



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY**



OFFICE OF THE COMPTROLLER OF THE TREASURY

Performance Audit Report

December 2015

Justin P. Wilson, Comptroller



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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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December 29, 2015

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, 2014, through September 24, 2015.¹

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 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 and instances of noncompliance to the Office of the Comptroller of the Treasury's management in a separate letter.

Sincerely,

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

Deborah V. Loveless, CPA
Director

DVL/li
15/079

¹ Our base audit period was July 1, 2014, through June 30, 2015. In a few instances, we expanded our scope beyond this period. See the Objectives, Methodologies, and Conclusions section for more information.

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Performance Audit
Office of the Comptroller of the Treasury
December 2015

AUDIT SCOPE

We have audited the Office of the Comptroller of the Treasury for the period July 1, 2014, through September 24, 2015.² Our audit scope included a review of internal control and compliance with laws, regulations, and provisions of contracts or grant agreements in the areas of the Department of Audit, Office of Open Records Counsel, Division of Technology Solutions, Division of Property Assessments, Office of Management Services, Office of State and Local Finance, and State Board of Equalization. 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.

² Our base audit period was July 1, 2014, through June 30, 2015. In a few instances, we expanded our scope beyond this period. See the Objectives, Methodologies, and Conclusions section for more information.

CONCLUSIONS

Audit Findings

Problems exist with the Department of Audit's billings to state agencies

Our testwork revealed that from fiscal year 2010 to 2015, the Division of Local Government Audit billed entities for audit review services based on an outdated allocation methodology (the average number of subrecipient contracts between fiscal years 2006 and 2009). Additionally, division management and staff had not documented the basis for continuing to bill based on the outdated methodology. We also found flaws with the Division of State Audit's allocation methodology implementation and design (page 6).

The Office of Open Records Counsel did not have the resources necessary to make critical staffing adjustments to provide for the expeditious response to increased inquiries, leading to a significant backlog

In accordance with Section 8-4-601(a), *Tennessee Code Annotated*, the Office of Open Records Counsel answers questions and provides information to citizens, media, and government officials regarding public records and open meetings. As of September 14, 2015, the office had a backlog of 603 inquiries dating back to March 11, 2014 (page 15).

The Office of the Comptroller of the Treasury did not provide adequate internal controls in one specific area

The Comptroller's Office did not design and monitor internal controls in one specific area. Ineffective implementation of internal controls increases the likelihood of errors, data loss, and the inability to continue operations (page 20).

Observation

The following topic did not warrant a finding but is included in this report because of its effect on the operations of the Office of the Comptroller of the Treasury and the citizens of Tennessee: the Department of Audit did not comply with public hearing notice-of-intent requirements established in *Tennessee Code Annotated* (page 13).

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*, states the following:

The comptroller of the treasury is hereby authorized to audit any books and records of any governmental entity created under and by virtue of the statutes of the state of Tennessee which handles public funds when such audit is deemed necessary or appropriate by the comptroller of the treasury. The comptroller of the treasury shall have the full cooperation of officials of the governmental entity in the performance of such audit or audits.

The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which requires the Department of Audit to audit all accounts and financial records of any state department, institution, office, or agency in accordance with both generally accepted auditing standards and procedures established by the Comptroller. An audit may include any or all of the following elements: financial, compliance, economy and efficiency, program results, and program evaluations.

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. Included in the division is the Office of the Higher Education Resource Officer, the primary function of which is to answer questions and provide information to faculty, staff, and employees of Tennessee's higher education systems. The office is also responsible for reviewing and evaluating higher education policy. In addition, the office serves

as an informal mediator to help resolve issues between higher education systems and institutions and their faculty, staff, and employees.

Also attached to the Division of Administration is the Office of General Counsel, which oversees Special Investigations; the Office of Small Business Advocate; and the Office of Open Records Counsel. Special Investigations conducts investigations with strong indications of fraud present and a substantial potential for criminal prosecution. The Office of Small Business Advocate serves as a point of contact to state government for owners of businesses with 50 or fewer employees. 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 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 facilities. The office assists the Comptroller in policy and contract matters and provides staff support for several boards and commissions.

The State Board of Equalization is responsible for assuring constitutional and statutory compliance in assessments of property for ad valorem taxes. In addition to establishing rules and hearing 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 Division of Property Assessments assists local governments in assessing 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 Local Government provides technical assistance to local governments regarding redistricting and establishing precincts, maintains county precinct information, and provides mapping services using geographic information systems technology.

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. As prescribed in Section 67-6-222, *Tennessee Code Annotated*, the office also administers the Telecommunications Ad Valorem Tax Reduction fund to make ad valorem tax equity payments to reimburse local exchange telephone companies whose assessment level exceeds that of local commercial and industrial property taxpayers.

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 State and Local Finance is responsible for issuing all state general obligation debt, including bonds and notes, as well as the debt of the Tennessee State School Bond Authority and the Tennessee Local Development Authority. It manages and accounts for the payment of principal and interest on such debt. It also administers the loans and performs the financial management functions for both the Clean Water and Safe Drinking Water State Revolving Funds. As a part of its continuing disclosure obligation, it issues monthly Investor Updates on its website. The office is also responsible for approving the budgets and debt obligations of certain local governments, approving certain investments authorized for local governments, reviewing information forms relating to municipal debt, and otherwise assisting local governments in the area of municipal finance. The office serves as staff for the State Funding Board, State School Bond Authority, Tennessee Local Development Authority, and Bond Finance Committee of the Tennessee Housing Development Agency. In addition to these responsibilities, the division provides staffing and technical advice to the Water and Wastewater Financing Board as well as the Utility Management Review Board.

The Division of State Audit conducts financial and compliance audits, performance audits, and information system audits. It also performs 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. The division aids the legislature in ensuring that state government is accountable to the citizens of Tennessee. Under an agreement with the Department of Finance and Administration, the TennCare section of the division performs attestation engagements of provider facilities and certain rate-setting functions for the state's TennCare program. Also included in the Division of State Audit is the Financial and Compliance Investigations Unit, which supports both State Audit and Local Government Audit by conducting investigations when fraud risks are present. These investigations often lead to criminal prosecution.

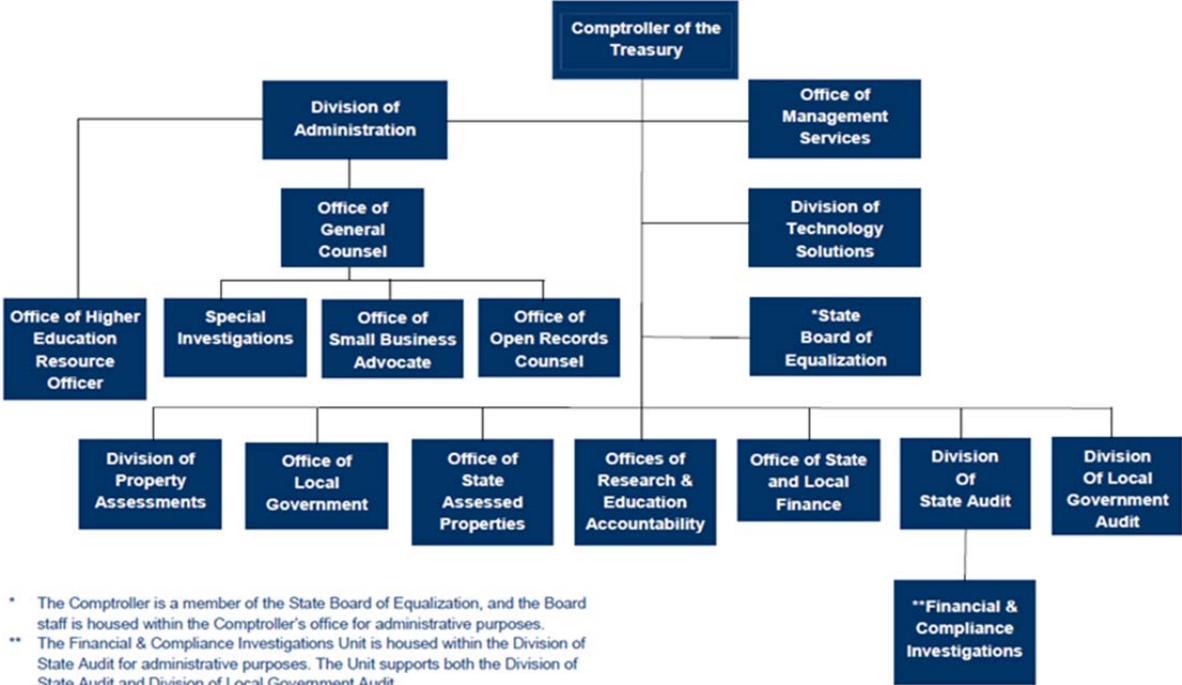
The Division of Local Government Audit is responsible for annual audits of all 95 counties in the state and ensures that municipalities, designated school system funds, utility districts, and government-funded nonprofit agencies are audited, as required by state statute. The division establishes standards for county audits conducted by public accounting firms and assists local governments with financial administration questions.

