STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

Office of the Comptroller of the Treasury

Performance Audit Report

January 2014

Justin P. Wilson
Comptroller of the Treasury

TENNESSEE COMPTROLLER OF THE TREASURY

Department of Audit
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Mission Statement
The mission of the Comptroller's Office is to improve the quality of life for all Tennesseans by making government work better.

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January 10, 2014

The Honorable Ron Ramsey
Speaker of the Senate
and
The Honorable Beth Harwell
Speaker of the House of Representatives
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
The Honorable Justin P. Wilson
Comptroller of the Treasury
State Capitol
Nashville, Tennessee 37243

Ladies and Gentlemen:

We have conducted a performance audit of selected programs and activities of the Office of the Comptroller of the Treasury for the period July 1, 2012, through June 30, 2013.

Since we are not independent with respect to the Office of the Comptroller of the Treasury, we do not express any assurance on internal control and on compliance.

Our audit disclosed certain findings which are detailed in the Objectives, Methodologies, and Conclusions section of this report. Management of the Office of the Comptroller of the Treasury has responded to the audit findings; we have included the responses following each finding. We will follow up on the audit to examine the application of the procedures instituted because of the audit findings.

We have reported other less significant matters involving internal control to the Office of the Comptroller of the Treasury's management in a separate letter.

Sincerely,

Deborah V. Loveless

Deborah V. Loveless, CPA
Director

DVL/tlk
14/013

State of Tennessee

Audit Highlights

Comptroller of the Treasury | Division of State Audit

Performance Audit
Office of the Comptroller of the Treasury
January 2014

AUDIT SCOPE

We have audited the Office of the Comptroller of the Treasury for the period July 1, 2012, through June 30, 2013. Our audit scope included a review of internal control and compliance with laws and regulations in the areas of procurement monitoring, fiscal operations, and information systems.

Management of the Office of the Comptroller of the Treasury is responsible for establishing and maintaining effective internal control and for complying with applicable laws, regulations, and provisions of contracts and grant agreements. Since we are not independent with respect to the Office of the Comptroller of the Treasury, we do not express any assurance on internal control and on compliance.

For our sample design, we used nonstatistical audit sampling, which was the most appropriate and cost-effective method for concluding on our audit objectives. Based on our professional judgment, review of authoritative sampling guidance, and careful consideration of underlying statistical concepts, we believe that nonstatistical sampling provides sufficient appropriate audit evidence to support the conclusions in our report. We present more detailed information about our methodologies in the individual report sections.

AUDIT FINDINGS

The Office's Human Resources Section Did Not Follow State Information System Security Policies, Resulting in the Increased Risk of Fraudulent Activity or Loss of Data
Based on our testwork, the office's Human Resources management and staff did not follow state information system security policies, resulting in an increased risk of fraudulent activity or loss of data. The wording of this finding does not identify specific vulnerabilities because disclosing these vulnerabilities could present a security risk by providing readers with information that might be confidential, pursuant to Section 10-7-504(i), *Tennessee Code Annotated* (page 11).

The Office's Information Technology Section Did Not Establish Adequate Internal Controls Over Internal Computer Applications, Thereby Increasing Operational Risk

Our testwork revealed that the management of the Information Technology section within the Office of the Comptroller of the Treasury did not design and implement adequate information technology controls for internal computer applications, which heightens operational risk. The wording of this finding does not identify specific vulnerabilities that could allow someone to exploit the office's systems. Disclosing those vulnerabilities could present a potential security risk by providing readers with information that might be confidential, pursuant to Section 10-7-504(i), *Tennessee Code Annotated* (page 11).

Performance Audit
Office of the Comptroller of the Treasury

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Performance Audit
Office of the Comptroller of the Treasury

INTRODUCTION

POST-AUDIT AUTHORITY

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

BACKGROUND

The Comptroller of the Treasury is a constitutional officer elected by the General Assembly for a two-year term. The functions and duties of the office are assigned through various legislative enactments. The mission of the Comptroller's Office is to improve the quality of life for all Tennesseans by making government work better.

The Office of the Comptroller of the Treasury is organized into several divisions and offices to discharge its statutory duties. The basic functions of the divisions and offices are described below.

The Division of Administration provides direction, coordination, and supervision to the divisions and offices within the Comptroller's Office and represents the Comptroller on various boards and commissions. Legal counsel resides within this division.

The Office of Management Services provides administrative and support services to the divisions and offices of the Comptroller's Office in the areas of accounting, budgeting, human resources, and information systems. The office also assists the Comptroller in policy and contract matters and provides staff support for several boards and commissions.

The Division of State Audit conducts financial and compliance audits, performance audits, and special studies to provide the General Assembly, the Governor, and the citizens of Tennessee with objective information about the state's financial condition and the performance of the state's many agencies and programs. Under an agreement with the Department of Finance and Administration, the TennCare section of the division performs certain audit and rate-setting functions for the state's TennCare program.

The Division of Local Government Audit is responsible for annual audits of all 95 counties in the state and ensures that municipalities, designated school system funds, utility districts, and government-funded nonprofit agencies are audited, as required by state statute.

The division also establishes standards for county audits conducted by public accounting firms and assists local governments with financial administration questions.

The Division of Investigations investigates and issues reports on allegations of misconduct, fraud, or waste in state and local government, often referring findings to other agencies for appropriate action.

The Office of State and Local Finance manages the state's debt, including the issuance of all bonds and notes, as well as payment of such debt. The office serves as staff for the State Funding Board, the Tennessee State School Bond Authority, the Tennessee Local Development Authority, and the Bond Finance Committee of the Tennessee Housing Development Agency. The office also approves certain debt obligations of local governments, approves budgets of local governments that have certain outstanding debt obligations, and assists local governments with other debt and financial management issues.

The Division of Property Assessments assists local governments in the assessment of property for tax purposes and administers the property tax relief program, which provides reimbursements to low-income elderly or disabled persons, as well as certain disabled veterans or their surviving spouses.

