired or rehired between July 1, 2019, and March 7, 2022. We also obtained a second list which included only the individuals hired between March 23, 2020, and December 16, 2020, and provided their hire date and the date they completed the fingerprinting for their background check. We analyzed these dates and identified 1 individual who did not appear to have received background checks in accordance with either Section 33-2-1201, Tennessee Code Annotated, or Executive Order 32. In addition to this employee, we pulled a nonstatistical random sample of 39 employees, for a total of 40 employees tested. To assess the implementation and operating effectiveness of internal control, we examined each individual’s pre-employment screening packet to determine whether department staff verified that the employee met all background screening requirements prior to the individual’s hire date and to determine whether an employee from the regional office and the Executive Director of Human Resources or their designee signed the coversheet, documenting their review.

Provider Background Check Reimbursements

Audit Objective: In response to the prior audit finding, did the department establish procedures to reimburse providers for background checks?

Conclusion: Although the department could not provide evidence for some payments prior to October 2020, which were before management took corrective action, management did provide evidence that they reimbursed providers for background checks after establishing their corrective procedures.

10 Through our testwork, we found that the employee received all background screening, including the fingerprint-based background check, prior to being hired.
Methodology to Address the Audit Objective

To address our audit objective, we met with department management and key personnel in the payment processing cycle, reviewed relevant policies and statutes, and observed operational processes to obtain an understanding of internal control significant to our audit objective and to assess management’s design and implementation of internal control. To determine whether the department issued reimbursements after receiving the provider’s reimbursement request, we obtained from management a population of 2,008 provider reimbursement requests, totaling $812,897, for payments made from July 1, 2019, to February 23, 2022. We generated a report in Titan for the same period to reconcile management’s list and identified an additional 120 requests for the same time period, which were not included in the original list provided by management, totaling $42,398. We tested a nonstatistical, random sample of 40 reimbursement requests from the original list management provided and 23 reimbursement requests from the items not included in management’s original list. In the aggregate, we tested 63 of 2,128 provider reimbursement requests, totaling $855,295, from the 2 lists we obtained from management and Titan.

Resident Personal Property Inventories

Audit Objective: In response to the prior audit finding, did the department perform periodic inventories of community home residents’ personal property to safeguard residents’ personal property?

Conclusion: Based on our testwork, department management has developed a process to ensure that Community Homes staff prepare quarterly inventories of the individuals’ personal property, replace lost or destroyed items, and document these events.

Methodology to Address the Audit Objective

To address our audit objective and gain an understanding of management’s design and implementation of internal control, we met with the Deputy Commissioner of Program Operations, the Chief of Staff, and the Director of the Office of Risk Management and Licensure. We also interviewed the East Tennessee and Middle Tennessee Regional Directors and Community Homes Directors, the West Tennessee Deputy Regional Director, and the West Tennessee Deputy Community Homes Director. We obtained and reviewed relevant policies; inventory forms (such as the Disposition Form, the Lost Item Form, and the Requisition for Funds form); and internal audit documentation examples. We tested a nonstatistical, random sample of 40 quarterly Community Homes inventories and associated Risk Assessment documentation to determine whether department staff performed periodic inventories of community home residents’ personal property.
Appendix 2
Internal Control Significant to the Audit Objectives

The U.S. Government Accountability Office’s *Standards for Internal Control in the Federal Government* (Green Book) sets internal control standards for federal entities and serves as best practice for non-federal government entities, including state and local government agencies. As stated in the Green Book overview,11

Internal control is a process used by management to help an entity achieve its objectives . . . Internal control helps an entity run its operations effectively and efficiently; report reliable information about its operations; and comply with applicable laws and regulations.