The Division of Technology Solutions was created on March 16, 2015, to centralize the office's information technology resources. This division provides business solutions for all Comptroller of the Treasury divisions in the areas of business analysis and development, workstation support, infrastructure operations including server and network support, and product management. This division is also responsible for the preparation of the annual Three Year Information Technology Plan. The division assists the Comptroller by serving as a member of the Local Government Corporation Board and the Information Systems Council.

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

Comptroller of the Treasury Organizational Chart

Effective May 2015



* The Comptroller is a member of the State Board of Equalization, and the Board staff is housed within the Comptroller's office for administrative purposes.
 ** The Financial & Compliance Investigations Unit is housed within the Division of State Audit for administrative purposes. The Unit supports both the Division of State Audit and Division of Local Government Audit.

AUDIT SCOPE

We have audited the Office of the Comptroller of the Treasury for the period July 1, 2014, through September 24, 2015.³ Our audit scope included a review of internal control and compliance with laws, regulations, and provisions of contracts or grant agreements in the areas of the Department of Audit, Office of Open Records Counsel, Division of Technology Solutions, Division of Property Assessments, Office of Management Services, Office of State and Local Finance, and State Board of Equalization. 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.

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PRIOR AUDIT FINDINGS

There were no audit findings in the prior audit report dated December 2014.

OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS

DEPARTMENT OF AUDIT

The Department of Audit consists of two divisions, State Audit and Local Government Audit.

- State Audit performs financial and compliance audits, performance audits, and special studies. Some performance audits are directed by the Tennessee Governmental Entity Review Law, commonly known as the Sunset Law (Section 4-29-101 et seq.,

³ Our base audit period was July 1, 2014, through June 30, 2015. In a few instances, we expanded our scope beyond this period. See the Objectives, Methodologies, and Conclusions section for more information.

Tennessee Code Annotated). Staff present the sunset audits at Joint Government Operations Committee hearings.

- In addition to holding responsibility for the annual audits of Tennessee’s 95 counties, Local Government Audit ensures that municipalities, public internal school funds, certain quasi-governmental entities, utility districts, housing authorities, charter schools, and certain nonprofit and for-profit organizations receiving State of Tennessee funds have an audit as required by state statute.

Both State Audit and Local Government Audit bill state agencies for certain reviews; these agencies may potentially pass along audit costs to the federal government.

Our objectives in reviewing the Department of Audit were to determine whether

- State Audit and Local Government Audit federal billings were accurate; and
- sunset hearing notifications were published in accordance with Sections 4-29-104(c)(1-2), *Tennessee Code Annotated*.

We discussed federal billings and sunset hearings with management and staff. To complete our federal billing objective, we inspected—and determined compliance with—applicable state policies and federal regulations. We examined allocation methodologies and re-performed calculations for both the State and Local Government Audit Divisions.

For our sunset hearing objective, we reviewed applicable *Tennessee Code Annotated* sections. We obtained a listing of the 69 entities scheduled to terminate on June 30, 2015. We selected a random sample of 25 from this listing to test for compliance with Section 4-29-104(c)(1), compiling sunset hearing notices, newspaper printouts, and billing documentation. We also requested the hearing notices of intent mandated by Section 4-29-104(c)(2).

Based on procedures performed, we determined that

- problems exist with the Department of Audit’s billings to state agencies (see Finding 1); and
- the Division of State Audit did not meet the sunset hearing notice-of-intent standards promulgated in Section 4-29-104(c)(2), *Tennessee Code Annotated* (see Observation 1).

Finding 1 – Problems exist with the Department of Audit’s billings to state agencies

The Department of Audit consists of two divisions: Local Government Audit (LGA) and State Audit (SA). For LGA, state agencies sometimes contract with nonprofit organizations to help implement federally funded programs. Under the Single Audit Act (as well as state law), some nonprofit organizations are required to undergo an audit. LGA reviews the audit reports

for the nonprofit organizations that received an audit to ensure that those reports meet auditing standards.

LGA (with the assistance of the Office of Management Services) bills state agencies annually for the nonprofit organization audit report reviews, which if appropriate prompts the state agencies to bill federal programs for the review conducted. Components of LGA's billing calculations include the number of hours each employee spent reviewing the audit reports, the employee's monthly salary, fringe benefits,⁴ and an overhead rate.⁵ After arriving at an annual total cost, LGA allocates this amount across multiple state agencies based on the number of subrecipient contracts (with nonprofit organizations) that each state agency possesses during the fiscal year.

One SA function involves auditing federal programs in support of the State of Tennessee's Single Audit. SA bills state agencies based on the actual hours that auditors spent auditing that agency's federal programs multiplied by an hourly billing rate.

To increase efficiency, the division also performs some Single Audit work on a centralized basis.⁶ SA determines a state agency's pro rata share of costs based on the amount of federal assistance received. To bill for the centralized work, SA sends "supplemental billings" to the state agencies.

Criteria

Audit Authority

Under both federal regulations and state law, certain entities must receive audits.

- According to Title 2, *Code of Federal Regulations*, Section 200.501(a), "non-Federal entities that expend \$500,000 (\$750,000 for fiscal years beginning on or after December 26, 2014) or more in a year in Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of these parts." This regulation is part of the Single Audit Act.
- Section 4-3-304(8), *Tennessee Code Annotated*, requires that "all persons, corporations or other entities receiving grants from or through this state shall cause a timely audit to be performed, in accordance with the auditing standards prescribed by the comptroller of the treasury." The Comptroller has prescribed that any nongovernmental entity that expends an amount equal to or in excess of the Single

⁴ Fringe benefits consist of compensation for employees in addition to salaries and wages. Examples include paid absences, insurances, and pensions.

⁵ An overhead rate is the total of indirect costs (known as overhead) for a specific reporting period.

⁶ Examples include cash management testwork, review of the combined schedule of expenditures of federal awards, and compilation of federal internal control and compliance findings.

Audit threshold under a state contract which establishes a subrecipient⁷ relationship (which may include federal pass-through awards) during its fiscal year must have an audit conducted in accordance with *Government Auditing Standards*.

Title 2, *Code of Federal Regulations*, Section 200.425(a), states, “A reasonable proportionate share of the audits required by, and performed in accordance with, the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507), as implemented by requirements of this part, are allowable.”

Cost Allowability Requirements

According to Title 2, *Code of Federal Regulations*, Section 200.403, “To be allowable under Federal awards, costs must meet the following general criteria: . . . g. Except as otherwise provided for in this Circular, be determined in accordance with generally accepted accounting principles. . . . j. Be adequately documented.”

On the state level, paragraph 7 of the Department of Finance and Administration’s Policy 4, “Recognition of Revenues and Expenditures Definitions and Guidance,” states,

Improper Payments: An improper payment means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. This includes any payment . . . where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper.

Regarding billing thresholds, paragraphs 3 through 5 of the Department of Finance and Administration’s Policy 18, “Interunit Journals,” (updated July 2012) states,

To assist in avoiding negative budgetary impacts, interdepartmental activity should be accounted for within the month that it occurs, with the following exceptions: . . . No IUJs [interunit journals] shall be processed for \$1000.00 or less, unless it is necessary for a department’s fiscal year-end budgetary closing. IUJs of the same nature and between the same departments for less than \$1000.00 may be accumulated and may be processed quarterly once the cumulative amount exceeds \$1000.00.

⁷ Title 2, *Code of Federal Regulations*, Section 200.93, defines “subrecipient” as a “non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.”