The Office of State Assessed Properties annually appraises and assesses all public utility and transportation properties as prescribed in Section 67-5-1301, *Tennessee Code Annotated.* These assessments are certified to counties, cities, and other taxing jurisdictions for the billing and collection of property taxes.

The Office of Local Government provides technical assistance to local governments in redistricting efforts and in establishing precincts; maintains county precinct information; and provides mapping services using geographic information systems technology.

The Offices of Research and Education Accountability prepare reports at the request of the Comptroller and the General Assembly on various state and local government issues. The Office of Education Accountability monitors the performance of Tennessee's elementary and secondary school systems and provides the General Assembly with reports on selected education topics.

The Office of Open Records Counsel provides information and advice to citizens and local government officials regarding the Tennessee Public Records Act, collects data regarding Open Meetings Law inquiries and problems, and provides educational programs on Public Records and Open Meetings.

The State Board of Equalization is responsible for assuring constitutional and statutory compliance in assessments of property for ad valorem taxes. The board establishes rules and hears county and public utility assessment appeals. The board also reviews applications for religious, charitable, and related property tax exemptions; reviews certified tax rate calculations from jurisdictions undergoing revaluation; and regulates property tax appeals agents and agent practices. The board consists of the Governor, the State Treasurer, the Secretary of State, the

Comptroller of the Treasury, the Commissioner of Revenue, one person named by the Governor at the city level, and one person named by the Governor at the county level.

The Office of Small Business Advocate provides information and answers questions for owners of businesses with 50 or fewer employees. The office may act as a mediator to help resolve issues involving small businesses and state departments and agencies.

The Office of the Higher Education Resource Officer was established by Public Chapter 453, Acts of 2013. The responsibilities of the office include

1. answering questions and providing information to faculty, staff, and employees of the University of Tennessee system and the Tennessee Board of Regents system;
2. assisting faculty, staff, and employees in obtaining information regarding the operations and financial workings of the higher education systems;
3. referring comments from faculty, staff, and employees to the appropriate higher education system;
4. providing educational outreach on higher education issues to faculty, staff, and employees; and
5. conducting a policy review to determine consistency within higher education system policies with the goals of higher education legislation enacted by the General Assembly.

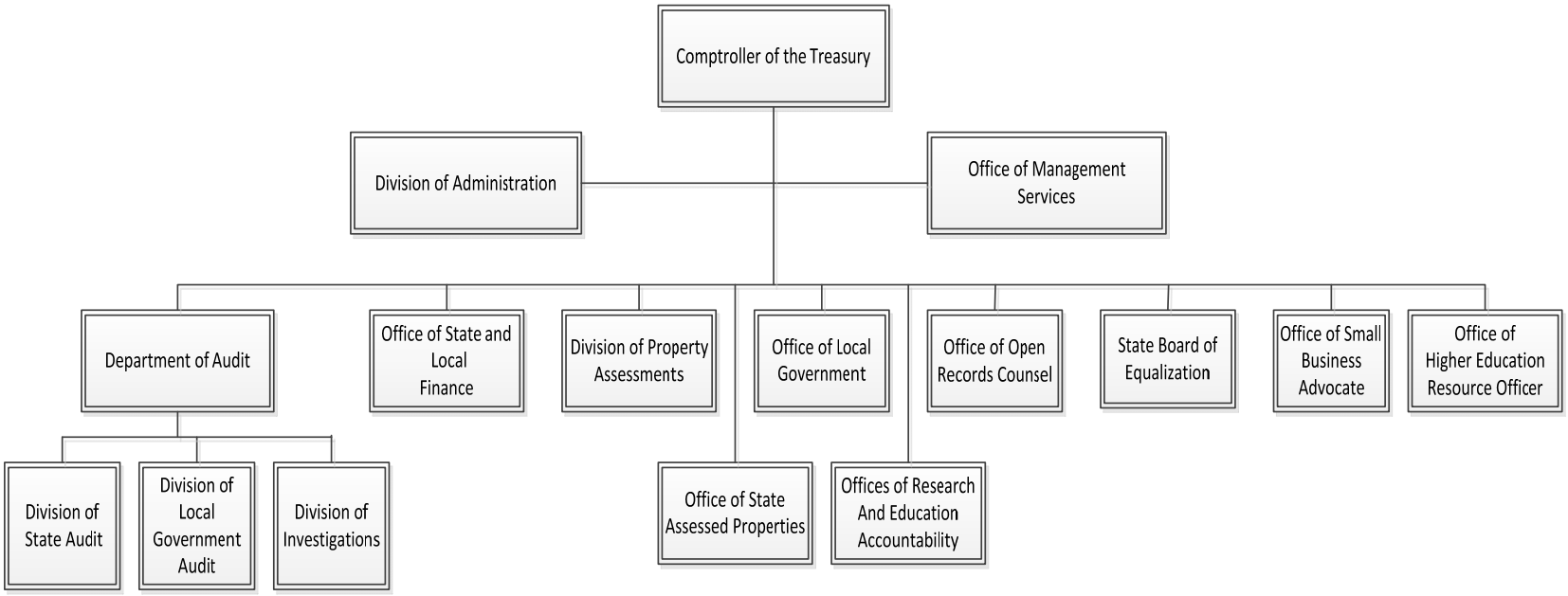
An organization chart of the Office of the Comptroller of the Treasury is on the following page.

AUDIT SCOPE

We have audited the Office of the Comptroller of the Treasury for the period July 1, 2012, through June 30, 2013. Our audit scope included a review of internal control and compliance with laws and regulations in the areas of procurement monitoring, fiscal operations, and information systems.

Management of the Comptroller of the Treasury is responsible for establishing and maintaining effective internal control and for complying with applicable laws, regulations, and provisions of contracts and grant agreements. Since we are not independent with respect to the Office of the Comptroller of the Treasury, we do not express any assurance on internal control and on compliance.

Comptroller of the Treasury Organization Chart
December 2013



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. We present more detailed information about our methodologies in the individual report sections.

