Stay Current, Stay Compliant: Contract Audit Review Updates

Justin Garcia and Bethany Wilson
Division of Local Government Audit

November 19, 2026

TENNESSEE COMPTROLLER OF THE TREASURY

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Disclaimer

The opinions expressed during this presentation are our own. They do not necessarily represent the views of the Tennessee Comptroller of the Treasury, his representatives, or the Division of Local Government Audit.

TENNESSEE COMPTROLLER OF THE TREASURY

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Today's Topics

- Comptroller's Office
- CMFO/CCFO Reporting
- Written Attestation
- TAG Website
- Manual Updates
  - Audit Manual
  - Internal Control Manual

TENNESSEE COMPTROLLER OF THE TREASURY

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Jason E. Mumpower

Comptroller of the Treasury of the State of Tennessee

The Tennessee Comptroller of the Treasury has a wide range of responsibilities to ensure fiscal integrity within the State of Tennessee. The Comptroller is essentially the state's Money Cop. We are committed to our mission to **Make Government Work Better.**

TENNESSEE COMPTROLLER OF THE TREASURY

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Make Government Work Better

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Division of Local Government Audit

Bryan Burklin, CPA, CGFM
Director



- Audit Quality and Review
- Audit Operations
- Administration

TENNESSEE COMPTROLLER OF THE TREASURY

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Division of Local Government Audit

Lee Ann West, CPA, CGFM
Principal of Audit Operations



- County Field Auditors
- Information System Auditors
- Contract Audit Review Team

TENNESSEE COMPTROLLER OF THE TREASURY

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Division of Local Government Audit

Jean Suh, CPA, CFE, CGFM
Contract Audit Review Manager



- Contract Approval
- Workpaper Review Determination
- Strategic Goal Monitoring
- Research/Consulting

TENNESSEE COMPTROLLER OF THE TREASURY

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Contract Audit Review Specialists

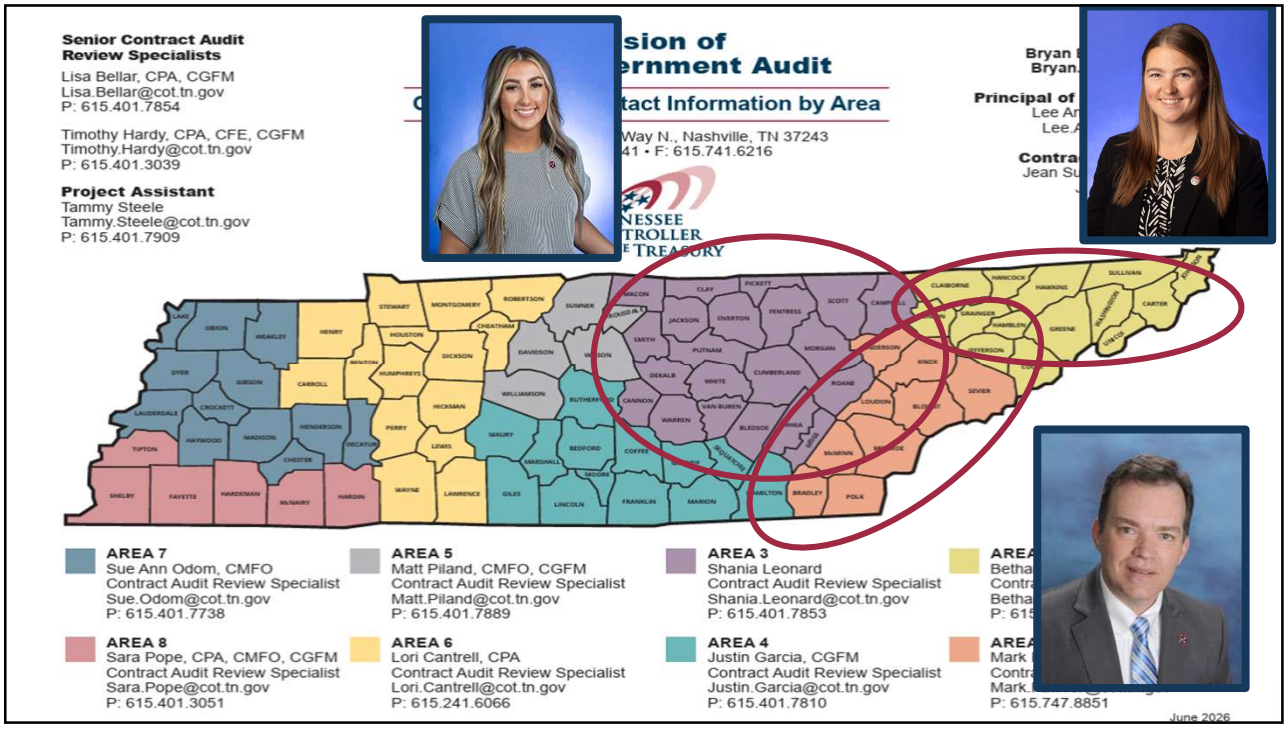
- Review Audited Financial Statements
- Assist Municipalities
- Monitor CMFO Compliance
- Update Manuals
- Provide Professional Development
- Manage CPA Firm Contracts
- Process Written Attestations
- Provide CARS Support



TENNESSEE COMPTROLLER OF THE TREASURY

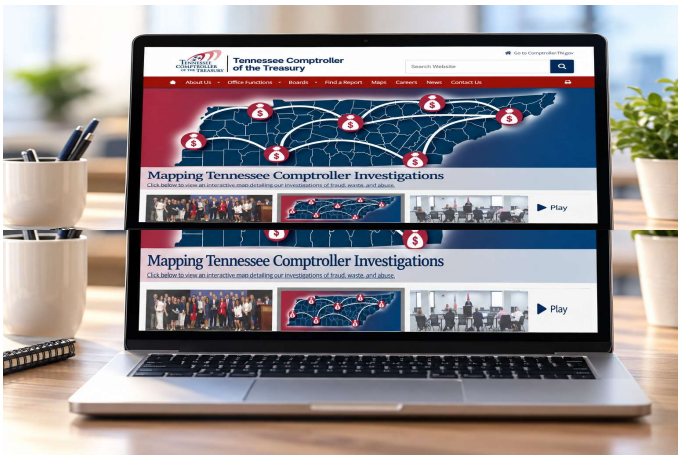
TENNESSEE COMPTROLLER OF THE TREASURY

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Navigating the Comptroller's Website



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comptroller.tn.gov

Tennessee Comptroller of the Treasury

Go to Comptroller.TN.gov

Search Website

About Us | Office Functions | Boards | Find a Report | Maps | Careers | News | Contact Us

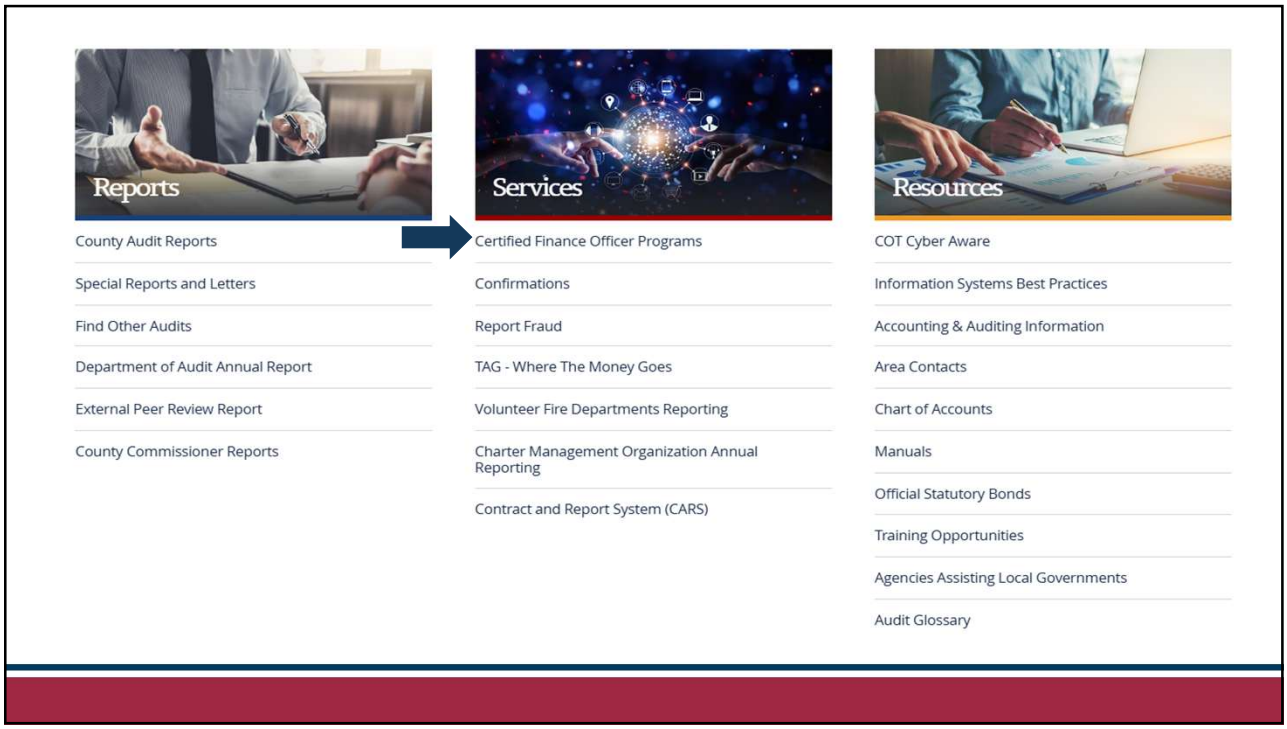
Office Functions | Boards

- State Audit
- Local Government Audit
- Investigations
- Property Assessments
- State Assessed Properties
- State Government Finance
- Local Government Finance
- Research and Education Accountability
- Health Provider Review
- Open Records Counsel
- Small Business Advocate
- Higher Education Resource Officer