The Green Book’s standards are organized into five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. In an effective system of internal control, these five components work together to help an entity achieve its objectives. Each of the five components of internal control contains principles, which are the requirements an entity should follow to establish an effective system of internal control. We illustrate the five components and their underlying principles below:

<table>
<thead>
<tr>
<th>Control Environment</th>
<th>Control Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principle 1</td>
<td>Demonstrate Commitment to Integrity and Ethical Values</td>
</tr>
<tr>
<td>Principle 2</td>
<td>Exercise Oversight Responsibility</td>
</tr>
<tr>
<td>Principle 3</td>
<td>Establish Structure, Responsibility, and Authority</td>
</tr>
<tr>
<td>Principle 4</td>
<td>Demonstrate Commitment to Competence</td>
</tr>
<tr>
<td>Principle 5</td>
<td>Enforce Accountability</td>
</tr>
<tr>
<td>Principle 6</td>
<td>Define Objectives and Risk Tolerances</td>
</tr>
<tr>
<td>Principle 7</td>
<td>Identify, Analyze, and Respond to Risks</td>
</tr>
<tr>
<td>Principle 8</td>
<td>Assess Fraud Risk</td>
</tr>
<tr>
<td>Principle 9</td>
<td>Identify, Analyze, and Respond to Change</td>
</tr>
<tr>
<td>Principle 10</td>
<td>Design Control Activities</td>
</tr>
<tr>
<td>Principle 11</td>
<td>Design Activities for the Information System</td>
</tr>
<tr>
<td>Principle 12</td>
<td>Implement Control Activities</td>
</tr>
<tr>
<td>Principle 13</td>
<td>Use Quality Information</td>
</tr>
<tr>
<td>Principle 14</td>
<td>Communicate Internally</td>
</tr>
<tr>
<td>Principle 15</td>
<td>Communicate Externally</td>
</tr>
<tr>
<td>Principle 16</td>
<td>Perform Monitoring Activities</td>
</tr>
<tr>
<td>Principle 17</td>
<td>Evaluate Issues and Remedy Deficiencies</td>
</tr>
</tbody>
</table>

In compliance with generally accepted government auditing standards, we must determine whether internal control is significant to our audit objectives. We base our determination of significance on whether an entity’s internal control impacts our audit conclusion. In the following matrix, we list our audit objectives, indicate whether internal control was significant to our audit objectives, and identify which internal control components and underlying principles were significant to those objectives.

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In response to the prior audit finding, did the department design and implement internal controls in three specific areas consistent with state information systems security policies and industry best practices?

<table>
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<tr>
<th>Audit Objectives</th>
<th>Significance</th>
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<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td>In response to the prior audit finding, did the department design and implement internal controls in three specific areas consistent with state information systems security policies and industry best practices?</td>
<td>Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes</td>
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</table>

Did management take steps to address the prior audit emerging issue regarding the state’s critical shortage of caregivers for individuals with intellectual and?

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</table>

Did the department correct the prior audit finding to ensure that remote caregivers completed critical trainings before caring for Enabling Technology program participants?

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</table>

Did the department design procedures and metrics to evaluate the effectiveness, efficiency, and the success of the Enabling Technology program?

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In response to the prior audit finding, did the department verify that provider agencies accurately reported competitive and integrated employment data for working service recipients and maintained supporting documentation to ensure management’s corrective action improved their initiative to promote employment?

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</tr>
</tbody>
</table>

Did Service Coordinators make referrals and facilitate communication between families and service providers to ensure providers could begin services in accordance with state and federal requirements?

<table>
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</tr>
</tbody>
</table>

Did the department exit children from early intervention services in accordance with state and federal requirements?

<table>
<thead>
<tr>
<th>Audit Objectives</th>
<th>Significance</th>
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</tr>
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## Appendix 2
(Continued)

### Internal Control Components and Underlying Principles

Significant to the Audit Objectives

<table>
<thead>
<tr>
<th>Audit Objectives</th>
<th>Control Environment</th>
<th>Risk Assessment</th>
<th>Control Activities</th>
<th>Information &amp; Communication</th>
<th>Monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Department Employee Background Checks</strong></td>
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<tr>
<td>1</td>
<td>In response to the prior audit finding, did the department complete background checks on new employees hired to care for individuals with intellectual disabilities?</td>
<td>Yes</td>
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</tr>
</tbody>
</table>

| | | | | | |
| **Provider Background Check Reimbursements** | | | | | |
| 1 | In response to the prior audit finding, did the department establish procedures to reimburse providers for background checks? | Yes | | | |

| | | | | | |
| **Resident Personal Property Inventories** | | | | | |
| 1 | In response to the prior audit finding, did the department perform periodic inventories of community home residents' personal property to safeguard residents' personal property? | Yes | | | |

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Appendix 3
Department Operations and Organizational Chart

Services for Individuals With Intellectual and Developmental Disabilities

Title XIX of the Social Security Act established Medicaid, a federal-state partnership to provide health coverage (including long-term care services) for people with low income. The U.S. Department of Health and Human Services’ Centers for Medicare and Medicaid Services (CMS) is responsible for administering the Medicaid program federally, and the Division of TennCare is responsible for overseeing Tennessee’s Medicaid program. CMS matches state dollars spent on Medicaid with federal funding based on each state’s per capita income relative to the national average.