PRIOR AUDIT FINDINGS

Section 8-4-109*, Tennessee Code Annotated*, requires that each state department, agency, or institution report to the Comptroller of the Treasury the action taken to implement the recommendations in the prior audit report. The prior audit report was dated January 2013. The Office of the Comptroller of the Treasury filed its report with the Department of Audit on June 17, 2013. A follow-up of all prior audit findings was conducted as part of the current audit.

RESOLVED AUDIT FINDINGS

The current audit disclosed that the Office of the Comptroller of the Treasury has corrected the previous audit findings concerning the operation of a non-state bank account and the failure to follow information systems' industry best practices regarding computer access.

OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS

PROCUREMENT MONITORING

Duties of the Comptroller of the Treasury include the review and approval of certain contracts, as prescribed by state law. The Procurement Monitoring unit of the Office of Management Services (OMS) fulfills the Comptroller's statutory and policy requirements relative to the review and approval of contracts in three major areas:

- designer and construction contracts;
- personal, professional, and consultant services contracts; and
- contracts for purchases of commodities/services.

For our audit period of July 1, 2012, through June 30, 2013, Sections 4-56-107 and 12-4-109, *Tennessee Code Annotated*, along with state rules and regulations, described the procurements

subject to Comptroller review and approval. Monitoring staff analyzed these procurements for compliance with applicable state laws, rules, and regulations.

Furthermore, state rules and regulations allow entities to request exceptions from established requirements. An example of a rule exception request involves the use of non-competitive instead of competitive procurement methods. (With non-competitive procurements, proposals are solicited from only one source; with competitive procurements, proposals are publicized and solicited from multiple sources.) State rules and regulations required exception requests to be filed with OMS, which reviewed the requests to ensure that all applicable sections were completed and that appropriate signatures had been obtained. State policies and procedures did not, however, give OMS responsibility for approving the rule exception requests.

Daily, OMS personnel compiled procurement review lists using various queries run from Edison, the state's accounting system. OMS' procurement monitors further refined the lists to determine which procurement items to review. (Procurement items consist of contracts; amendments; and Requests for Proposals, which are defined as solicitations that facilitate the award of contracts for goods and services.) During fiscal year 2013 alone, the procurement monitors reviewed 4,974 contracts, amendments, and Requests for Proposals.

Our objectives in reviewing procurement monitoring were to determine whether

- the Comptroller's Office utilized best practices contained in federal guidelines and other states' guidelines with regard to its contract review procedures;
- the office reviewed rule exception requests to ensure that each section had been completed and necessary signatures had been obtained and whether the office retained the exception requests for an appropriate period;
- the office had adequate policies and procedures in place to govern its procurement monitoring;
- the office had taken appropriate steps to ensure that its Edison procurement review lists were complete and did not contain extraneous items (i.e., items not actually subject to Comptroller review per state laws, rules, and regulations);
- office personnel appropriately handled any extraneous procurement items that appeared in their review lists or, for the procurement items that were subject to review, whether office personnel reviewed all requirements contained in state laws, rules, and regulations that pertained to the procurement item, and whether office personnel made the correct decision to approve or deny the procurement item;
- the office offered contract approvals contingent upon an entity's completion of designated actions at a later date and, if so, whether the office had implemented an adequate tracking system to ensure the entity completed the required actions and did so timely; and

- for contracts in which entities projected future cost savings, the office requested and reviewed sufficient evidence, when required, to ensure that the projections were well-supported and reasonable.

To fulfill our objectives, we conversed with relevant personnel. For the best practices objective, we examined *Federal Acquisition Regulations* and a May 23, 2012, research memo prepared by the Department of General Services, as well as both Georgia's and Texas' procurement websites. We compared and contrasted the office's review procedures with the best practices we identified; however, we could not locate a state with procurement monitoring comparable to that of Tennessee. To enhance our understanding of rule exception requests, we analyzed state laws, rules, and regulations. We observed multiple rule exception requests to ensure they were fully completed and had appropriate signatures and explored the retention periods of filed exception requests. As for policies and procedures, we inspected the office's compliance review checklist that corresponds to applicable *Tennessee Code Annotated* provisions and state rules and regulations.

We conducted walkthroughs involving staff's compilation of the Edison procurement review lists and viewed the office's workflow for the period July 1, 2012, through June 30, 2013. From a population of 4,987 procurement items, we selected a nonstatistical, random sample of 60. We acquired contract files for each of the sample items. For the extraneous items (e.g., procurements below the dollar threshold requiring Comptroller approval) appearing in the workflow, we completed testwork to evaluate whether the procurement monitors gave perfunctory approval in order to send those items to the next stage of the approval process. For the procurement items subject to Comptroller review, we checked for evidence of the monitors' review of pertinent compliance components required by state laws, rules, and regulations. We also re-performed the monitors' work to see if we agreed with their decision to approve or deny the procurement, considering the supporting documentation available.

To learn of any contingent approvals, we read the State Building Commission's meeting minutes and the office's correspondence with the Department of General Services' Central Procurement Office. We searched state laws, rules, and regulations for guidance covering front-end financial analyses.

Based on the procedures performed, we determined that

- the Comptroller's Office utilized best practices;
- the office properly reviewed and retained rule exception requests;
- the office had adequate policies and procedures in place;
- the office had taken appropriate steps to ensure that its Edison procurement review lists were complete and that personnel were in the process of resolving an issue involving the inclusion of extraneous items;
- office personnel appropriately handled the procurement items not subject to the office's review, had evidence of their review of all applicable requirements but did

not always complete and maintain the compliance review checklist, and made the correct decision to approve or deny the procurement item;

- as a matter of practice, the office did not offer contract approvals contingent upon an entity's completion of designated actions at a later date; and
- no rule or regulation required the office to perform a front-end analysis for contracts in which entities projected future cost savings; however, we determined this function should be the responsibility of each entities' management and performed before the contract reaches the office.