TENNESSEE COMPTROLLER OF THE TREASURY

TENNESSEE COMPTROLLER OF THE TREASURY

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Charter Management Organization Annual Reporting
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Chart of Accounts
Manuals
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Training Opportunities
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Audit Glossary

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Certified Finance Officer Programs
Select which program you are interested in:
Certified Municipal Finance Officer
Certified County Finance Officer

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Certified Finance Officer Programs

Select which program you are interested in:





Certified Municipal Finance Officer

About the CMFO Program

The Municipal Finance Officer Certification and Education Act of 2007 (TCA 6-56-400 et al) (the Act) requires municipalities to have a chief financial officer, who is either a Certified Municipal Finance Officer (CMFO), or an individual who is exempt from the educational requirements leading to the CMFO designation. The Municipal Technical Advisory Service (MTAS) administers the educational program and testing to achieve the CMFO designation. The Act designates the Comptroller's Office as the certification authority.

All questions you have regarding class schedules, registration, space availability, etc. should be directed to your municipality's MTAS Management or Finance Consultant. Call MTAS at 865-974-0411 to get assistance in contacting your consultant.

If your municipality has not completed a Designee Form, or if the designee has changed, please have the mayor and city recorder (or equivalents) sign into their CARS (Contract and Reporting System) accounts and complete an on-line designation form. This on-line form should be completed and submitted as soon as possible to ensure that the municipality remains in compliance with the requirements of the Act.

Log in to an existing account | Register a new account

Certified Municipal Finance Officer Policies and Procedures - June 2023

If you are currently going through the Certified Municipal Finance Officer program and have questions regarding reimbursements or stipends, please visit our Expense Reimbursement Instructions page or our Expense Stipend Instructions page.





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Certified Finance Officer Programs

Select which program you are interested in:





Certified County Finance Officer

About the CCFO Program

The Comptroller of the Treasury and the University of Tennessee's County Technical Assistance Service (CTAS) have developed a program that will provide Tennessee's county financial officers an opportunity to learn about accounting and financial reporting principles, understand how county governments are structured in Tennessee, and enhance their skills in order to carry out their responsibilities for the fiscal affairs of their county or department. CTAS administers the educational program and testing to achieve the CCFO designation. The Comptroller's Office has been designated as the certification authority.

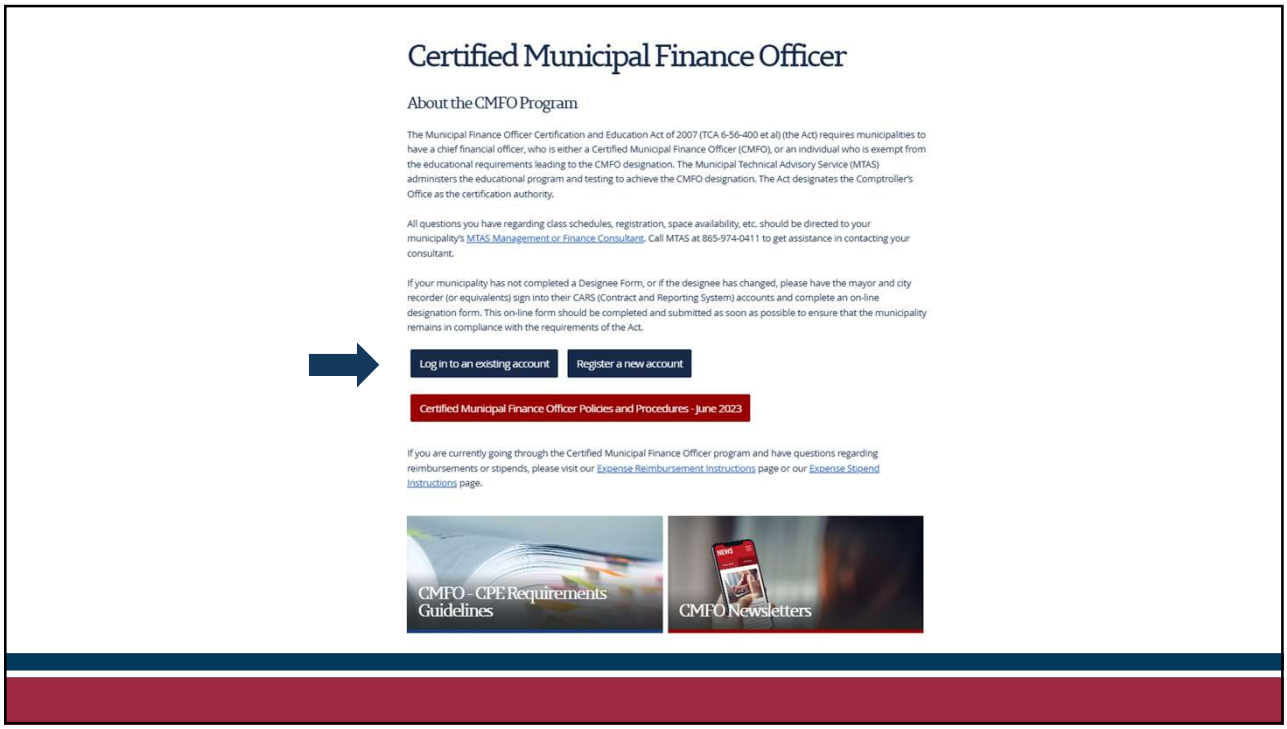
All questions regarding class schedules, registration, space availability, etc. should be directed to CTAS at 615-532-3555.