Local Government Audit Billings Cause, Condition, and Effect

LGA management explained that in the past, it obtained subrecipient contract numbers used for cost allocation by running queries from the State of Tennessee Accounting and Reporting System (STARS), the state's legacy accounting system. When the state implemented its new accounting system (Edison) in 2009, however, LGA staff could no longer retrieve the subrecipient contract data they used for billing.⁸

The main Edison issues LGA encountered were that

- payments were not classified between vendor⁹ and subrecipient; and
- state agencies were not required to use a standard method for entering payment data, removing the ability to retrieve consistent payment data to subrecipients.

LGA repeatedly reached out to the Edison group within the Department of Finance and Administration requesting a remedy for these shortcomings.

In 2011, the state transferred responsibility for subrecipient monitoring requirements to the Central Procurement Office. LGA has been working diligently with the Central Procurement Office to establish new Edison fields, queries, and forms to improve the availability of subrecipient contract data. In fact, the Comptroller of the Treasury wrote a letter dated December 15, 2011, to the then Department of Finance and Administration Commissioner and the Chief Procurement Officer detailing the Edison shortcomings and emphasizing the need for an accurate subrecipient contract data compilation process.

Based on discussions with LGA management, in the absence of accurate and current subrecipient data, LGA personnel used historical data and averages for billings from fiscal year 2009 through 2015. They considered this option the most conservative and best one they had in light of Edison limitations, adding that in their opinion, subrecipient contract data had been "reasonably consistent" since fiscal year 2009. Furthermore, LGA management asserts that the division is in fact underbilling state agencies. Even though management provided reasonable verbal explanations, they had not maintained documentation to support the claims that subrecipient data had remained consistent or that LGA's billings were less than the actual costs of services resulting in underbillings to the agencies.

Our testwork revealed that from fiscal year 2010 to 2015, LGA has continued to bill entities for audit review services based on the 2009 allocation methodology (the average number of subrecipient contracts between fiscal years 2006 and 2009) without evaluating whether a better method could be implemented in light of the Central Procurement Office's failure to

⁸ At the time of Edison implementation, LGA was divided into two distinct sections, Municipal Audit and County Audit; Municipal Audit handled the nonprofit organization audit report reviews and related billings. The two sections merged in fiscal year 2012.

⁹ A vendor is generally a dealer, distributor, or other seller that provides (for example) supplies, expendable materials, or data processing services in support of the project activities.

timely resolve the Edison deficiencies. The amounts billed for each fiscal year are displayed in the table below.

Table 1
Billings from Fiscal Year 2010 - 2015

Fiscal Year	Amount Billed
2010	\$ 49,584
2011	\$ 69,722
2012	\$ 75,267
2013	\$ 48,883
2014	\$ 74,771
2015	\$ 67,425
Total:	\$ 385,652

Source: Billing documentation and Edison queries.

Additionally, LGA management and staff had not documented the basis for continuing to bill based on the outdated methodology.

By using an outdated allocation methodology, LGA does not have adequate support for the amounts it bills to the state agencies—a problem which may be compounded if those state agencies bill our audit costs to federal programs. The risk exists that LGA may bill a state agency even though LGA staff had not reviewed audits of that agency’s nonprofit subrecipients. This risk heightens with the increase in the new Single Audit threshold from \$500,000 to \$750,000 for fiscal years beginning on or after December 26, 2014.

Following discussions with us, LGA management immediately developed an additional safeguard for the division in the form of the following disclaimer language to accompany state agency billings: “Each state agency is responsible for ensuring that federal reimbursement for Audit Tracking costs is sought only for applicable federal flow-through contracts.”

LGA hopes to have accurate and current subrecipient contract data from the Central Procurement Office by the end of June 2016.

State Audit Billings Condition, Cause, and Effect

Our testwork on SA’s supplemental billings revealed problems with both the implementation and design of the division’s allocation methodology. Specifically, we identified the following implementation problems:

- The division used an outdated allocation threshold, only billing agencies with pro rata costs of \$2,500 or more rather than \$1,000 or more as promulgated in the current version of F&A Policy 18.
- The division omitted the federal assistance (totaling \$26,515,813) received by two state agencies, thereby removing billing opportunities for these agencies.

- The division miscalculated the federal assistance received by one agency as \$112,648,713 instead of \$114,477,027, a difference of \$1,828,314, which resulted in a lesser amount of costs allocated to that agency and greater amounts allocated to other agencies.

To quantify the effect of the identified problems, we recalculated the supplemental billings using corrected data. (See the table below.)

Table 2
Recalculated Supplemental Billings from Fiscal Years 2012 to 2014

Fiscal Year	Number of Agencies Overbilled	Number of Agencies Underbilled	Amount of Over-/Underbillings	Total Supplemental Billings
2012	1	6	\$1,049	\$60,909
2013	6	3	\$4,327	\$101,061
2014 ¹⁰	5	3	\$4,402	\$76,797
Totals:	12	12	\$9,778	\$238,767

Source: Auditor recalculations.

We also found flaws with SA’s allocation methodology design. SA redistributed the pro rata costs of those agencies falling under \$2,500 to the state agencies with pro rata costs above that amount. In accordance with F&A Policy 18, however, the division should have accumulated agencies’ costs until they reached the billing threshold (now \$1,000). By not doing so, some state agencies were overbilled and some underbilled.

SA personnel attributed the implementation and design deficiencies to unfamiliarity with F&A Policy 18.

Recommendation

Local Government Audit

LGA management should ensure that its reasons for using a particular allocation methodology are thoroughly documented. Until accurate, current subrecipient data becomes available, LGA should evaluate other billing methodologies and document the results and decisions of its evaluation.

¹⁰ Supplemental billings for a particular fiscal year are billed in April or May of the following fiscal year. Fiscal year 2015 centralized Single Audit costs have not yet been billed.

State Audit

SA management should ensure the division complies with F&A Policy 18 when calculating supplemental billings. We recommend that management thoroughly review the supplemental billings for accuracy, as well as correct the over- and underbillings identified.

Management's Comment

Local Government Audit

We concur with the factual nature of the audit finding. While we agree the information used for billing state agencies was not the current subrecipient data, we believe the billings were as accurate as possible based on historical data.

Since 2010, we have not been able to obtain current subrecipient data from the Department of Finance & Administration (F&A), Edison, and the Central Procurement Office (CPO). As mentioned in the above finding, the Comptroller of the Treasury wrote a letter dated December 15, 2011, to the then Department of Finance and Administration Commissioner and the Chief Procurement Officer detailing the Edison shortcomings and emphasizing the need for an accurate subrecipient contract data compilation process. As of the date of this response, a resolution has not been achieved in order to obtain accurate subrecipient contract data.

For the fiscal years 2010 - 2015, state agencies were notified that historical data was used as a basis to bill annual not-for-profit audit tracking costs. A memorandum was attached to each invoice stating, "The billing amounts are based on the average grants recorded for each allotment code for the fiscal years 2006, 2007, 2008, and 2009. This method was used due to the inability to retrieve detailed information from Edison. We believe that the amounts are conservative and reasonable." Until Local Government Audit receives current subrecipient data from F&A, Edison, and/or the CPO, we believe the best methodology for billing audit tracking costs should continue to be based on the historical data obtained when the information was available. Alternative billing methodologies were evaluated and documented; however, these methodologies had various problems associated with obtaining reliable data. We will continue to work diligently with the offices of F&A, Edison, and CPO to resolve this issue.

State Audit

The Division of State Audit concurs. Starting with the fiscal year 2015 Single Audit supplemental billing, we will follow the \$1,000 billing threshold as outlined in Policy 18. After reviewing prior year supplemental billing and the over- and underbillings as noted above, we will make the appropriate one-time adjustment to audit billings later this year.

Observation 1 – The Department of Audit did not comply with public hearing notice-of-intent requirements established in *Tennessee Code Annotated*

Title 4, Chapter 29, *Tennessee Code Annotated*, (known as the Tennessee Governmental Entity Review Law) requires that the legislative Joint Government Operations Committee review each state agency, board, commission, and other entity at least once every eight years to determine whether that entity should be abolished, restructured, or continued. In accordance with Section 4-29-104(a), prior to making this determination, the committee “shall hold at least one (1) public hearing and receive testimony from the public and from the administrative head of the governmental entity.”