FISCAL OPERATIONS

The Fiscal Services section of the Office of Management Services coordinates and oversees the financial transaction processing of the Comptroller's Office, including accounting for all receipts and disbursements. In fiscal year 2013, Fiscal Services staff processed 12,669 revenue and expense transactions. Some of those expense transactions consisted of flight charges. Comptroller's Office employees may incur either in-state or out-of-state airfare expenditures while traveling for training or other work-related events that have been approved by management. While the office did not expend any funds for in-state flight charges in fiscal year 2013, it did incur $33,615 for out-of-state airfare.

Our sole objective in reviewing fiscal operations was to determine whether any flight charges were for non-Comptroller's Office employees and, if so, whether those charges were reimbursed at the time incurred. To achieve our objective, we reviewed procurement card statements and expenditure lists of any in-state and out-of-state flight charges for fiscal year 2013. For the charges we found for non-Comptroller's Office employees, we interviewed applicable office management and inspected reimbursement documentation.

Based on the procedures performed, we determined that the flight charges for non-Comptroller's Office employees were reimbursed at the time incurred.

INFORMATION SYSTEMS

The Information Technology (IT) section within the Office of Management Services (OMS) provides centralized services for all divisions and offices in the Comptroller's Office in the areas of technical planning and research; network access; electronic data protection, storage, and retention; technical hardware and software usage; and communication devices and software. The IT section also oversees the 48 Comptroller computer applications and, in that capacity, assumes responsibility for implementing information systems' industry best practices.

With a budget of $15,107,807, the implementation of the Integrated Multi Processing of Administrative and CAMA Technology (IMPACT) application has served as IT's major project

since 2007. IMPACT allows authorized state and county users to manage real and personal property records through the entire tax assessment process. IMPACT operates as an integrated system with a relational database shared across the Division of Property Assessments, the Office of State Assessed Properties, the State Board of Equalization, and OMS' IT section. IMPACT's intended functionality includes

- appraisal,
- classification and assessment,
- appeals,
- exemptions,
- tax billing, and
- additional administration of the State of Tennessee's property tax relief and tax freeze programs.

As of December 11, 2013, the office had deployed IMPACT to 28 counties and incurred $14,624,873 in expenditures related to the project, $482,934, or 3.2%, under budget.

In addition to the Comptroller computer applications, office employees use Edison, the state's accounting system. The OMS Human Resources section assigns employee access to Edison's Human Capital Management module (human resource functions) and executes state information system security policies, while the OMS Fiscal Services section oversees the assignment of employee access to the Financial and Supply Chain Management module (financial and procurement functions).

Our objectives in reviewing the Comptroller's Office's information systems were to determine whether

- management followed information systems' industry best practices and state information system security policies regarding computer access;
- IMPACT system controls were operating as described by management;
- the Comptroller's Office met the IMPACT project deadlines and, if not, whether the office had a reasonable explanation for the time overage;
- actual expenditures for the IMPACT project were less than budgeted amounts and, if not, whether the office had a reasonable explanation for the overage;
- the office incorporated recommendations from industry guidance into its internal control structure for internal computer applications; and
- the office's Internet site was up-to-date.

We compared management's internal control activities to assess adherence to information systems' industry best practices and state information system security policies.

To gain an understanding of IMPACT, we conversed with the appropriate personnel, analyzed background material about the project posted on http://www.comptroller.tn.gov/impact/, and scrutinized the IMPACT contract and related amendments. We performed walkthroughs of IMPACT system controls with management and staff.

With regard to password controls, we read the office's password and security policy. Since management informed us—and we verified—that IMPACT users are subject to the Comptroller network password controls, we tested the password change frequency for the entire population of Comptroller network users. In order to do so, we obtained a report of all Comptroller network accounts run on October 18, 2013, including the user's last password change date and last log-in date. We used the report to calculate the number of days since the user's last password change and to evaluate whether users changed their passwords every 90 days (30 days for system administrators), as prescribed by policy.

While analyzing IMPACT project expenditures, we requested a copy of management's IMPACT payment reconciliation updated through August 19, 2013, and updated it with a payment listing from Edison as of November 1, 2013. We computed the difference in the percentage and dollar amount between budgeted and actual costs.

With regard to internal control, we compared recommendations from industry guidance with the office's existing internal control structure.

For the Internet site objective, we reviewed various pages within http://www.comptroller.tn.gov/index.asp to determine whether the information displayed was current as of October 29, 2013. This information included a listing of the boards and commissions of which the Comptroller of the Treasury or his representative was a member according to state statute; personnel names and positions; audit and quarterly fiscal affairs reports; organizational structure; and email and physical addresses.

Based on the procedures performed, we determined that

- with regard to computer access, management followed information systems' industry best practices with minor exceptions but did not adhere to state information system security policies (see finding 1);
- IMPACT system controls were operating as described by management;
- the office's deviations from IMPACT project deadlines were immaterial;
- actual expenditures for the IMPACT project were less than budgeted amounts;
- the office did not incorporate certain recommendations from industry guidance into its internal control structure (see finding 2); and
- the office's Internet site was up-to-date.

Finding 1 – The office's Human Resources section did not follow state information system security policies, resulting in the increased risk of fraudulent activity or loss of data

Based on our testwork, the office's Human Resources management and staff did not follow state information system security policies, resulting in an increased risk of fraudulent activity or loss of data. The wording of this finding does not identify specific vulnerabilities that could allow someone to exploit the office's systems. Disclosing those vulnerabilities could present a potential security risk by providing readers with information that might be confidential, pursuant to Section 10-7-504(i), *Tennessee Code Annotated*. We provided Office of the Comptroller of the Treasury management with detailed information regarding the specific vulnerabilities we identified, as well as our recommendations for improvement.

We also reviewed the office's annual risk assessment. We determined that management had not identified and assessed the risks for the errors described above in their formal risk assessment. When we notified management of this omission, the Human Resources Manager immediately updated the risk assessment.

