



Justin P. Wilson, Comptroller

October 20, 2015

TRICOR Audit Reveals Financial Misstatements and Cook Chill Concerns

The Tennessee Comptroller's Division of State Audit has released its report on the Tennessee Rehabilitative Initiative in Correction Board (TRICOR). TRICOR provides occupational and life skills training for Tennessee's incarcerated population through job training. Auditors wrote five findings, one of which was also repeated from TRICOR's July 2013 audit.

Auditors found that TRICOR has pervasive weaknesses resulting in a failure to accurately report financial information, record all accounts receivable, and promptly follow up on past-due receivables. Auditors also reported that management and staff lack knowledge of governmental accounting and state accounting policies.

The failure to accurately report TRICOR's financial condition renders management, the board, and external users unable to make sound decisions about the viability of TRICOR's programs or continued existence.

Additionally, auditors found that TRICOR is operating the Tennessee Cook Chill program without an executed agreement with any of its customers. Since implementing the Standard Menu Program with the Tennessee Department of Correction in 2014, the Cook Chill program reported a net loss of more than \$4 million. These losses were covered by TRICOR's reserves. TRICOR cannot continue to absorb losses through its reserves indefinitely and creates a going concern for the agency.

Other audit findings include failing to submit annual risk assessments to the Department of Finance and Administration and the Comptroller of the Treasury, and insufficient monitoring of professional service contracts.

"Our auditors have recommended several changes that can help TRICOR improve its financial operations," Comptroller Justin P. Wilson said. "These findings should allow management to address problems and concerns by taking the necessary steps to correct weaknesses."

Auditors will present their findings at a meeting of the General Assembly's Judiciary and Government Joint Subcommittee of Government Operations on October 21. The meeting is scheduled to begin at 9 a.m. in Legislative Plaza Room 12.

To view the audit report online, go to: <http://www.comptroller.tn.gov/sa/>

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