Section 4-29-104(c) further mandates:

(1) Notice of the time and place of the public hearing shall be published in at least one (1) newspaper of general circulation in each of the state’s major metropolitan areas, Nashville, Memphis, Knoxville, Chattanooga, and the tri-cities area composed of Bristol, Johnson City and Kingsport, ten (10) days prior to the hearing.

(2) In addition, a notice of intent to hold the public hearing shall be published at least once every ninety (90) days, listing all entities that might be scheduled for such hearings during the subsequent ninety (90) days.

Within the Comptroller’s Office, the Legislative Liaison for the Department of Audit, Division of State Audit, is responsible for coordinating the publication of the notices of the time and place of the public hearing and the notices of intent.

Based on inquiry and inspection, while the Department of Audit met the publication requirements for the time and place of hearings included in Section 4-29-104(c)(1) during the period July 1, 2014, through June 30, 2015, the department did not comply with the notice-of-intent requirements for a listing to be published at least every 90 days, promulgated in Section 4-29-104(c)(2). In fact, the department last published a notice of intent in July 2013.

The current Legislative Liaison assumed her position in October 2014. She explained that she was unaware of the notice-of-intent statute. Additional discussions with the current Legislative Liaison revealed that the former Legislative Liaison inadvertently overlooked informing her of the statute during her training with him during the months of January 2014 through October 2014. The Director of State Audit agreed with the current Legislative Liaison’s explanation.

Immediately following our discussions, the current Legislative Liaison committed to publishing notices of intent at least 90 days in advance of scheduled hearing dates. She noted that since the Joint Government Operations Committee has primarily scheduled hearings during the months of June through December for the past three years, she anticipates publishing the next notice in April 2016.

The Director of State Audit tentatively plans to seek legislative changes to Section 4-29-104(c)(2).

OFFICE OF OPEN RECORDS COUNSEL

In 2007, the General Assembly appropriated funding for the Office of Open Records Ombudsman under the purview of the Comptroller of the Treasury. The office opened in fall 2007, and in the following year, the General Assembly provided statutory authority for the Office of Open Records Counsel by enacting Public Acts of 2008, Chapter 1179. The legislation additionally established the Advisory Committee on Open Government, composed of 14 appointed persons and 3 ex officio members, to guide and advise the office on public records¹¹ and open meetings.¹²

The Office of Open Records Counsel's goals include

- ✓ serving as a point of contact for questions and concerns regarding access to public records and open meetings;
- ✓ assisting citizens in obtaining public records;
- ✓ promoting education and awareness of the Tennessee public records and open meetings laws;
- ✓ collecting data on open meetings inquiries and problems;
- ✓ issuing informal advisory opinions on open records issues; and
- ✓ developing forms, schedules, policies, and guidelines for open record requests.

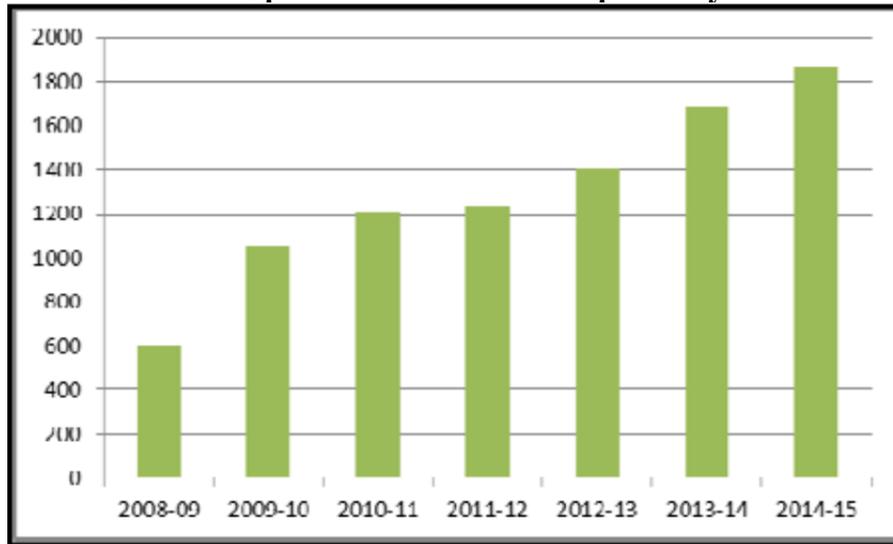
The office does not serve as a clearinghouse for all public records requests or make public record requests on behalf of others.

The number of open record inquiries has risen steadily since the office's creation, as shown in the table below.

¹¹ Section 10-7-503(a)(1)(A), *Tennessee Code Annotated*, defines "public records" as "all documents, papers, letters, maps, books, photographs, microfilms, electronic data processing files and output, films, sound recordings or other material, regardless of physical form or characteristics, made or received pursuant to law or ordinance or in connection with the transaction of official business by any governmental agency."

¹² The Tennessee Open Meetings Act (Sections 8-44-101 et seq., *Tennessee Code Annotated*) prohibits multiple members of a governing body from meeting and deliberating toward and/or making decisions on public business, unless the public receives adequate notice of the meeting. The governing body must open meetings to the public and record accurate minutes of the meetings.

Table 3
Office of Open Records Counsel Inquiries by Year



Source: Office of Open Records Counsel Annual Report dated March 2015.

Our objective in reviewing the Office of Open Records Counsel was to determine whether inquiries were answered “as expeditiously as possible” in accordance with *Tennessee Code Annotated*. In order to accomplish our objective, we discussed open records requests with management. We reviewed applicable state statutes. Furthermore, we obtained and analyzed a list of the 9,476 open records inquiries received from October 1, 2008, through September 14, 2015.

Based on procedures performed, due to lack of resources, the Office of Open Records Counsel is currently experiencing a significant backlog in reviewing and responding to open records inquiries (see Finding 2).

Finding 2 – The Office of Open Records Counsel did not have the resources necessary to make critical staffing adjustments to provide for the expeditious response to increased inquiries, leading to a significant backlog

Background

In accordance with Section 8-4-601(a), *Tennessee Code Annotated*, the Office of Open Records Counsel answers questions and provides information to citizens, media, and government officials regarding public records and open meetings. The Office of Open Records Counsel receives inquiries via its website, telephone calls, email, postal mail, and hand deliveries, as well as communication from other Comptroller’s Office divisions. Since October 1, 2008, the Office of Open Records Counsel has tracked all inquiries through a Microsoft SharePoint¹³ database, using three distinct statuses:

¹³Microsoft SharePoint is a team collaboration software.

**Table 4
Inquiry Status Definitions**

Status	Meaning
Resolved:	Research completed and results communicated to appropriate parties.
Pending:	Research in progress.
Open:	Inquiry requires initial review.

Source: Office of Open Records Counsel.

Criteria

Section 8-4-601(b), *Tennessee Code Annotated*, states,

The office of open records counsel shall answer questions and issue informal advisory opinions as expeditiously as possible to any person, including local government officials, members of the public and the media. State officials shall continue to consult with the office of the attorney general and reporter for such opinions. Any opinion issued by the office of open records counsel shall be posted on the office’s web site.

The Open Records Counsel interprets “expeditiously” as processing inquiries “without delay.”

State law does not set a timeliness standard for responding to inquiries that do not require the publication of an informal advisory opinion.

Condition

Based on our review of a SharePoint extract of inquiries received through September 14, 2015, the Office of Open Records Counsel is experiencing a significant backlog in reviewing and responding to open records inquiries, as illustrated in the following table.

**Table 5
Age of Open Records Inquiries as of September 14, 2015**

	0 – 90 Days	91 – 180 Days	181 – 270 Days	271 – 360 Days	361 – 450 Days	451 – 540 Days	541 – 630 Days	Totals by Status	Range
Open	141	72	91	76	0	0	0	380	10/17/2014 – 9/11/2015
Pending	75	56	40	46	1	3	2	223	3/11/2014 – 9/14/2015
Totals by Age:	216	128	131	122	1	3	2	603	

Source: SharePoint extract and auditor calculations.

Furthermore, we learned that the Open Records Counsel had never calculated an inquiry response time.