Recommendation

The Director of Management Services, the Assistant Director of Management Services, and the Human Resources Manager should ensure that the conditions we identified are remedied through procedures that encompass all aspects of effective access controls. Management should also continue to identify and assess the risks associated with this finding in the office's annual risk assessment.

Management's Comment

We concur. We believe that the situation, which was created by employee turnover, is resolved.

Finding 2 – The office's Information Technology section did not establish adequate internal controls over internal computer applications, thereby increasing operational risk

Based on our testwork, management of the Information Technology section within the Office of the Comptroller of the Treasury did not design and implement adequate information technology controls for internal computer applications. We observed a condition that was in violation of industry-accepted best practices. The lack of proper information technology controls across the office's computing environment heightens operational risk.

The wording of this finding does not identify specific vulnerabilities that could allow someone to exploit the office's systems. Disclosing those vulnerabilities could present a potential security risk by providing readers with information that might be confidential, pursuant to Section 10-7-504(i), *Tennessee Code Annotated.* We provided office management with

detailed information regarding the condition we identified, as well as our recommendations for improvement.

In the office's 2012 risk assessment, management identified the risks associated with this finding; however, appropriate mitigating controls were not in place.

Recommendation

The Assistant Director of Information Technology should ensure that this condition is remedied by the prompt establishment of effective information technology controls. In addition, management should reassess all risks related to internal computer applications and ensure that adequate internal controls are in place to mitigate those risks.

Management's Comment

We concur. Our reassessment of these risks is occurring as part of a current project. We will continue to improve our documentation in this area.

APPENDICES

Appendix 1

Business Unit Codes
(Source: Office Management)

Office of the Comptroller of the Treasury divisions and business unit codes:

307.01 Division of Administration
307.02 Office of Management Services
307.04 Division of State Audit
307.05 Division of Local Government Audit
307.06 Division of Investigations
307.07 Office of State and Local Finance
307.08 Office of Local Government
307.09 Division of Property Assessments
307.10 Tax Relief Program
307.11 State Board of Equalization
307.14 Offices of Research and Education Accountability
307.15 Office of State Assessed Properties
307.50 Telecommunications Ad Valorem Tax Equity

Appendix 2

Boards and Commissions
(Source: Office of the Comptroller of the Treasury, Assistant to the Comptroller for Public Finance)

The Comptroller of the Treasury is, by statute, a member of the following boards, commissions, and committees:

	Tennessee Code Annotated
• Advisory Council on State Procurement***	4-56-106
• Basic Education Program Review Committee	49-1-302
• Board of Claims	9-8-101
• Chairs of Excellence Endowment Fund	49-7-501
• Council on Children's Mental Health [Care]	37-3-111
• Board of Standards	12-3-401
• Contracts for State Service Review	12-4-109
• Council on Pension and Insurance**	3-9-101

	Tennessee Code Annotated
• Emergency Communications Board	7-86-302
• Governor's Council on Physical Fitness and Health	4-40-101
• Health Services and Development Agency	68-11-1604
• Information Systems Council**	4-3-5501
• Judicial Information System Advisory Committee	16-3-809
• Local Education Insurance Committee	8-27-301
• Local Government Insurance Committee	8-27-207
• Procurement Commission	4-56-102
• Public Records Commission	10-7-302
• State Board of Equalization**	4-3-5101
• State Building Commission**	4-15-101
• State Capitol Commission	4-8-301
• State Funding Board**	9-9-101
• State Insurance Committee	8-27-101
• State Trust of Tennessee	9-4-806
• TN Advisory Commission on Intergovernmental Relations**	4-10-103
• TN Baccalaureate Education System Trust	49-7-804
• TN Consolidated Retirement System Board of Trustees**	8-34-302
• TN Higher Education Commission**	49-7-204
• TN Highway Officials Certification Board***	54-7-104
• TN Housing Development Agency	13-23-106
• TN Interagency Cash Flow Committee***	9-4-610
• TN Local Development Authority	4-31-103
• TN State School Bond Authority	49-3-1204
• TN Student Assistance Corporation	49-4-202
• TRICOR Board Certification Committee***	41-22-119
• Tuition Guaranty Fund Board	49-7-2018
• Utility Management Review Board	7-82-701
• Water and Wastewater Financing Board	68-221-1008
• Workers Compensation Insurance Fund Board Review Committee*	50-6-623

*Inactive.
** Comptroller of the Treasury only, no proxy.
*** Comptroller does not serve; appoints staff representative.

Additionally, the Comptroller appoints a director for the non-profit Local Government Data Processing Corporation, pursuant to the terms of its charter.

Appendix 3

Title VI and Other Information

Title VI of the Civil Rights Act of 1964 states that "no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance." See below for a breakdown of Office of the Comptroller of the Treasury staff positions by gender and ethnicity.

We did not audit, sample, or test the information; the procedures used to determine the information; or the controls over the validity of the information.

Office of the Comptroller of the Treasury
Staff Positions by Gender and Ethnicity
As of June 30, 2013
(Source: Office of the Comptroller of the Treasury, Human Resources Manager)

Title	Gender		Ethnicity			
	Male	*Female*	*White*	*African American*	*Hispanic*	*Other*
ACCOUNTING TECHNICIAN 2	-	3	3	-	-	-
ADMINISTRATIVE ANALYST 3	-	1	1	-	-	-
ADMINISTRATIVE ASSISTANT 1	1	-	1	-	-	-
ADMINISTRATIVE SECRETARY	-	5	3	2	-	-
ADMINISTRATIVE SERVICES ASSISTANT 2	-	1	-	1	-	-
ADMINISTRATIVE SERVICES ASSISTANT 3	-	2	2	-	-	-
ADMINISTRATIVE SERVICES ASSISTANT 4	-	2	2	-	-	-
APPRAISAL ANALYST 2	8	5	11	2	-	-
APPRAISAL SPECIALIST 1	11	5	15	1	-	-
APPRAISAL SPECIALIST 2	7	2	9	-	-	-
APPRAISAL SPECIALIST 3	3	2	5	-	-	-
APPRAISAL SUPERVISOR	1	-	1	-	-	-
APPRAISAL SYSTEMS ANALYST 2	-	1	-	1	-	-
APPRAISAL SYSTEMS ANALYST 3	1	-	1	-	-	-
APPRAISAL SYSTEMS ANALYST 4	1	1	1	1	-	-
APPRAISAL SYSTEMS	1	-	1	-	-	-