Login to an existing account | Register a new account

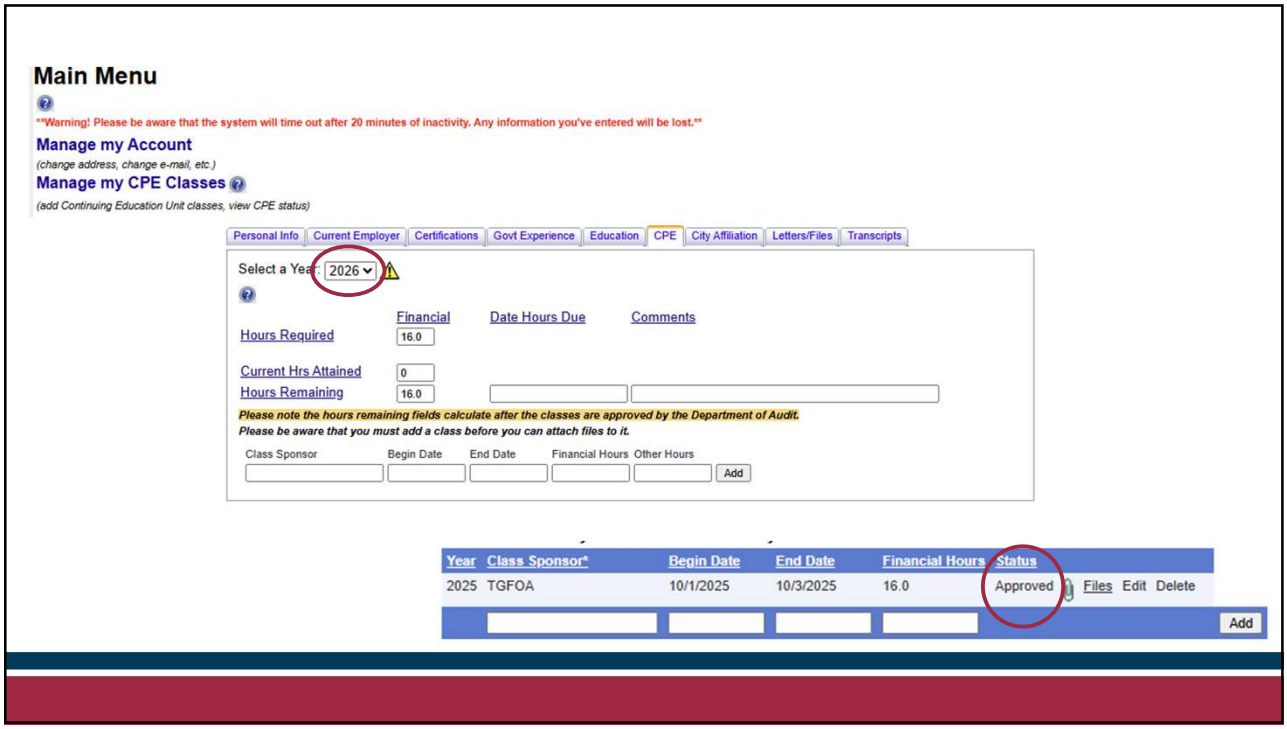




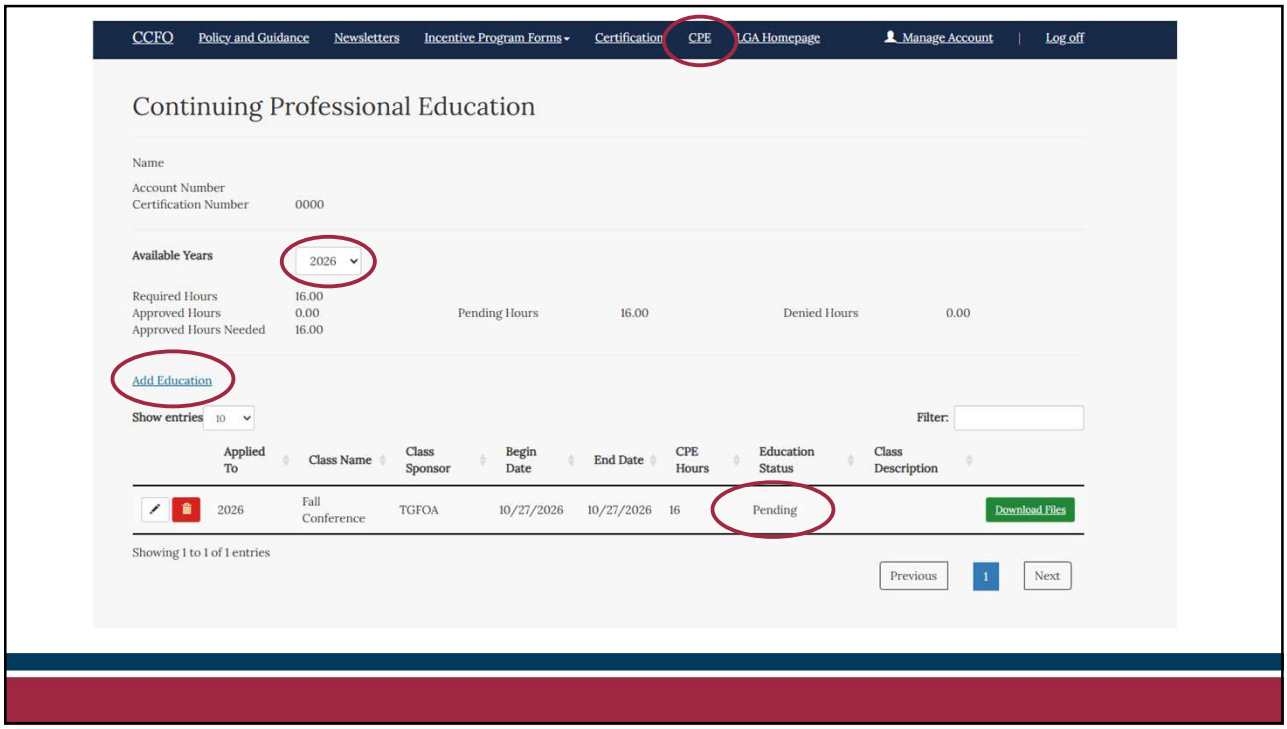
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Certified Municipal Finance Officer
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Log in to an existing account
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CMFO - CPE Requirements Guidelines
CMFO Newsletters

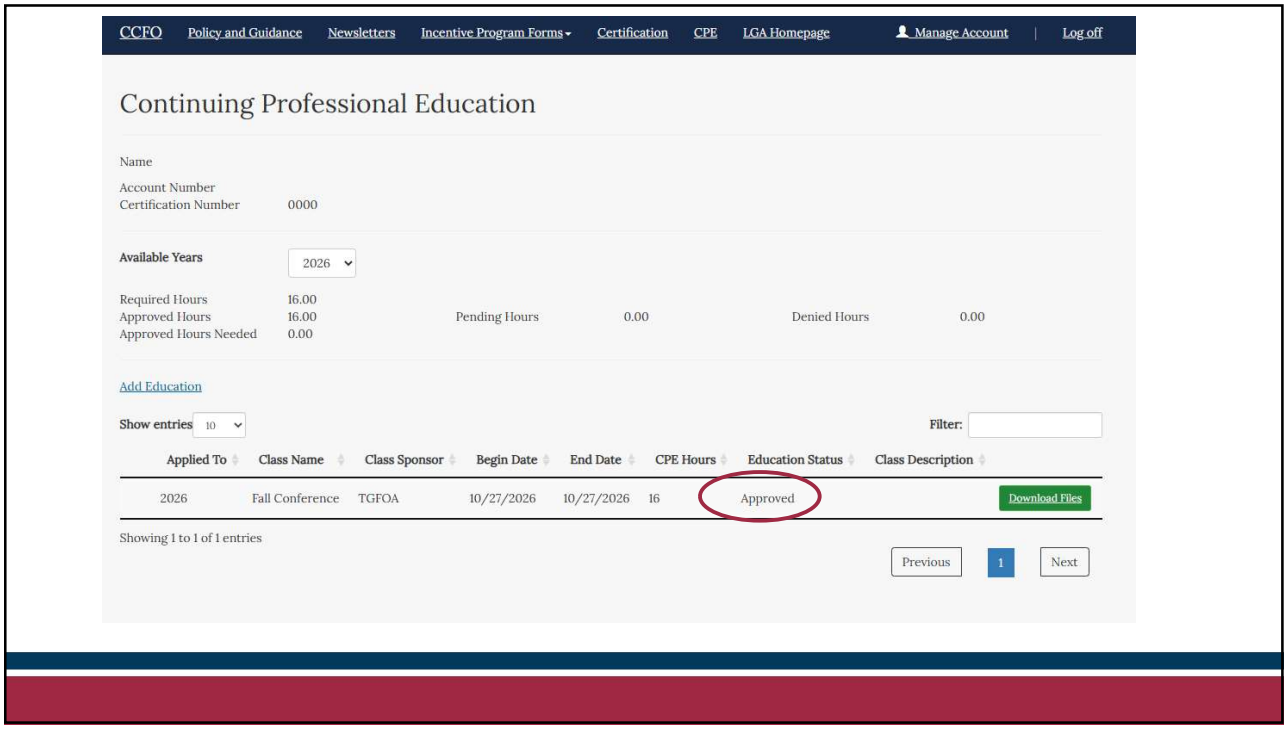
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Main Menu
Warning! Please be aware that the system will time out after 20 minutes of inactivity. Any information you've entered will be lost.
Manage my Account
(change address, change e-mail, etc.)
Manage my CPE Classes
(add Continuing Education Unit classes, view CPE status)
Personal Info
Current Employer
Certifications
Govt Experience
Education
CPE
City Affiliation
Letters/Files
Transcripts
Select a Year: 2026
Financial
Date Hours Due
Comments
Hours Required 16.0
Current Hrs Attained 0
Hours Remaining 16.0
Please note the hours remaining fields calculate after the classes are approved by the Department of Audit.
Please be aware that you must add a class before you can attach files to it.
Class Sponsor
Begin Date
End Date
Financial Hours
Other Hours
Add
Year
Class Sponsor*
Begin Date
End Date
Financial Hours
Status
2025 TGFOA 10/1/2025 10/3/2025 16.0 Approved Files Edit Delete
Add