Cause

The Open Records Counsel identified multiple factors that led to the backlog.

1. *Spike in Inquiries Received* – The Open Records Counsel reported that since the General Assembly established the office in 2008, the number of inquiries received has increased from approximately 600 to more than 1,800 annually. She attributed this spike to the development of Internet communication methods and growing awareness of records availability.
2. *Constraints With Office Staffing* – A full-time Open Records Counsel headed the office until her resignation effective October 3, 2014. Due to staffing reductions, the existing Assistant to the Comptroller for Public Finance accepted the additional responsibilities as Open Records Counsel, splitting her time evenly between the two positions. The only other staff the Office of Open Records Counsel employs is a Legislative Legal Assistant, who divides her time between inquiry tracking and duties unrelated to the office.

Following our discussions with the Open Records Counsel and the Deputy Chief of Staff, the Comptroller's Office submitted to the Department of Finance and Administration a cost increase request totaling \$264,800 for two new attorney positions to assist with the operation of the Office of Open Records Counsel.

3. *Limitations of Current Database* – The Open Records Counsel informed us that the SharePoint database needs improvements to maximize tracking efficiency and effectiveness. For example, she did not know whether the database contains any entries that are duplicates or have been answered by subsequent inquiries. Additionally, we discovered that the SharePoint database lacks a function to differentiate between inquiries requiring an informal advisory opinion and ones that do not.

The Open Records Counsel submitted a request to the Division of Technology Solutions on February 4, 2015, (prior to our fieldwork) with suggested SharePoint revisions. The Division of Technology Solutions Director relayed to the Open Records Counsel that although personnel had been busy concentrating on other areas and had not yet fulfilled her request, the division has commenced efforts to enhance SharePoint tracking.

Effect

Given the increasing requests for assistance from the public and others, the Office of Open Records Counsel's inability to provide expeditious responses could impede the office's

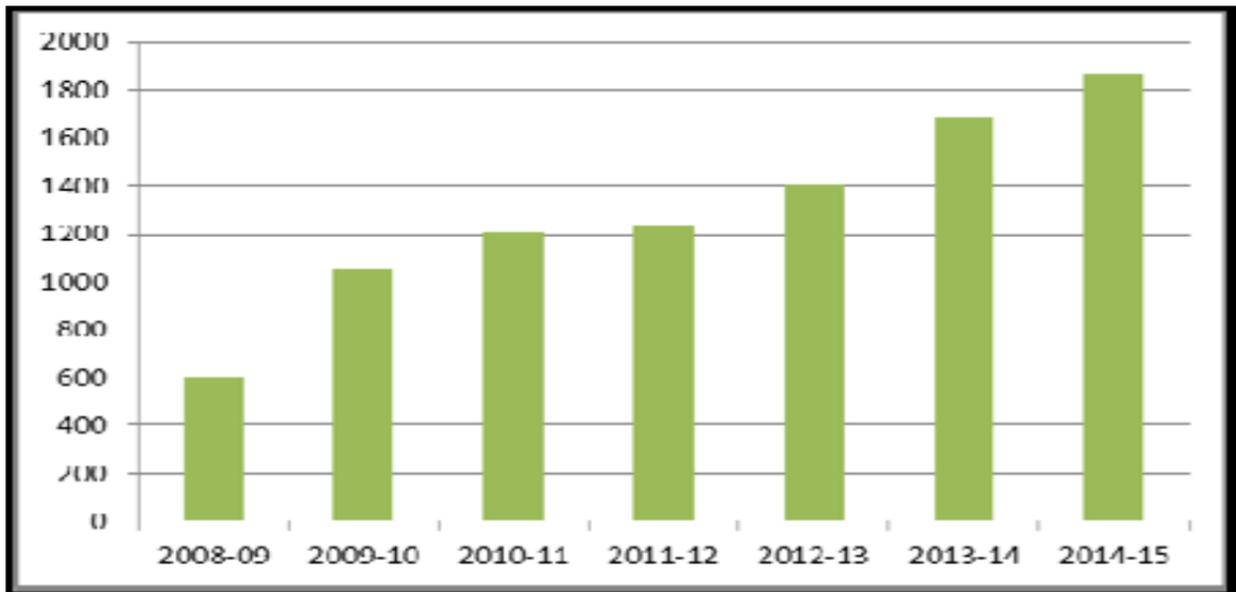
mission to provide critical information to citizens, media, and government offices regarding public records and open meetings.

Recommendation

We recommend that the Open Records Counsel consult with the General Assembly and other stakeholders to solidify timeliness expectations for processing both inquiries requiring informal advisory opinions and ones that do not. Comptroller’s Office management should also continue to evaluate staffing options for the Office of Open Records Counsel. The Open Records Counsel and Division of Technology Solutions Director should continue to coordinate regarding SharePoint database improvements. Finally, we urge the Open Records Counsel to calculate response times at least quarterly and share her analysis with the Comptroller of the Treasury, so that information is expeditiously communicated to those who seek assistance.

Management’s Comment

We concur. As you can see from the chart below, the volume of open records inquiries has indeed increased significantly since the inception of the Office of Open Records Counsel. The questions posed for both the Tennessee Public Records Act and the Tennessee Open Meetings Act are very complex and often require extensive research.



The Comptroller’s Office was appropriated \$100,000 for one position in 2007. Since then, actual annual costs have exceeded the original appropriation. In September, we submitted a budget increase request for additional positions to help support this function.

We will ensure the timeliness expectations are both defined and monitored for the different types of requests. We will also continue forward with our SharePoint database improvements.

DIVISION OF TECHNOLOGY SOLUTIONS

Established in March 2015, the Division of Technology Solutions provides services in systems analysis and development, computer operations, personal computer support, network support, and other computer-related areas on a centralized basis for all divisions and boards of the Comptroller's Office. The division also oversees the approximately 54 Comptroller computer applications, including the Integrated Multi Processing of Administrative and CAMA Technology (IMPACT) and Tax Relief Approval Information Network (TRAIN) applications.

- ❖ IMPACT allows authorized state and county users to manage real and personal property records through the entire tax assessment process, from appraisals through appeals. 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 the Division of Technology Solutions.
- ❖ Data are batched into TRAIN via Tax Relief Web, a web-based application used by local governments to submit tax relief application information. The Division of Property Assessments' Tax Relief section personnel review and approve or deny applications in TRAIN.

Our objectives in reviewing the Division of Technology Solutions were to determine whether

- management followed state information systems security policies and industry best practices regarding system controls;
- IMPACT and TRAIN controls were operating as described by management;
- IMPACT was implemented in all scheduled counties; and
- actual expenditures for IMPACT were less than budgeted amounts and, if not, whether the office had a reasonable explanation for any overage.

For all of our objectives, we talked with appropriate personnel. We conducted testwork to determine if management followed state information systems security policies and industry best practices regarding system controls, ending our inquiries on September 24, 2015. Additionally, we performed walkthroughs and inspected documentation to assess IMPACT and TRAIN controls.

To complete our IMPACT implementation schedule objective, we gained an understanding of IMPACT goals and deadlines by reviewing the project background information posted on the Internet at www.comptroller.tn.gov/impact/. We obtained IMPACT contracts and related amendments to calculate budgeted amounts and obtained a list of payments made against

contracts and amendments through June 30, 2015, to gauge actual expenditure amounts. We analyzed supporting documentation for expenditures made during fiscal years 2014 and 2015.

Based on procedures performed, we determined that

- the Comptroller's Office did not provide adequate internal controls in one specific area (see Finding 3);
- IMPACT and TRAIN controls were operating as described by management;
- the IMPACT implementation schedules involve rollout over an extended period of the time, and the office met the scheduled rollout through August 31, 2015; and
- as of June 30, 2015, actual expenditures for IMPACT were less than contractually stated amounts.

Finding 3 – The Office of the Comptroller of the Treasury did not provide adequate internal controls in one specific area

The Office of the Comptroller of the Treasury did not design and monitor internal controls in one specific area. Ineffective implementation of internal controls increases the likelihood of errors, data loss, and inability to continue operations. The details of this finding are confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*. We provided the office with detailed information regarding the specific condition we identified, as well as the related criteria, causes, and our specific recommendations for improvement.