Title	Gender		Ethnicity			
	Male	*Female*	*White*	*African American*	*Hispanic*	*Other*
MANAGER						
APPRAISAL TRAINING COORDINATOR	-	1	1	-	-	-
AREA APPRAISAL MANAGER	3	-	3	-	-	-
AREA APPRAISAL SUPERVISOR	1	-	3	-	-	-
ASSESSMENT ANALYST	2	-	1	1	-	-
ASSESSMENT SYSTEMS COORDINATOR	-	3	3	-	-	-
ASSESSMENT SYSTEMS MANAGER	1	-	1	-	-	-
ASSESSMENT SYSTEMS SUPERVISOR	-	1	1	-	-	-
ASSISTANT TO THE COMPTROLLER FOR THE DEPARTMENT OF AUDIT	1	-	1	-	-	-
ASSOCIATE ASSESSMENT ANALYST	2	-	2	-	-	-
ASSOCIATE LEGISLATIVE RESEARCH ANALYST 2	3	1	3	1	-	-
ATTORNEY 4	2	3	4	1	-	-
AUDITOR 3	-	1	1	-	-	-
BOND ACCOUNT ANALYST	-	2	2	-	-	-
BOND ACCOUNTANT	-	2	2	-	-	-
BOND FINANCE MANAGER	-	1	1	-	-	-
BOND FINANCE OPERATIONS OFFICER	-	2	2	-	-	-
BOND FINANCE-COMPTROLLER ASSISTANT	-	1	1	-	-	-
CLERK 2	2	-	2	-	-	-
COMPTROLLER	1	-	1	-	-	-
COMPTROLLER - ADMINISTRATIVE OVERSIGHT MANAGER	1	-	1	-	-	-
COMPTROLLER-ADMINISTRATIVE & SYSTEMS MANAGER	-	1	1	-	-	-
COMPTROLLER-ASSESSMENTS & FIELD OPERATIONS DIRECTOR	1	-	1	-	-	-
COMPTROLLER-CHIEF OF STAFF	1	-	1	-	-	-
COMPTROLLER-CONTRACT REVIEW ADMINISTRATOR 2	1	-	1	-	-	-

Title	Gender		Ethnicity			
	Male	*Female*	*White*	*African American*	*Hispanic*	*Other*
COMPTROLLER-EDISON INFORMATION SYSTEMS PROJECT ADMINISTRATOR	1	-	1	-	-	-
COMPTROLLER-EMPLOYEE RELATIONS ASSISTANT DIRECTOR	-	1	-	1	-	-
COMPTROLLER-GENERAL COUNSEL	1	-	1	-	-	-
COMPTROLLER-GEOGRAPHIC INFORMATION SYSTEMS & REDISTRICTING SUPERVISOR 1	1	-	1	-	-	-
COMPTROLLER-HUMAN RESOURCES BUSINESS ASSOCIATE	-	1	1	-	-	-
COMPTROLLER-INFORMATION SYSTEMS MANAGER	1	-	1	-	-	-
COMPTROLLER-LEGISLATIVE HUMAN RESOURCES ANALYST 3	-	2	1	1	-	-
COMPTROLLER-LEGISLATIVE POLICY COORDINATOR	1	1	2	-	-	-
COMPTROLLER-LEGISLATIVE PROJECT & RESEARCH ADMINISTRATOR	1	1	2	-	-	-
COMPTROLLER-LEGISLATIVE PROJECT MANAGEMENT OFFICER	-	1	1	-	-	-
COMPTROLLER-LEGISLATIVE RESEARCH COORDINATOR	-	1	1	-	-	-
COMPTROLLER-MANAGEMENT SERVICES ASSISTANT DIRECTOR	1	-	1	-	-	-
COMPTROLLER-MANAGEMENT SERVICES DIRECTOR	-	1	1	-	-	-
COMPTROLLER-OPEN RECORDS COUNSEL	-	1	-	1	-	-
COMPTROLLER-PROJECT ASSISTANT	-	1	1	-	-	-
COMPTROLLER-SMALL BUSINESS COUNSEL	-	1	1	-	-	-

Title	Gender		Ethnicity			
	Male	*Female*	*White*	*African American*	*Hispanic*	*Other*
COMPTROLLER-SYSTEMS & ADMINISTRATIVE DIRECTOR-PROPERTY ASSESSMENTS & OFFICE OF LOCAL GOVERNMENT	-	1	1	-	-	-
COMPTROLLER-TAX BILLING SYSTEMS COORDINATOR	4	-	2	2	-	-
COUNTY AUDIT ASSISTANT DIRECTOR	3	1	4	-	-	-
COUNTY AUDIT DIRECTOR	1	-	1	-	-	-
DISTRIBUTED COMPUTER OPERATOR 3	1	-	-	1	-	-
EXECUTIVE SECRETARY 2	-	6	6	-	-	-
EXECUTIVE SECRETARY 3	-	3	3	-	-	-
FISCAL SERVICES ASSISTANT DIRECTOR	1	-	1	-	-	-
GEOGRAPHIC INFORMATION SYSTEMS ANALYST 1	1	-	1	-	-	-
GEOGRAPHIC INFORMATION SYSTEMS ANALYST 3	1	-	-	1	-	-
GEOGRAPHIC INFORMATION SYSTEMS MANAGER 2	1	-	-	-	-	1
GEOGRAPHIC INFORMATION SYSTEMS MANAGER 2	1	-	1	-	-	-
GEOGRAPHIC INFORMATION SYSTEMS TECHNICIAN 2	2	3	4	-	-	1
GEOGRAPHIC INFORMATION SYSTEMS TECHNICIAN SUPERVISOR 2	1	-	1	-	-	-
HUMAN RESOURCES MANAGER 3	-	1	1	-	-	-
INFORMATION TECHNOLOGY ASSISTANT DIRECTOR	1	-	1	-	-	-
INVESTIGATIVE AUDITOR	1	-	1	-	-	-
LEGISLATIVE ACCOUNTING MANAGER	-	1	1	-	-	-
LEGISLATIVE AUDIT INVESTIGATOR 1	-	1	1	-	-	-
LEGISLATIVE AUDIT INVESTIGATOR 3	3	1	3	1	-	-