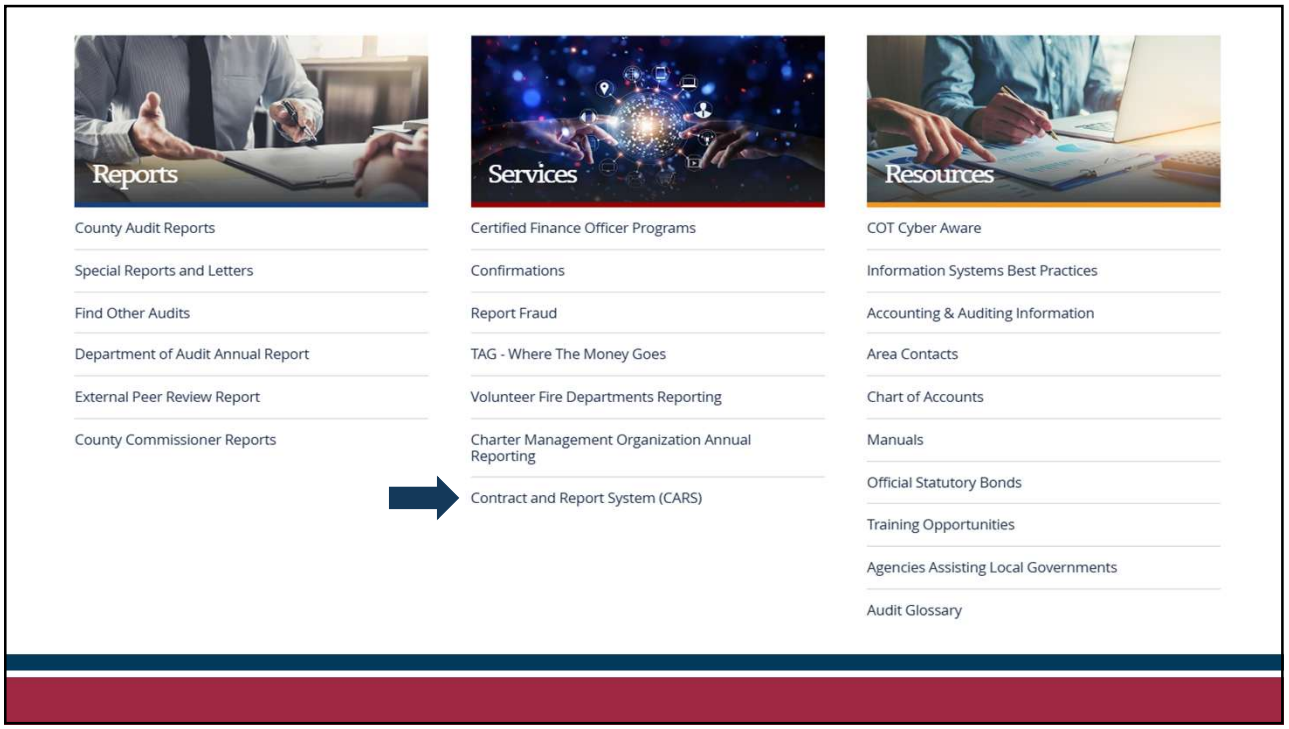
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CCFO
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Incentive Program Forms
Certification
CPE
LGA Homepage
Manage Account
Log off
Continuing Professional Education
Name
Account Number
Certification Number 0000
Available Years 2026
Required Hours 16.00
Approved Hours 0.00
Approved Hours Needed 16.00
Pending Hours 16.00
Denied Hours 0.00
Add Education
Show entries 10
Filter:
Applied To
Class Name
Class Sponsor
Begin Date
End Date
CPE Hours
Education Status
Class Description
2026
Fall Conference
TGFOA
10/27/2026
10/27/2026
16
Pending
Download Files
Showing 1 to 1 of 1 entries
Previous
1
Next

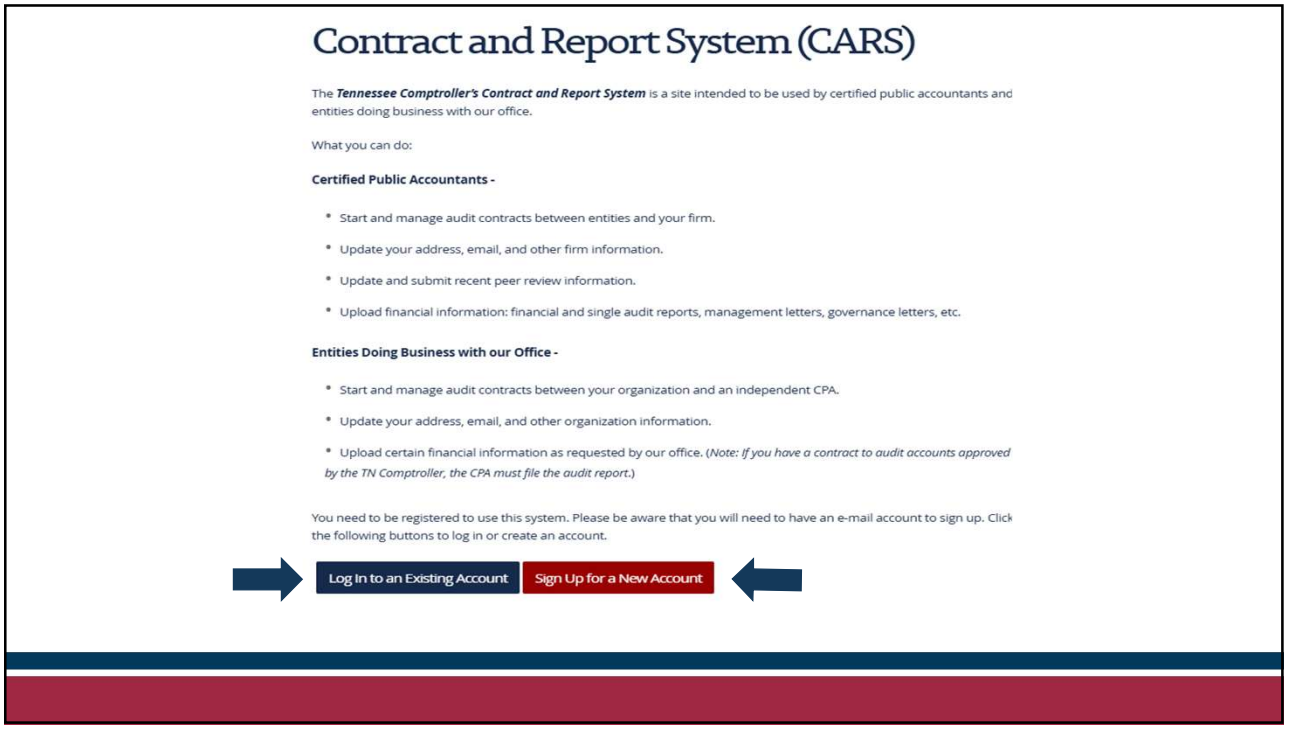
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Certification
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LGA Homepage
Manage Account
Log off
Continuing Professional Education
Name
Account Number
Certification Number 0000
Available Years 2026
Required Hours 16.00
Approved Hours 16.00
Approved Hours Needed 0.00
Pending Hours 0.00
Denied Hours 0.00
Add Education
Show entries 10
Filter:
Applied To
Class Name
Class Sponsor
Begin Date
End Date
CPE Hours
Education Status
Class Description
2026
Fall Conference
TGFOA
10/27/2026
10/27/2026
16
Approved
Download Files
Showing 1 to 1 of 1 entries
Previous
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Next

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Contract and Report System (CARS)
The Tennessee Comptroller's Contract and Report System is a site intended to be used by certified public accountants and entities doing business with our office.
What you can do:
Certified Public Accountants -
Start and manage audit contracts between entities and your firm.
Update your address, email, and other firm information.
Update and submit recent peer review information.
Upload financial information: financial and single audit reports, management letters, governance letters, etc.
Entities Doing Business with our Office -
Start and manage audit contracts between your organization and an independent CPA.
Update your address, email, and other organization information.
Upload certain financial information as requested by our office. (Note: If you have a contract to audit accounts approved by the TN Comptroller, the CPA must file the audit report.)
You need to be registered to use this system. Please be aware that you will need to have an e-mail account to sign up. Click the following buttons to log in or create an account.
Log In to an Existing Account
Sign Up for a New Account

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CARS Account Assistance



Matt Piland

P: (615) 401-7889

Matt.Piland@cot.tn.gov



Sue Ann Odom

P: (615) 401-7738

Sue.Odom@cot.tn.gov

TENNESSEE COMPTROLLER OF THE TREASURY

TENNESSEE COMPTROLLER OF THE TREASURY

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Main Menu

1. Account Information
Manage my Account
(change address, email, etc.)
Manage all Accounts for my Business
(status and signature authority for all accounts)
City/Municipality Information
(mayor, city recorder, CMFO, compliance status, etc.)
Admin users for my business
Financial data summary from your audit reports

City and Audit Info | Annual CMFOA Compliance Reporting | Financials

TENNESSEE COMPTROLLER OF THE TREASURY

TENNESSEE COMPTROLLER OF THE TREASURY

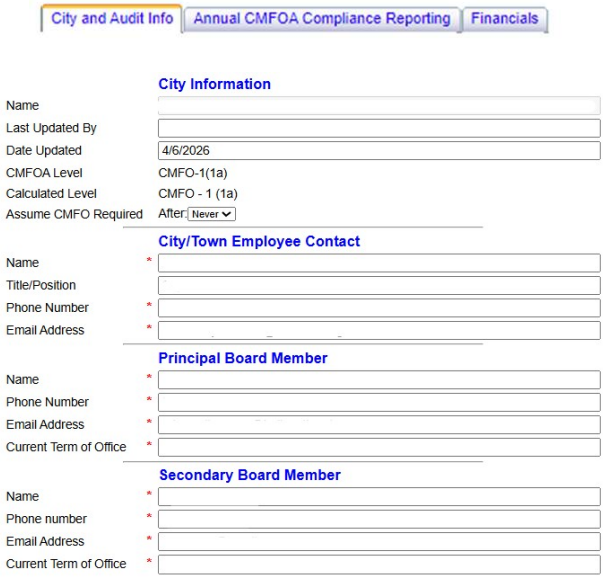
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Municipal Contact Information

Employee Contact →

Mayor →

Vice Mayor or other board member →



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TENNESSEE COMPTROLLER OF THE TREASURY

TENNESSEE COMPTROLLER OF THE TREASURY

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Calendar Year	Employee Name	Employee Title	Department	Begin Date	End Date	Classification
2014		Administrator and CFO	General Government			CPA
2015		Administrator and CFO	General Government			CPA
2016		Administrator and CFO	General Government			CPA
2017		Administrator and CFO	General Government			CPA
2018		Administrator and CFO	General Government			CPA
2019		Administrator and CFO	General Government			CPA
2020		Administrator and CFO	General Government			CPA
2021		Administrator and CFO	General Government			CPA
2022		Administrator and CFO	General Government			CPA
2023		Administraor and CFO	General Government			CPA
2024		Administraor and CFO	General Government			CPA
2024		Administrator and Deputy CFO	General Government			CPA
2025		Administrator and CFO	General Government			CPA
2026	Select one		Select one			Select one