Recommendation

Office management should ensure that this condition is remedied by the prompt development and consistent implementation of internal controls in this area. 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. The noted condition has been remedied.

DIVISION OF PROPERTY ASSESSMENTS

According to the May 2015 *A Guide to the Office of the Comptroller of the Treasury*, the Division of Property Assessments works with county assessors, trustees, county mayors, registers of deeds, and county commissioners to

- assist in reappraisal programs;
- provide data processing services; and
- administer the Property Tax Relief Program.

During our audit, we focused on the Property Tax Relief Program, established in Sections 67-5-701 through 67-5-704, *Tennessee Code Annotated*. Eligible beneficiaries for the program include low-income¹⁴ elderly¹⁵ or disabled homeowners and certain disabled veteran homeowners or their surviving spouses.

To obtain tax relief, interested homeowners apply through local government tax collecting officials,¹⁶ who make preliminary eligibility determinations. Collecting officials forward the applications to the Tax Relief section within the Division of Property Assessments for final approval. The amount of tax relief received varies depending on several factors, including the assessed value of the property. As of the 2015 tax year, the maximum value of a homeowner's assessed property subject to tax relief was \$23,000 for low-income elderly and disabled individuals and \$100,000 for disabled veterans.

Each year, over 150,000 individuals receive benefits from the Property Tax Relief Program. Program expenditures, paid entirely with state appropriations, make up a significant portion of the Office of the Comptroller of the Treasury's budget, as shown in the table below.

¹⁴ In accordance with Section 67-5-202, *Tennessee Code Annotated*, the General Assembly sets the income limit each tax year to reflect the cost of living adjustment for Social Security recipients as determined by the Social Security Administration. For the 2015 tax year, the combined 2014 annual income for the homeowner, the homeowner's spouse, and all other owners of the property may not exceed \$28,690.

¹⁵ Section 67-5-202 defines "elderly" as a person age 65 or older.

¹⁶ "Collecting officials" consist of the county trustees or, if the individual's property is within city limits, also the city collecting official.

Table 6
Property Tax Relief Program Expenditures as Percentage of Overall Office Budget

Fiscal Year	Program Expenditures	Total Office Expenditures	Percentage
2011	\$24,100,000	\$79,180,000	30.4%
2012	\$25,603,500	\$84,902,300	30.2%
2013	\$28,106,600	\$86,294,000	32.6%
2014	\$31,354,900	\$97,657,400	32.1%
2015	\$32,120,375	\$97,366,393	33.0%
<i>Totals:</i>	\$141,285,375	\$445,400,093	31.7%

Source: State of Tennessee budget documents, Edison queries, and auditor calculations.

In response to growing program expenditures, the General Assembly passed—and the Governor signed—Public Chapter Number 860, effective April 29, 2014. As enacted, the legislation provides that if the Comptroller determines that annual appropriations would be insufficient to permit full payment of tax relief claims, then the Comptroller “must calculate and apply a factor to uniformly adjust individual payments to permit all timely claims to be paid within the limits of the appropriation.”

Additionally, the State of Tennessee enacted the “Save the Tax Relief Act,” legislation that became Public Chapter Number 481 effective May 18, 2015. This legislation lowered the cap on the property assessment value subject to tax relief and also imposed income limits on new applicants.

Our objectives in reviewing the Property Tax Relief Program administered by the Division of Property Assessments were to

- determine trends in the amount of Property Tax Relief payments from fiscal year 2011 to fiscal year 2015 and from fiscal year 2014 to fiscal year 2015 and whether management had a reasonable explanation for any increases over those time frames; and
- ensure that payments were equitably distributed.

Using the State of Tennessee’s annual budgets and queries generated from Edison (the state’s accounting system), we compiled Property Tax Relief payment amounts for every fiscal year from 2011 to 2015. We then calculated the dollar amount and percentage differences between each fiscal year and overall between fiscal years 2011 and 2015. After contacting the appropriate personnel about payment trends, we evaluated the reasonableness of the explanations they provided.

We researched the funding status of the Property Tax Relief program by talking to key management and staff and reading program brochures and forms, along with *Tennessee Code Annotated* provisions.

Based on procedures performed, we determined that

- management provided a reasonable explanation for the Property Tax Relief payment increases from fiscal year 2011 to fiscal year 2015 and from fiscal year 2014 to fiscal year 2015; and
 - at the time of our audit, the Comptroller's Office had not yet used a proration factor; instead, the office has received supplemental appropriations, meaning all eligible program participants received the full amount for which they qualified.
-

OFFICE OF MANAGEMENT SERVICES

Employing 53 full-time staff, the Office of Management Services provides a centralized base of administrative and support services to the various divisions of the Comptroller's Office. This support includes coordination and supervision of

- budgetary and financial management;
- business administration management;
- human resources management; and
- internal communications and publications.

We focused our efforts on human resource functions, which encompass all stages of the employee life cycle (recruitment, hiring, development, insurance, benefits, and payroll).

Our objectives in reviewing the Office of Management Services were to determine whether

- the office had an updated Drug-Free Workplace Policy; and
- for new hires, staff properly verified application information such as college degrees, personal references, and employment history.

For each objective, we interviewed relevant personnel. We studied the office's Drug-Free Workplace policy. Regarding the verification of application information, we explored the differences between official and unofficial transcripts and examined hiring policies and checklists.

Based on procedures performed, we determined that

- the office updated its Drug-Free Workplace Policy effective September 21, 2015; and
- the office verified application information as appropriate.

OFFICE OF STATE AND LOCAL FINANCE

The Office of State and Local Finance manages the financial functions for state and local governments. Major responsibilities of this office include

- supporting the Tennessee State Funding Board, Tennessee Local Development Authority, and Tennessee State School Bond Authority and managing the state's debt, once issued; and
- for local government entities, providing statutorily mandated oversight and review of debt issuances, budgets, and certain investments.

In Title 26, *Code of Federal Regulations*, Section 1.148-5, the Internal Revenue Service (IRS) requires issuers of tax-exempt bonds to retain specific records related to the bond for the life of the bond (generally 30 years), plus 3 years after the final redemption date of the bond. Failure to produce records requested by the IRS would have serious repercussions; for example, the State of Tennessee could potentially be barred from issuing tax-exempt bonds for several years.

On the state level, the Records Management Division within the Secretary of State's Office assists agencies—including the Comptroller's Office—in establishing systematic controls for the efficient use and sound preservation of state records. The Records Management Division further serves as administrative liaison between state agencies and the Public Records Commission, created by statute to determine and order the proper disposition of state records. Individual state agencies must submit Record Disposition Authorizations (RDAs) listing retention standards and end actions (e.g., destroy) for approval by both the Records Management Division and Public Records Commission.

Historically, the Office of State and Local Finance has shared retention responsibility for debt-issuance (through a joint RDA) with the Department of Finance and Administration, since that department issues payment for expenditures related to debt-funded projects. During the 2015 fiscal year, however, office management discovered that the Department of Finance and Administration had taken exclusive control over the existing RDA; therefore, office management developed a separate RDA to account for the office's debt-issuance documentation.

Our objectives in reviewing the Office of State and Local Finance were to

- gain an understanding of the state and local government debt issuance process; and
- evaluate whether the office's RDA encompassed all tax-exempt bond records required for retention.

We inquired with key personnel as part of both objectives. In order to gain an understanding of the debt issuance process, we reviewed the Office of State and Local Finance

website, the fiscal year 2015-2016 state budget document, the Office of the Comptroller's guide, and questions and answers prepared for recent legislative hearings.

Additionally, we examined the Office of State and Local Finance's RDA dated June 2015.

Based on procedures performed, we

- gained an understanding of the debt issuance process; and
- determined that the Office of State and Local Finance's RDA included appropriate tax-exempt bond records.

STATE BOARD OF EQUALIZATION

Section 4-3-5103, *Tennessee Code Annotated*, assigns to the State Board of Equalization the following duties, among others:

- (4) Receive, hear, consider and act upon complaints and appeals made to the board regarding the valuation, classification and assessment of property in the state; [and]
- (5) Hear and determine complaints and appeals made to the board concerning exemption of property from taxation[.]¹⁷

In order to defray part of the cost of processing property tax exemption applications and hearing valuation, classification, assessment, and exemption appeals, the board established a fee schedule. The amount the board assesses varies in proportion to the value of the property under appeal. Via postal mail and hand delivery, the board receives daily revenues approximating \$75 - \$175. The Office of Management Services assists the board by handling online payments and bank deposits.