Through agreements with the Division of TennCare, the Department of Intellectual and Developmental Disabilities (department) receives Medicaid funding to operate intermediate care facilities and home and community-based services waivers for individuals with intellectual and developmental disabilities.

Intermediate Care Facilities

Intermediate care facilities provide 24-hour services and supports necessary to ensure the health, safety, and welfare of individuals with intellectual and developmental disabilities. The department’s intermediate care facilities comprise the community homes and the Harold Jordan Center. The department submits intermediate care facility expenditures for Medicaid-eligible individuals to the Division of TennCare, which then requests reimbursement from CMS.

**Community Homes**
The community homes are 39 four-person intermediate care facilities located in residential areas of Davidson, Fayette, Greene, Shelby, and Wilson Counties. Two of the homes are state-owned but privately operated.

**Harold Jordan Center**
The Harold Jordan Center is a 28-bed intermediate care facility for people with intellectual disabilities who have been charged with a crime or who have significant behavioral challenges.
Appendix 3  
(Continued)

**Medicaid Waivers**

States may apply to CMS for Medicaid waivers to set aside certain rules that usually apply to Medicaid. The department administers two programs under Medicaid waivers so that individuals can receive long-term care in their homes and community as an alternative to institutionalized settings.

**Home and Community-Based Services Waivers**

The department operates three Medicaid waivers for individuals with intellectual disabilities: the Comprehensive Aggregate Cap waiver, the Statewide waiver, and the Self-Determination waiver. The department reimburses private provider agencies to deliver long-term care services to waiver members in their homes and in the community. Services available to all waiver members include personal care and homemaker services, day services, employment supports, and access to assistive devices to facilitate independence. In addition, people supported in the Comprehensive Aggregate Cap and Statewide waivers have access to housing services, whereas the Self-Determination waiver serves people who already live in an established, non-institutional residence. While all three Medicaid waivers closed to new enrollments on June 30, 2016, the department continues to serve over 4,000 individuals enrolled prior to that date.

**Katie Beckett Program**

Launched in November 2020, the Katie Beckett program serves children with disabilities or complex medical needs who, due to their parent’s income or assets, are not eligible for Medicaid. The department administers Part B of the Katie Beckett program, which provides an annual package of up to $10,000 to assist with the cost of the child’s care and therapies. As of April 2022, Katie Beckett Part B has 1,074 active participants.

**Other Programs**

In addition to its Medicaid-funded service offerings, the department operates several other types of programs for individuals with intellectual and developmental disabilities.

**Family Support Program**

The department administers the Family Support Program to help individuals with severe disabilities and their families remain together in their homes and communities. The department provides grants of up to $4,000 per individual to fund needs not
Appendix 3
(Continued)

usually covered by insurance, such as respite care, home modifications, and specialized equipment.

Tennessee Early Intervention System

Effective July 1, 2020, the department assumed responsibility for the Tennessee Early Intervention System from the Department of Education. This program serves children from birth until their third birthday who have developmental disabilities or delays.

Tennessee Believes

The department offers grant awards to colleges and universities in Tennessee committed to launching or expanding inclusive higher education programs that serve students with intellectual and developmental disabilities. As of July 2022, six Tennessee institutions offer inclusive higher education programs: East Tennessee State University, Union University, the University of Tennessee at Knoxville, Lipscomb University, Vanderbilt University, and the University of Memphis.

Seating and Positioning Clinics

The department operates seating and positioning clinics in Arlington, Nashville, and Greeneville, and a mobile clinic for clients unable to reach any of those locations. The clinics produce and repair customized wheelchair components and other positioning equipment to promote comfort and positive health outcomes for individuals supported in the department’s service delivery system.

Organizational Structure

Central Office

The department’s central office in Nashville is responsible for administering its service delivery system and support functions.