Title	Gender		Ethnicity			
	Male	*Female*	*White*	*African American*	*Hispanic*	*Other*
LEGISLATIVE AUDIT INVESTIGATOR 4	3	2	3	2	-	-
LEGISLATIVE AUDIT MANAGER	8	12	18	1	-	1
LEGISLATIVE AUDIT MANAGER INVESTIGATOR	2	1	3	-	-	-
LEGISLATIVE AUDIT REVIEW OFFICER	2	-	2	-	-	-
LEGISLATIVE AUDITOR 1	5	4	7	1	-	1
LEGISLATIVE AUDITOR 2	21	21	37	4	-	1
LEGISLATIVE AUDITOR 3	26	39	56	7	-	2
LEGISLATIVE AUDITOR 4	17	20	32	3	-	2
LEGISLATIVE DATABASE ADMINISTRATOR 4	-	1	1	-	-	-
LEGISLATIVE EDITOR	-	2	1	1	-	-
LEGISLATIVE INFORMATION SYSTEMS AUDIT MANAGER	2	-	2	-	-	-
LEGISLATIVE INFORMATION SYSTEMS AUDITOR 4	4	9	11	2	-	-
LEGISLATIVE INFORMATION SYSTEMS PROGRAM MANAGER	2	-	2	-	-	-
LEGISLATIVE INFORMATION SYSTEMS TECHNICIAN 4	1	-	-	1	-	-
LEGISLATIVE INFRASTRUCTURE MANAGER	1	-	1	-	-	-
LEGISLATIVE LEGAL SECRETARY	-	2	1	1	-	-
LEGISLATIVE NURSE AUDITOR 2	-	1	1	-	-	-
LEGISLATIVE NURSE AUDITOR 3	-	1	1	-	-	-
LEGISLATIVE NURSE AUDITOR 4	-	1	1	-	-	-
LEGISLATIVE PERFORMANCE AUDIT MANAGER	1	3	4	-	-	-
LEGISLATIVE PERFORMANCE AUDITOR 1	-	1	1	-	-	-
LEGISLATIVE PERFORMANCE AUDITOR 2	2	3	3	2	-	-
LEGISLATIVE PERFORMANCE AUDITOR 3	4	3	6	1	-	-

Title	Gender		Ethnicity			
	Male	*Female*	*White*	*African American*	*Hispanic*	*Other*
LEGISLATIVE PERFORMANCE AUDITOR 4	3	5	7	1	-	-
LEGISLATIVE SENIOR FINANCIAL ANALYST	1	-	1	-	-	-
LEGISLATIVE SYSTEMS ANALYST 2	1	-	1	-	-	-
LEGISLATIVE SYSTEMS ANALYST 3	2	1	2	1	-	-
LEGISLATIVE SYSTEMS ANALYST 4	9	3	10	1	-	1
LOCAL FINANCE ASSISTANT DIRECTOR	1	-	-	-	-	1
MAIL CLERK 2	2	-	-	2	-	-
MANAGEMENT SERVICES-COMPTROLLER ASSISTANT	-	1	1	-	-	-
MUNICIPAL AUDIT DIRECTOR	-	1	1	-	-	-
OFFICE OF STATE ASSESSED PROPERTIES ASSISTANT DIRECTOR	1	1	2	-	-	-
OFFICE OF STATE ASSESSED PROPERTIES DIRECTOR	1	-	1	-	-	-
PERSONAL PROPERTY COORDINATOR	-	1	1	-	-	-
PRINCIPAL LEGISLATIVE RESEARCH ANALYST	2	2	4	-	-	-
PROCUREMENT OFFICER 2	-	1	1	-	-	-
PROJECT ADMINISTRATOR	-	1	1	-	-	-
PROPERTY ASSESSMENTS ASSISTANT DIR	3	-	2	1	-	-
PUBLIC FINANCE-COMPTROLLER ASSISTANT	-	1	1	-	-	-
PUBLIC UTILITIES & TRANSPORTATION AUDITOR 1	1	-	1	-	-	-
PUBLIC UTILITIES & TRANSPORTATION AUDITOR 3	2	-	2	-	-	-
PUBLICATIONS EDITOR 2	1	1	2	-	-	-
RESEARCH & EDUCATION ACCOUNTABILITY ASSISTANT DIRECTOR	1	-	1	-	-	-
RESEARCH & EDUCATION ACCOUNTABILITY DIRECTOR	1	-	1	-	-	-
SECRETARY	-	4	2	2	-	-

Title	Gender		Ethnicity			
	Male	*Female*	*White*	*African American*	*Hispanic*	*Other*
SENIOR LEGISLATIVE RESEARCH ANALYST	-	3	2	1	-	-
STAFF ASSISTANT	-	1	1	-	-	-
STATE AUDIT ASSISTANT DIRECTOR	4	2	6	-	-	-
STATE AUDIT DIRECTOR	-	1	1	-	-	-
STATE BOARD OF EQUALIZATION EXECUTIVE SECRETARY	1	-	1	-	-	-
TAX RELIEF EXAMINER TECHNICIAN 1	-	1	1	-	-	-
TAX RELIEF EXAMINER TECHNICIAN 2	1	1	1	1	-	-
TAX RELIEF EXAMINER TECHNICIAN 3	-	3	3	-	-	-
TAX RELIEF PROGRAM ASSISTANT SUPERVISOR	-	1	1	-	-	-
TAX RELIEF PROGRAM SUPERVISOR	-	1	1	-	-	-
TAX RELIEF REGIONAL COORDINATOR	1	3	4	-	-	-
VALUATION CLERK	-	4	3	1	-	-
VALUATION SPECIALIST	-	2	2	-	-	-
WORD PROCESSING OPERATOR	-	3	2	1	-	-
WORD PROCESSOR SUPERVISOR	-	1	-	-	-	1
TOTALS	**225**	**255**	**413**	**57**	**0**	**12**