Our objective in reviewing the State Board of Equalization was to determine whether controls over funds received were operating as described by management. To achieve our objective, we conducted interviews and walkthroughs with pertinent personnel. We also inspected fee schedules, as well as guidance available in Department of Finance and Administration's policies and *Tennessee Code Annotated* provisions.

Based on procedures performed, we determined that controls over funds received were operating as described by management.

¹⁷ Title 67, Chapter 5, Part 2, of *Tennessee Code Annotated* lists various property tax exemptions, including for qualifying religious, charitable, scientific, and educational institutions.

APPENDICES

APPENDIX 1 Business Unit Codes

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	Legal, Investigations, and Public Affairs
307.07	Office of State and Local Finance
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
307.16	Division of Technology Solutions
307.50	Telecommunications Ad Valorem Tax Equity

Source: Office of the Comptroller of the Treasury, Office of Management Services personnel.

APPENDIX 2 Boards, Commissions, and Committees

The Comptroller of the Treasury (COT) 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
• Council on Pension and Insurance**	3-9-101
• Emergency Communications Board	7-86-302
• Health Services and Development Agency	68-11-1604
• Information Systems Council**	4-3-5501
• 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

* COT does not serve but appoints staff representative.

** COT only, no proxy.

*** Inactive.

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

Source: Office of the Comptroller of the Treasury, Assistant to the Comptroller for Public Finance and Open Records Counsel.

APPENDIX 3

Title VI and Other Information

Title VI of the Civil Rights 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, 2015**

Title	Gender		Ethnicity			
	Male	Female	White	African American	Hispanic	Other
ACCOUNTANT 2	-	1	1	-	-	-
ACCOUNTING TECHNICIAN 2	-	4	4	-	-	-
ADMINISTRATIVE ANALYST 3	-	1	1	-	-	-
ADMINISTRATIVE ASSISTANT 1	1	-	1	-	-	-
ADMINISTRATIVE OVERSIGHT MANAGER	1	-	1	-	-	-
ADMINISTRATIVE SECRETARY	-	5	2	3	-	-
ADMINISTRATIVE SERVICES ASSISTANT 2	-	2	1	-	-	1
ADMINISTRATIVE SERVICES ASSISTANT 3	-	2	2	-	-	-
ADMINISTRATIVE SERVICES ASSISTANT 4	-	2	2	-	-	-
ADMINISTRATIVE TECHNICIAN 2	1	-	1	-	-	-
ADMINISTRATIVE TECHNICIAN 3	1	-	1	-	-	-
ADMINISTRATIVE SUPERVISOR	-	1	1	-	-	-
APPRAISAL ANALYST 1	10	8	16	2	-	-
APPRAISAL ANALYST 2	8	5	11	2	-	-
APPRAISAL SPECIALIST 1	5	3	7	1	-	-
APPRAISAL SPECIALIST 2	3	2	5	-	-	-
APPRAISAL SPECIALIST 3	1	-	1	-	-	-
APPRAISAL SUPERVISOR	1	1	2	-	-	-
APPRAISAL SYSTEMS ANALYST 1	1	-	-	-	1	-
APPRAISAL SYSTEMS ANALYST 2	1	1	1	1	-	-

Title	Gender		Ethnicity			
	Male	Female	White	African American	Hispanic	Other
APPRAISAL SYSTEMS ANALYST 3	-	1	-	1	-	-
APPRAISAL SYSTEMS MANAGER	1	-	1	-	-	-
AREA APPRAISAL MANAGER	2	-	2	-	-	-
AREA APPRAISAL SUPERVISOR	3	2	5	-	-	-
ASSESSMENT ANALYST	1	-	-	1	-	-
ASSESSMENT DATA ANALYST	1	-	-	1	-	-
ASSESSMENT PROGRAM & DATA SPECIALIST 2	1	-	1	-	-	-
ASSESSMENT SYSTEMS ANALYST 1	1	-	-	1	-	-
ASSESSMENT SYSTEMS COORDINATOR 1	2	2	4	-	-	-
ASSESSMENT SYSTEMS MANAGER	1	-	1	-	-	-
ASSESSMENT SYSTEMS SUPERVISOR	-	1	1	-	-	-
ASSESSMENT VALUATION COORDINATOR	-	2	2	-	-	-
ASSESSMENTS & FIELD OPERATIONS DIRECTOR	1	-	1	-	-	-
ASSOCIATE ASSESSMENT ANALYST	2	-	2	-	-	-
ASSOCIATE LEGISLATIVE RESEARCH ANALYST 1	-	3	1	1	-	1
ASSOCIATE LEGISLATIVE RESEARCH ANALYST 2	-	1	1	-	-	-
ATTORNEY 2	-	1	1	-	-	-
ATTORNEY 3	1	-	1	-	-	-
ATTORNEY 4	2	3	4	1	-	-
BOND ACCOUNT ANALYST	-	1	1	-	-	-
BOND ACCOUNTANT	-	3	3	-	-	-
BOND FINANCE DIRECTOR	-	1	1	-	-	-
BOND FINANCE MANAGER	-	1	1	-	-	-
BOND FINANCE OPERATIONS OFFICER	-	1	1	-	-	-

Title	Gender		Ethnicity			
	Male	Female	White	African American	Hispanic	Other
BUDGET ADMINISTRATIVE ANALYST	1	-	1	-	-	-
CHIEF OF STAFF	1	-	1	-	-	-
CLERK 2	1	-	1	-	-	-
COMMUNICATIONS & PUBLICATIONS SPECIALIST	-	1	1	-	-	-
COMMUNICATIONS & PUBLICATIONS MANAGER	-	1	1	-	-	-
COMPTROLLER	1	-	1	-	-	-
CONTRACT SUPPORT SPECIALIST 2	-	1	1	-	-	-
DEPUTY CHIEF OF STAFF	-	1	1	-	-	-
DISTRIBUTED COMPUTER OPERATOR 3	1	-	-	1	-	-
DIVISION SUPPORT COORDINATOR	-	1	1	-	-	-
DRAFTER 2	1	-	1	-	-	-
END POINT LEAD	1	-	1	-	-	-
ENTERPRISE ARCHITECT	1	-	1	-	-	-
EXECUTIVE PROGRAM MANAGER	-	1	1	-	-	-
EXECUTIVE SECRETARY 2	-	7	7	-	-	-
EXECUTIVE SECRETARY 3	-	2	2	-	-	-
FACILITIES MANAGER	1	-	1	-	-	-
FISCAL SERVICES ASSISTANT DIRECTOR	1	-	1	-	-	-
GENERAL COUNSEL	-	1	1	-	-	-
GEOGRAPHIC INFORMATION SYSTEMS & REDISTRICTING SUPERVISOR 1	1	-	1	-	-	-
GEOGRAPHIC INFORMATION SYSTEMS ANALYST 1	1	-	1	-	-	-
GEOGRAPHIC INFORMATION SYSTEMS ANALYST 3	1	-	-	1	-	-
GEOGRAPHIC INFORMATION SYSTEMS MANAGER 2	1	-	-	-	-	1

Title	Gender		Ethnicity			
	Male	Female	White	African American	Hispanic	Other
GEOGRAPHIC INFORMATION SYSTEMS TECHNICIAN 1	-	1	1	-	-	-
GEOGRAPHIC INFORMATION SYSTEMS TECHNICIAN 2	1	2	2	-	-	1
GEOGRAPHIC INFORMATION SYSTEMS TECHNICIAN SUPERVISOR 1	1	-	1	-	-	-
GEOGRAPHIC INFORMATION SYSTEMS TECHNICIAN SUPERVISOR 2	1	-	1	-	-	-
HIGHER EDUCATION RESOURCE OFFICER	-	1	-	1	-	-
HUMAN RESOURCES BUSINESS ANALYST	-	1	1	-	-	-
HUMAN RESOURCES MANAGER 3	-	1	1	-	-	-
INFORMATION SYSTEMS MANAGER	1	-	1	-	-	-
INFORMATION TECHNICIAN ASSISTANT DIRECTOR	1	-	1	-	-	-
INFORMATION TECHNICIAN DIRECTOR	-	1	1	-	-	-
INVESTIGATIONS ASSISTANT DIRECTOR	-	1	1	-	-	-
INVESTIGATIVE AUDITOR	1	-	1	-	-	-
LEGISLATIVE ACCOUNTING MANAGER	-	1	1	-	-	-
LEGISLATIVE ASSISTANT EDITOR	-	1	1	-	-	-
LEGISLATIVE AUDIT INVESTIGATOR 1	-	2	1	1	-	-
LEGISLATIVE AUDIT INVESTIGATOR 2	1	1	1	1	-	-
LEGISLATIVE AUDIT INVESTIGATOR 3	3	1	3	1	-	-
LEGISLATIVE AUDIT INVESTIGATOR 4	4	2	5	1	-	-