TENNESSEE COMPTROLLER OF THE TREASURY

TENNESSEE COMPTROLLER OF THE TREASURY

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CMFO Penalties

Tennessee Code Annotated 6-56-407(a)

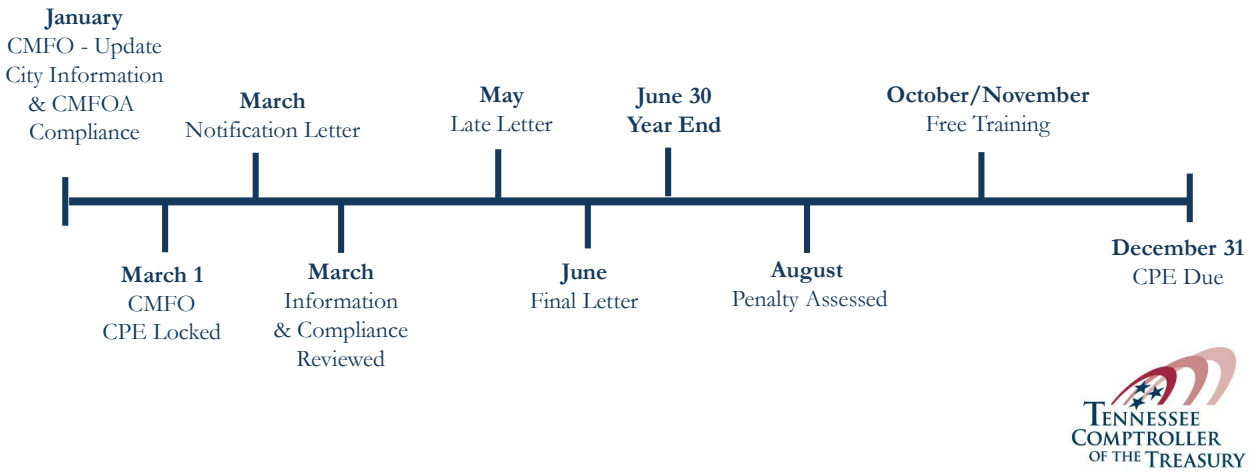
- Sales tax revenue collected and distributed by the state to the municipality shall be reduced by an amount mutually agreed upon by the comptroller of the treasury and the commissioner of revenue. The sales tax revenue reduction shall not exceed fifteen percent (15%) of the total amount due to the municipality in a fiscal year, until the municipality is in compliance with § 6-56-402;
- The amounts reduced as a penalty pursuant to this section shall be held in reserve by the department of revenue and allocated to the municipality after the municipality complies with § 6-56-402 as determined by the comptroller of the treasury.

TENNESSEE COMPTROLLER OF THE TREASURY

TENNESSEE COMPTROLLER OF THE TREASURY

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CMFO Timeline



TENNESSEE COMPTROLLER OF THE TREASURY

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Written Attestation – TCA Section 4-1-422(d)

- No grants sought or received that infringe or restrict private property rights without due process
- Applicable to all political subdivisions
- Signed by executive (e.g., Mayor or board member)
- Effective 7/1/24

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Written Attestation – TCA Sections 5-1-135, 6-54-150, and 7-3-107

- No discriminatory preference used in an effort to increase diversity, equity, or inclusion (DEI)
- Applicable to counties, municipalities, and metropolitan governments
- Signed by executive head (e.g., Mayor)
- Effective 1/1/27

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Written Attestation

Written Attestations

Tennessee Code Annotated Sections 4-1-422, 5-1-135, 6-54-150, and 7-3-107

I _____, _____
(Printed Name) (Printed Title – Must be Executive Head of Political Subdivision)

attest that the _____
(Name of Political Subdivision)

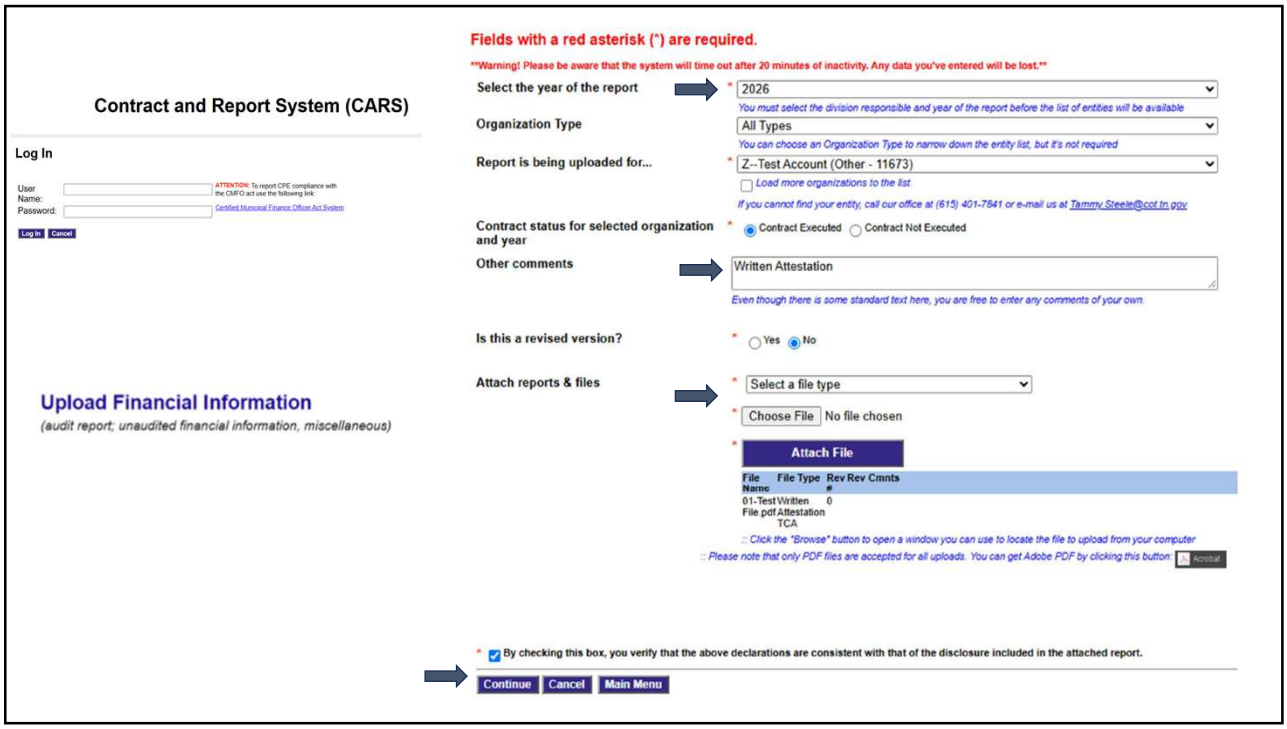
(a) has not sought or received a grant in intentional pursuit of a policy described under subsection (b) of Tennessee Code Annotated, § 4-1-422 for the fiscal year ended June 30, 2026; and

(b) has not used a discriminatory preference in an effort to increase diversity, equity, or inclusion or established or maintained an office, division, or department for such purposes in violation of Tennessee Code Annotated § 5-1-135, § 6-54-150, or § 7-3-107, as applicable to the political subdivision, from May 2025, through the date of this attestation.