The Office of Program Operations manages Medicaid waivers by developing community provider applications, policies, and procedures and offering technical assistance to provider staff, ranging from program design and fiscal consultation to programmatic compliance with federal waiver requirements. This office is responsible for recruiting, enrolling, and training providers, and it also oversees regional operations and the department’s intermediate care facilities located throughout Tennessee.
The department’s central office includes the office of the Tennessee Early Intervention System, which is responsible for administering the state’s delivery of services and supports for infants and toddlers with disabilities. Central office personnel plan service design and delivery in accordance with federal standards; oversee the system’s nine district locations responsible for eligibility determination and case management; and analyze and monitor program performance and outcomes.

The Office of Accreditation and Person Centered Practices is responsible for implementing the department’s Person Centered Excellence agreement with the Council on Quality and Leadership. The office also offers training and mentoring to help the department’s providers create better quality lives for people supported through the means of active social roles, community connections, enhanced planning, and significant influence with independent decision-making.

The Office of Legal Services provides legal support and advice to the department; represents the department in judicial and administrative litigation; reviews contracts and other legal documents; and ensures departmental compliance with the Health Insurance Portability and Accountability Act. The office additionally oversees the Family Support Program. Also, the office is responsible for Reportable Events Management, to investigate allegations of abuse, neglect, or exploitation, and respond to incidents that cause or could cause harm to a supported individual.

The Office of Quality Management’s Quality Assurance program directs and oversees qualitative surveys of providers to determine performance levels. The office’s Fiscal Accountability Review Unit monitors providers to ensure their billings are supported by appropriate documentation. Furthermore, the office is responsible for surveying the quality of services and supports at privately operated intermediate care facilities for individuals with intellectual disabilities.

The Office of Risk Management and Licensure responds to and evaluates allegations of criminal wrongdoing and fiscal mismanagement involving department staff and the community provider network. This unit oversees facility compliance with life safety standards.

The Office of Clinical Services consists of practitioners from various disciplines who educate staff, providers, families, and other stakeholders on health issues pertinent to individuals with intellectual and developmental disabilities. Clinical Services staff review incident and investigation reports and death reports submitted by the regional offices and determine health issues to be addressed statewide from a prevention perspective.

The Office of Communications and External Affairs handles public relations; media inquiries; outreach and communication with stakeholders; event planning; and the department’s website and social media.

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12 The Council on Quality and Leadership is a national organization dedicated to improving the quality of services and quality of life of people with intellectual and developmental disabilities. It serves as the department’s accrediting body.
media sites. The office works in conjunction with the department’s Legislative Liaison to track legislation affecting the department and responds to lawmakers’ questions and concerns. In addition, the office prepares and distributes departmental publications, including its weekly Open Line newsletter.

The **Office of Fiscal and Administrative Services** facilitates the department’s operations by providing a range of business services, including budget development, fiscal support, procurement, and facilities management.

The **Office of Human Resources** oversees the department’s personnel function, including new hires, orientation, job analysis, disciplinary actions, service awards, and other employee relations activities.

**Regional Offices**

Along with the central office, the department has primary regional offices in Nashville, Knoxville, and Arlington and satellite regional offices in Jackson, Greeneville, and Chattanooga (see Exhibit 2). The regional offices perform activities necessary for the day-to-day operation of the Medicaid waiver programs and administration of the region’s community homes. The functions of the regional offices include administrative services; case management; transition assistance for people in the department’s service population moving to, from, and between state supports; clinical services; and compliance. Additionally, regional office staff perform certain intake functions for the Division of TennCare’s Employment and Community First CHOICES program.

**Exhibit 2**

*Map of Departmental Regional and Satellite Office Locations*

Auditor created based on discussion with department management.
Appendix 3
(Continued)

Department of Intellectual and Developmental Disabilities
Organizational Chart
June 2022

Source: Auditor compiled from organization chart provided by department management.
## Appendix 4
### Business Unit Codes