Appendix 4

Revenues and Expenditures Information
(Source: Office of the Comptroller of the Treasury Assistant Director of Fiscal Services and *The Budget Fiscal Year 2013-2014*)

Revenues by Source
For the Fiscal Year Ending June 30, 2012

Function and Division	State	Federal	Other*	Total
Division of Administration	$ 1,799,900	$ -	$ 165,100	$ 1,965,000
Office of Management Services	10,032,100	-	3,147,100	13,179,200
Offices of Research and Education Accountability	1,060,500	-	11,700	1,072,200
Division of State Audit	9,297,700	-	5,519,700	14,817,400
Division of Local Government Audit	6,919,000	-	1,421,900	8,340,900
Division of Investigations	1,658,300	-	139,200	1,797,500
Office of State and Local Finance	607,500	-	574,300	1,181,800
Office of Local Government	814,400	-	106,300	920,700
Division of Property Assessments	5,853,900	-	1,739,500	7,593,400
State Board of Equalization	811,200	-	169,400	980,600
Office of State Assessed Properties	939,000	-	125,000	1,064,000
Tax Relief Program	25,603,500	-	-	25,603,500
Telecommunications Ad Valorem Tax Equity Payments	6,381,400	-	4,700	6,386,100
Function and Division Total	**$71,778,400**	**$ -**	**$13,123,900**	**$84,902,300**
Percentage of Total	**85%**	**0%**	**15%**	**100%**

*** Other sources vary based on division and include interdepartmental revenue, cities, counties, and current services.**

Appendix 4 (CONT.)

Expenditures by Category
For the Fiscal Year Ending June 30, 2012

Function and Division	Payroll	Operational	Total
Division of Administration	$ 1,716,600	$ 248,400	$ 1,965,000
Office of Management Services	3,822,100	9,357,100	13,179,200
Offices of Research and Education Accountability	944,600	127,600	1,072,200
Division of State Audit	13,474,500	1,342,900	14,817,400
Division of Local Government Audit	7,749,500	591,400	8,340,900
Division of Investigations	1,598,000	199,500	1,797,500
Office of State and Local Finance	1,079,900	101,900	1,181,800
Office of Local Government	792,200	128,500	920,700
Division of Property Assessments	6,159,400	1,434,000	7,593,400
State Board of Equalization	585,900	394,700	980,600
Office of State Assessed Properties	920,300	143,700	1,064,000
Tax Relief Program	-	25,603,500	25,603,500
Telecommunications Ad Valorem Tax Equity Payments	-	6,386,100	6,386,100
Function and Division Total	**$38,843,000**	**$46,059,300**	**$84,902,300**
Percentage of Total	**46%**	**54%**	**100%**

Appendix 4 (CONT.)

Budget and Anticipated Revenues by Source
For the Fiscal Year Ending June 30, 2013

Function and Division	State	Federal	Other*	Total
Division of Administration	$ 2,096,800	$ -	$ 109,400	$ 2,206,200
Office of Management Services	10,504,300	-	272,500	10,776,800
Offices of Research and Education Accountability	1,409,900	-	100,000	1,509,900
Division of State Audit	11,666,100	-	4,610,400	16,276,500
Division of Local Government Audit	8,390,100	-	1,378,200	9,768,300
Division of Investigations	2,353,000	-	90,000	2,443,000
Office of State and Local Finance	733,000	-	561,100	1,294,100
Office of Local Government	1,126,300	-	100,000	1,226,300
Division of Property Assessments	7,326,200	-	1,719,500	9,045,700
State Board of Equalization	829,300	-	107,500	936,800
Office of State Assessed Properties	1,075,200	-	125,000	1,200,200
Tax Relief Program	28,152,100	-	-	28,152,100
Telecommunications Ad Valorem Tax Equity Payments	7,000,000	-	-	7,000,000
Function and Division Total	**$82,662,300**	**$ -**	**$9,173,600**	**$91,835,900**
Percentage of Total	**90%**	**0%**	**10%**	**100%**

*** Other sources vary based on division and include interdepartmental revenue, cities, counties, and current services.**

Appendix 4 (CONT.)

Estimated Expenditures by Category
For the Fiscal Year Ending June 30, 2013

Function and Division	Payroll	Operational	Total
Division of Administration	$ 1,936,200	$ 270,000	$ 2,206,200
Office of Management Services	4,409,200	6,367,600	10,776,800
Offices of Research and Education Accountability	1,147,600	362,300	1,509,900
Division of State Audit	14,732,900	1,543,600	16,276,500
Division of Local Government Audit	8,730,800	1,037,500	9,768,300
Division of Investigations	2,189,500	253,500	2,443,000
Office of State and Local Finance	1,157,500	136,600	1,294,100
Office of Local Government	1,059,700	166,600	1,226,300
Division of Property Assessments	7,064,200	1,981,500	9,045,700
State Board of Equalization	613,600	323,200	936,800
Office of State Assessed Properties	1,033,700	166,500	1,200,200
Tax Relief Program	-	28,152,100	28,152,100
Telecommunications Ad Valorem Tax Equity Payments	-	7,000,000	7,000,000
Function and Division Total	**$44,074,900**	**$47,761,000**	**$91,835,900**
Percentage of Total	**48%**	**52%**	**100%**