_____
(Signature)

_____
(Date)

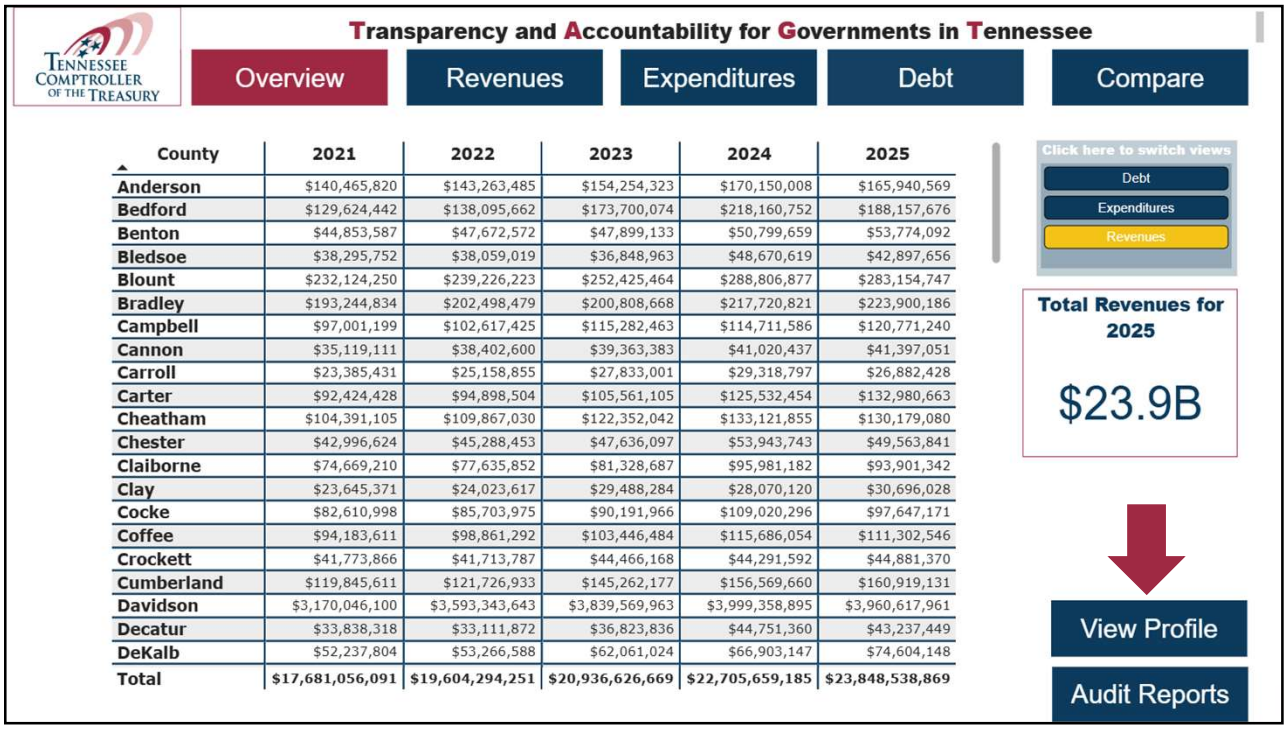
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Contract and Report System (CARS)
Log In
User Name:
Password:
Log In
Cancel
Upload Financial Information
(audit report; unaudited financial information, miscellaneous)
Fields with a red asterisk (*) are required.
Warning! Please be aware that the system will time out after 20 minutes of inactivity. Any data you've entered will be lost.
Select the year of the report
2026
You must select the division responsible and year of the report before the list of entities will be available
Organization Type
All Types
You can choose an Organization Type to narrow down the entity list, but it's not required
Report is being uploaded for...
Z--Test Account (Other - 11673)
Load more organizations to the list
If you cannot find your entity, call our office at (615) 401-7841 or e-mail us at Tammy.Steele@cot.tn.gov
Contract status for selected organization and year
Contract Executed
Contract Not Executed
Other comments
Written Attestation
Even though there is some standard text here, you are free to enter any comments of your own.
Is this a revised version?
Yes
No
Attach reports & files
Select a file type
Choose File
No file chosen
Attach File
File Name
File Type
Rev #
Rev Cmnts
01-Test File.pdf
Written Attestation
TCA
0
:: Click the "Browse" button to open a window you can use to locate the file to upload from your computer
:: Please note that only PDF files are accepted for all uploads. You can get Adobe PDF by clicking this button:
By checking this box, you verify that the above declarations are consistent with that of the disclosure included in the attached report.
Continue
Cancel
Main Menu

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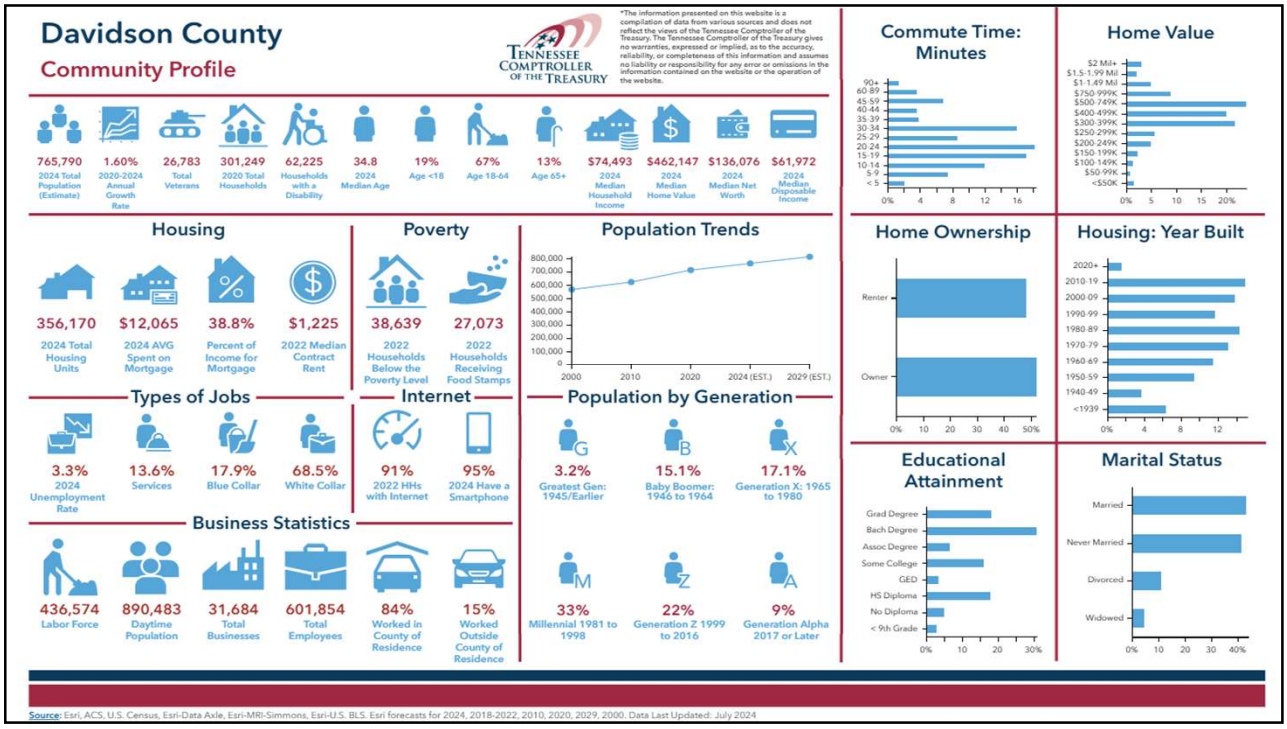

TAG
Transparency and Accountability for Governments in Tennessee
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Training Opportunities
Agencies Assisting Local Governments
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County	2021	2022	2023	2024	2025
Anderson	$140,465,820	$143,263,485	$154,254,323	$170,150,008	$165,940,569
Bedford	$129,624,442	$138,095,662	$173,700,074	$218,160,752	$188,157,676
Benton	$44,853,587	$47,672,572	$47,899,133	$50,799,659	$53,774,092
Bledsoe	$38,295,752	$38,059,019	$36,848,963	$48,670,619	$42,897,656
Blount	$232,124,250	$239,226,223	$252,425,464	$288,806,877	$283,154,747
Bradley	$193,244,834	$202,498,479	$200,808,668	$217,720,821	$223,900,186
Campbell	$97,001,199	$102,617,425	$115,282,463	$114,711,586	$120,771,240
Cannon	$35,119,111	$38,402,600	$39,363,383	$41,020,437	$41,397,051
Carroll	$23,385,431	$25,158,855	$27,833,001	$29,318,797	$26,882,428
Carter	$92,424,428	$94,898,504	$105,561,105	$125,532,454	$132,980,663
Cheatham	$104,391,105	$109,867,030	$122,352,042	$133,121,855	$130,179,080
Chester	$42,996,624	$45,288,453	$47,636,097	$53,943,743	$49,563,841
Claiborne	$74,669,210	$77,635,852	$81,328,687	$95,981,182	$93,901,342
Clay	$23,645,371	$24,023,617	$29,488,284	$28,070,120	$30,696,028
Cocke	$82,610,998	$85,703,975	$90,191,966	$109,020,296	$97,647,171
Coffee	$94,183,611	$98,861,292	$103,446,484	$115,686,054	$111,302,546
Crockett	$41,773,866	$41,713,787	$44,466,168	$44,291,592	$44,881,370
Cumberland	$119,845,611	$121,726,933	$145,262,177	$156,569,660	$160,919,131
Davidson	$3,170,046,100	$3,593,343,643	$3,839,569,963	$3,999,358,895	$3,960,617,961
Decatur	$33,838,318	$33,111,872	$36,823,836	$44,751,360	$43,237,449
DeKalb	$52,237,804	$53,266,588	$62,061,024	$66,903,147	$74,604,148
Total	$17,681,056,091	$19,604,294,251	$20,936,626,669	$22,705,659,185	$23,848,538,869

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TAG

Transparency and Accountability for Governments in Tennessee

Transparency and Accountability for Governments in Tennessee

County TAG Dashboard | Municipal TAG Dashboard

Welcome to the Transparency and Accountability for Governments (TAG) in Tennessee website.

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Tennessee Comptroller of the Treasury

Transparency and Accountability for Governments in Tennessee

Overview | Comparison | Financial Detail

Select View

Revenues | Expenditures | Assets | Liabilities | Fund Balances

Filter by Population

All

Filter by Municipality

Multiple selections

Filter by Fund

All

NOTE: FY25 municipality data will be added as the audit reports become available.