<table>
<thead>
<tr>
<th>Code</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>34400</td>
<td>Department of Intellectual and Developmental Disabilities</td>
</tr>
<tr>
<td>34401</td>
<td>Intellectual Disabilities Services Administration</td>
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<tr>
<td>34402</td>
<td>Community Intellectual Disabilities Services</td>
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<tr>
<td>34404</td>
<td>Protection from Harm</td>
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<tr>
<td>344.15</td>
<td>Harold Jordan Center</td>
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<tr>
<td>34420</td>
<td>West Tennessee Regional Office</td>
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<tr>
<td>34421</td>
<td>Middle Tennessee Regional Office</td>
</tr>
<tr>
<td>34422</td>
<td>East Tennessee Regional Office</td>
</tr>
<tr>
<td>34435</td>
<td>Seating and Positioning Clinics</td>
</tr>
<tr>
<td>34440</td>
<td>West Tennessee Community Homes</td>
</tr>
<tr>
<td>34441</td>
<td>Middle Tennessee Community Homes</td>
</tr>
<tr>
<td>34442</td>
<td>East Tennessee Community Homes</td>
</tr>
<tr>
<td>34450</td>
<td>Major Maintenance</td>
</tr>
<tr>
<td>34460</td>
<td>Tennessee Early Intervention System</td>
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</table>
## Table 4
### Fiscal Year 2020 Budget and Actual Expenditures and Revenues

<table>
<thead>
<tr>
<th>Department of Intellectual and Developmental Disabilities</th>
<th>FY 2020 Recommended Budget*</th>
<th>FY 2020 Actual Expenditures and Revenues†</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll</td>
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<td>$106,246,500</td>
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<tr>
<td>Operational</td>
<td>51,853,500</td>
<td>81,566,700</td>
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<tr>
<td><strong>Total</strong></td>
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<td>$187,813,200</td>
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<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State</td>
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<tr>
<td>Federal</td>
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<td>9,653,800</td>
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<tr>
<td>Other‡</td>
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<tr>
<td><strong>Total</strong></td>
<td>$147,951,000</td>
<td>$187,813,200</td>
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</table>

† Source: Tennessee State Budget, Fiscal Year 2021–2022.
‡ The “Other” category represents the department’s federal revenues from the Centers for Medicare and Medicaid Services, received from the Division of TennCare, the state’s Medicaid agency.

## Table 5
### Fiscal Year 2021 Budget and Actual Expenditures and Revenues

<table>
<thead>
<tr>
<th>Department of Intellectual and Developmental Disabilities</th>
<th>FY 2021 Recommended Budget*</th>
<th>FY 2021 Actual Expenditures and Revenues†</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures</strong></td>
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<td></td>
</tr>
<tr>
<td>Payroll</td>
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<td><strong>Revenues</strong></td>
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</tr>
<tr>
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<tr>
<td><strong>Total</strong></td>
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<td>$188,183,500</td>
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</table>

‡ The “Other” category represents the department’s federal revenues from the Centers for Medicare and Medicaid Services, received from the Division of TennCare, the state’s Medicaid agency.
Table 6  
Fiscal Year 2022 Budget and Actual Expenditures and Revenues

<table>
<thead>
<tr>
<th>Department of Intellectual and Developmental Disabilities</th>
<th>FY 2022 Recommended Budget*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures</strong></td>
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</tr>
<tr>
<td>Payroll</td>
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<tr>
<td>Operational</td>
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<tr>
<td><strong>Total</strong></td>
<td>$244,699,000</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
</tr>
<tr>
<td>State</td>
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</tr>
<tr>
<td>Federal</td>
<td>9,189,000</td>
</tr>
<tr>
<td>Other†</td>
<td>186,318,300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$244,699,000</td>
</tr>
</tbody>
</table>

† The “Other” category represents the department’s federal revenues from the Centers for Medicare and Medicaid Services, received from the Division of TennCare, the state’s Medicaid agency.
Appendix 6
Assistive Devices at the Enabling Technology Model Home

**Smart Doorbell**
Individuals use a mobile app to view who is at their door and remotely lock or unlock the door.

**Smart Thermostat**
Remotely controlled via mobile app, and programmable to automatically adjust the temperature based on time of day.

**Smart Kitchen Appliances**
Include safety features, such as mobile alerts to remote caregivers when the appliance is turned on.

**Electronic Medication Dispenser**
Enable individuals to access medications at the appropriate time without caregiver assistance.

**Smart Lighting**
Remotely controlled and pre-programmed to adapt lighting color and brightness to the individual’s needs.

**Bed Sensor**
Programmable to detect and alert remote caregivers when an individual gets in or out of bed.