Title	Gender		Ethnicity			
	Male	Female	White	African American	Hispanic	Other
LEGISLATIVE AUDIT MANAGER	9	12	19	1	-	1
LEGISLATIVE AUDIT MANAGER INVESTIGATOR	2	1	3	-	-	-
LEGISLATIVE AUDIT REVIEW OFFICER	2	-	2	-	-	-
LEGISLATIVE AUDITOR 1	21	14	33	1	-	1
LEGISLATIVE AUDITOR 2	17	22	33	3	-	3
LEGISLATIVE AUDITOR 3	28	41	59	7	1	2
LEGISLATIVE AUDITOR 4	12	16	26	1	-	1
LEGISLATIVE BOARD MEMBER	1	1	2	-	-	-
LEGISLATIVE COMMISSION MEMBER	12	2	13	1	-	-
LEGISLATIVE DATABASE ADMINISTRATIVE 4	-	1	1	-	-	-
LEGISLATIVE EDITOR	-	1	-	1	-	-
LEGISLATIVE FINANCIAL ANALYST	-	1	1	-	-	-
LEGISLATIVE HUMAN RESOURCE ANALYST 3	-	1	1	-	-	-
LEGISLATIVE INFORMATION SYSTEM AUDIT MANAGER	2	-	2	-	-	-
LEGISLATIVE INFORMATION SYSTEM PROGRAM MGR	2	-	2	-	-	-
LEGISLATIVE INFORMATION SYSTEMS AUDITOR 1	1	4	5	-	-	-
LEGISLATIVE INFORMATION SYSTEMS AUDITOR 2	1	-	1	-	-	-
LEGISLATIVE INFORMATION SYSTEMS AUDITOR 3	6	4	10	-	-	-
LEGISLATIVE INFORMATION SYSTEMS AUDITOR 4	2	2	3	1	-	-
LEGISLATIVE INFORMATION SYSTEMS TECHNICIAN 4	1	-	-	1	-	-
LEGISLATIVE INFRASTRUCTURE MANAGER	1	-	1	-	-	-
LEGISLATIVE LEGAL	1	1	1	-	1	-

Title	Gender		Ethnicity			
	Male	Female	White	African American	Hispanic	Other
ASSISTANT						
LEGISLATIVE LEGAL SECRETARY	-	2	1	1	-	-
LEGISLATIVE NURSE AUDITOR 4	-	1	1	-	-	-
LEGISLATIVE PERFORMANCE AUDIT MANAGER	-	3	3	-	-	-
LEGISLATIVE PERFORMANCE AUDITOR 1	2	4	4	2	-	-
LEGISLATIVE PERFORMANCE AUDITOR 2	-	2	1	1	-	-
LEGISLATIVE PERFORMANCE AUDITOR 3	6	3	7	2	-	-
LEGISLATIVE PERFORMANCE AUDITOR 4	2	4	6	-	-	-
LEGISLATIVE POLICY COORDINATOR	2	-	2	-	-	-
LEGISLATIVE PROCUREMENT COMPLIANCE ANALYST 2	2	1	3	-	-	-
LEGISLATIVE PROCUREMENT COMPLIANCE MANAGER	1	-	1	-	-	-
LEGISLATIVE PROCUREMENT COMPLIANCE SPECIALIST	-	1	1	-	-	-
LEGISLATIVE RESEARCH COORDINATOR	-	1	1	-	-	-
LEGISLATIVE SENIOR FINANCIAL ANALYST	1	-	1	-	-	-
LEGISLATIVE SMALL BUSINESS ASSOCIATE	1	-	1	-	-	-
LEGISLATIVE SYSTEMS ANALYST 1	1	-	1	-	-	-
LEGISLATIVE SYSTEMS ANALYST 3	3	-	2	1	-	-
LEGISLATIVE SYSTEMS ANALYST 4	8	3	9	1	-	1
LOCAL FINANCE MANAGER	1	-	-	-	-	1

Title	Gender		Ethnicity			
	Male	Female	White	African American	Hispanic	Other
LOCAL GOVERNMENT AUDIT ASSISTANT DIRECTOR	2	1	3	-	-	-
LOCAL GOVERNMENT AUDIT DIRECTOR	1	-	1	-	-	-
MAIL CLERK 2	1	-	-	1	-	-
MANAGEMENT SERVICES ASSISTANT DIRECTOR	-	1	1	-	-	-
MANAGEMENT SERVICES DIRECTOR	-	1	1	-	-	-
OFFICE OF STATE ASSESSED PROPERTIES ASSISTANT DIRECTOR	1	-	1	-	-	-
OFFICE OF RESEARCH & ACCOUNTABILITY DIRECTOR	2	-	2	-	-	-
OFFICE OF STATE ASSESSED PROPERTIES DIRECTOR	1	-	1	-	-	-
PRINCIPAL LEGISLATIVE RESEARCH ANALYST	1	2	3	-	-	-
PROJECT ASSISTANT	-	1	1	-	-	-
PROJECT MANAGEMENT ASSISTANT	-	1	1	-	-	-
PROJECT MANAGEMENT OFFICER	-	1	1	-	-	-
PROPERTY ASSESSMENT ASSISTANT DIRECTOR	2	-	2	-	-	-
PUBLIC FINANCE ASSISTANT	-	1	1	-	-	-
PUBLIC INFORMATION OFFICER	1	-	1	-	-	-
PUBLIC UTILITIES & TRANSPORTATION AUDITOR 1	3	-	3	-	-	-
PUBLICATIONS EDITOR 2	1	1	2	-	-	-
RESEARCH & EDUCATION ACCOUNT ASSISTANT DIRECTOR	-	1	1	-	-	-
STATE BOARD OF EQUALIZATION EXECUTIVE SECRETARY	1	-	1	-	-	-

Title	Gender		Ethnicity			
	Male	Female	White	African American	Hispanic	Other
SECRETARY	-	4	2	2	-	-
SENIOR LEGISLATIVE RESEARCH ANALYST	-	1	1	-	-	-
SOURCING MANAGER	-	1	1	-	-	-
SOURCING SUPPORT TECHNICIAN	-	1	1	-	-	-
STATE AUDIT ASSISTANT DIRECTOR	4	2	6	-	-	-
STATE AUDIT DIRECTOR	-	1	1	-	-	-
SYSTEMS & ADMINISTRATIVE DIRECTOR - PROPERTY ASSESSMENTS & OFFICE OF LOCAL GOVERNMENT	-	1	1	-	-	-
TAX RELIEF EXAMINER TECHNICIAN 2	1	4	3	2	-	-
TAX RELIEF EXAMINER TECHNICIAN 3	-	2	2	-	-	-
TAX RELIEF PROGRAM ASSISTANT SUPERVISOR	-	1	1	-	-	-
TAX RELIEF PROGRAM SUPERVISOR	-	1	1	-	-	-
TAX RELIEF REGIONAL COORDINATOR	1	1	2	-	-	-
UTILITIES BOARD ANALYST	1	-	1	-	-	-
UTILITIES BOARD MANAGER	-	1	1	-	-	-
VALUATION CLERK	-	4	3	1	-	-
VALUATION SPECIALIST	-	2	2	-	-	-
WORD PROCESSING OPERATOR	-	3	2	1	-	-
WORD PROCESSOR SUPERVISOR	-	1	-	-	-	1
Totals	256	284	468	54	3	15

Source: Office of the Comptroller of the Treasury, Human Resource Manager.