Revenues

Municipality	2024	2025
Adams	$1,029,263	$1,227,852
Adamsville	$7,411,202	$7,561,097
Alamo	$10,506,268	$11,128,565
Alcoa	$202,700,713	$219,044,904
Alexandria	$1,711,594	$1,870,641
Algood	$8,357,378	$8,440,287
Altamont	$876,922	$882,411
Ardmore	$2,183,712	$2,036,255
Arlington	$96,716,804	$96,695,604
Athens	$100,389,442	$68,876,526
Atoka	$15,377,216	$14,891,768
Atwood	$1,136,546	$1,138,080
Auburntown	$120,161	$107,440
Baileyton	$1,069,531	$1,039,878
Bartlett	$247,803,538	$247,971,664
Beersheba Springs	$125,018	$134,347
Bell Buckle	$1,445,080	$1,716,489
Belle Meade	$7,331,090	$8,149,800
Bells	$9,259,823	$9,894,386
Total	**$15,307,543,466**	**$13,080,370,929**

Average Population

11,814

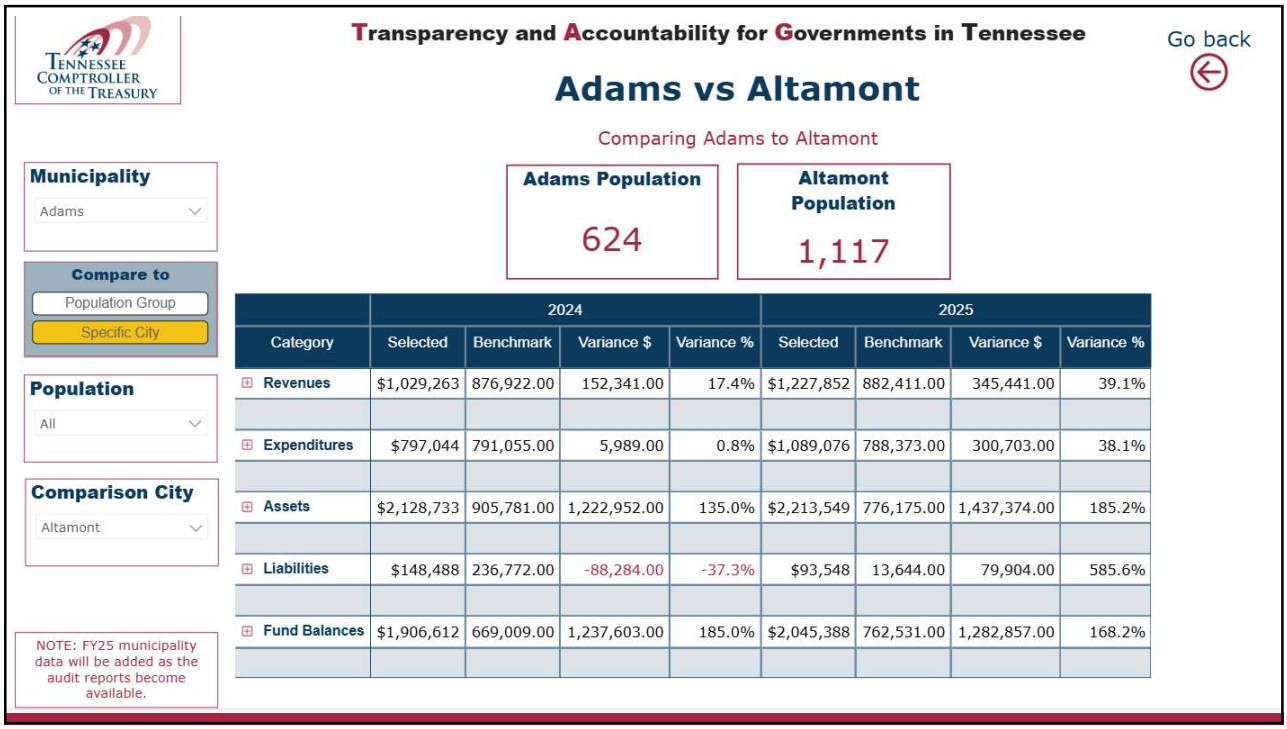
# of Municipalities

340

Select a municipality to navigate to one of these resources:

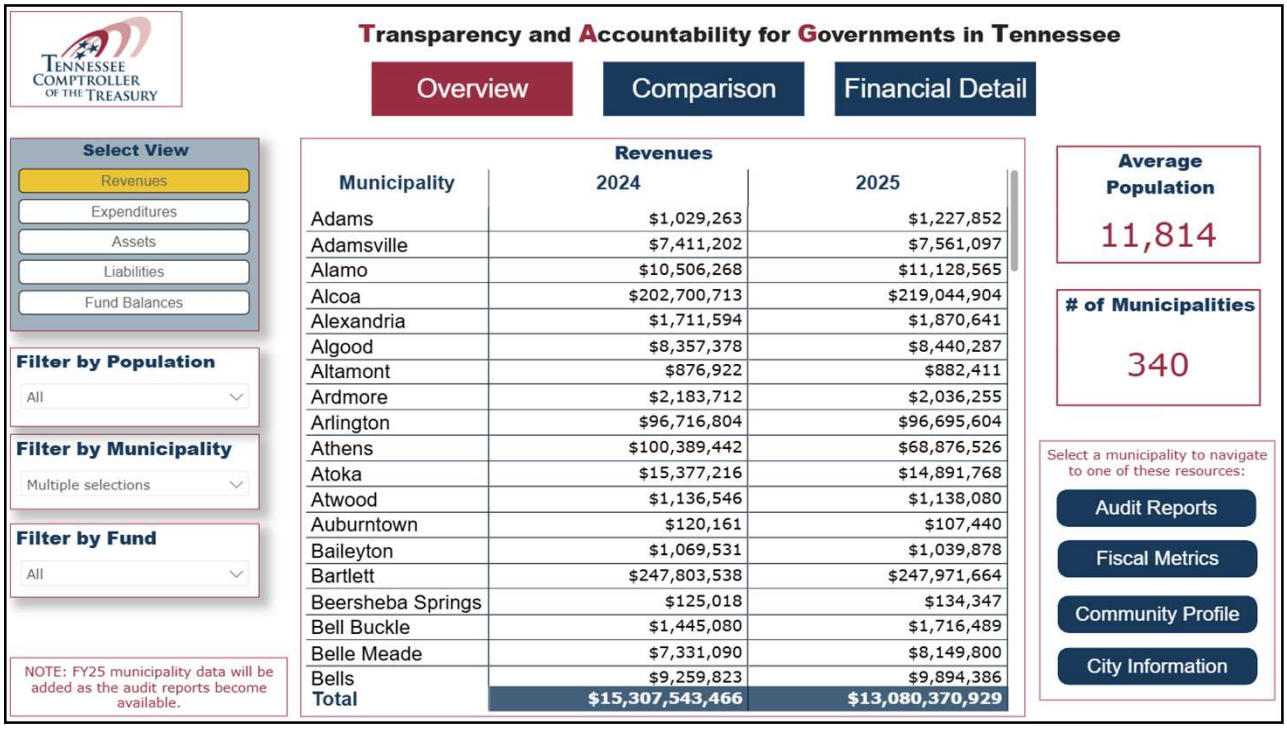
Audit Reports | Fiscal Metrics | Community Profile | City Information

38



	2024				2025			
Category	Selected	Benchmark	Variance $	Variance %	Selected	Benchmark	Variance $	Variance %
Revenues	$1,029,263	876,922.00	152,341.00	17.4%	$1,227,852	882,411.00	345,441.00	39.1%
Expenditures	$797,044	791,055.00	5,989.00	0.8%	$1,089,076	788,373.00	300,703.00	38.1%
Assets	$2,128,733	905,781.00	1,222,952.00	135.0%	$2,213,549	776,175.00	1,437,374.00	185.2%
Liabilities	$148,488	236,772.00	-88,284.00	-37.3%	$93,548	13,644.00	79,904.00	585.6%
Fund Balances	$1,906,612	669,009.00	1,237,603.00	185.0%	$2,045,388	762,531.00	1,282,857.00	168.2%

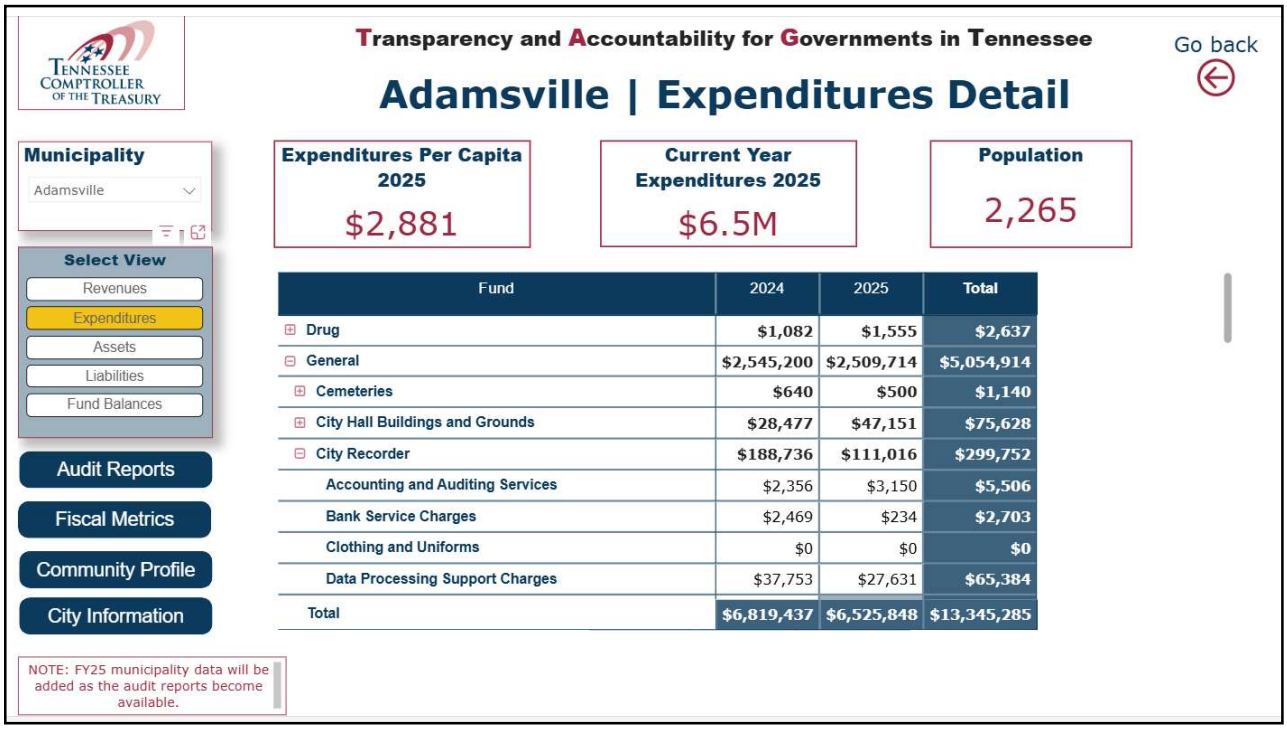
39



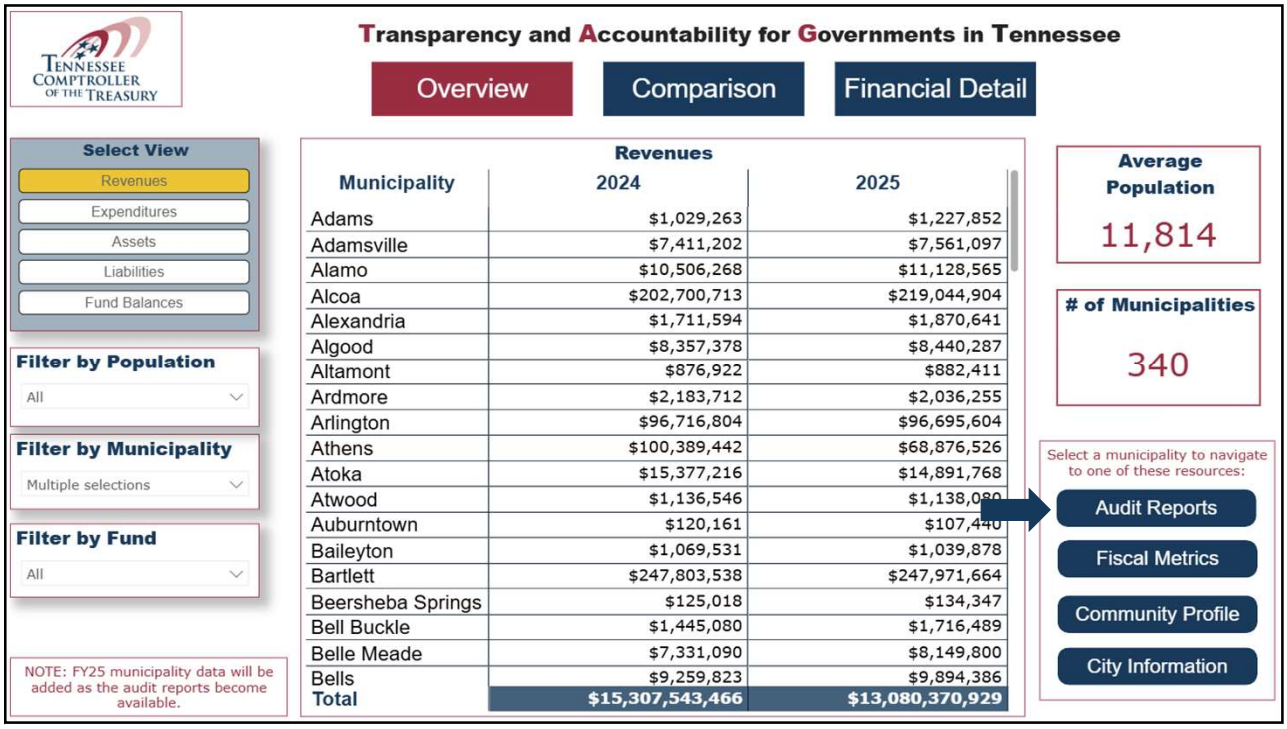
Revenues

Municipality	2024	2025
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Adamsville	$7,411,202	$7,561,097
Alamo	$10,506,268	$11,128,565
Alcoa	$202,700,713	$219,044,904
Alexandria	$1,711,594	$1,870,641
Algood	$8,357,378	$8,440,287
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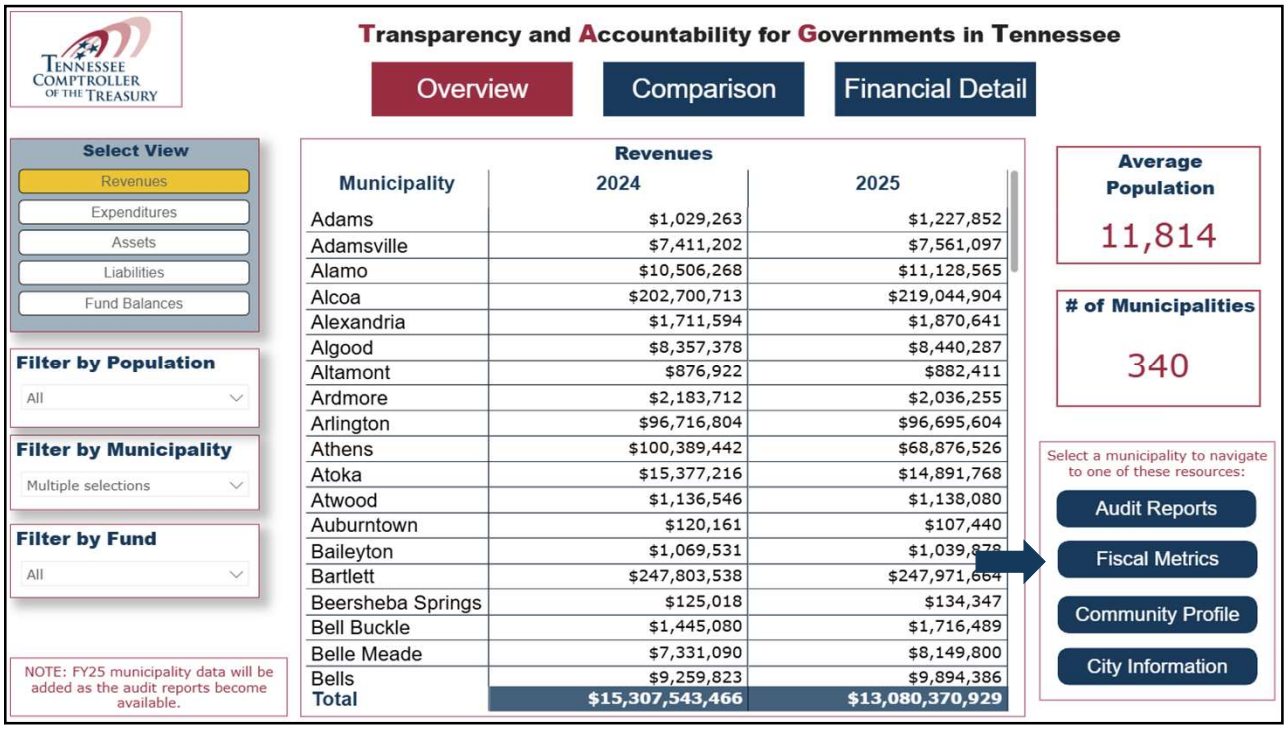
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Transparency and Accountability for Governments in Tennessee
Go back
Adamsville | Expenditures Detail
Municipality
Adamsville
Select View
Revenues
Expenditures
Assets
Liabilities
Fund Balances
Audit Reports
Fiscal Metrics
Community Profile
City Information
Expenditures Per Capita 2025
$2,881
Current Year Expenditures 2025
$6.5M
Population
2,265
Fund | 2024 | 2025 | Total
Drug | $1,082 | $1,555 | $2,637
General | $2,545,200 | $2,509,714 | $5,054,914
Cemeteries | $640 | $500 | $1,140
City Hall Buildings and Grounds | $28,477 | $47,151 | $75,628
City Recorder | $188,736 | $111,016 | $299,752
Accounting and Auditing Services | $2,356 | $3,150 | $5,506
Bank Service Charges | $2,469 | $234 | $2,703
Clothing and Uniforms | $0 | $0 | $0
Data Processing Support Charges | $37,753 | $27,631 | $65,384
Total | $6,819,437 | $6,525,848 | $13,345,285
NOTE: FY25 municipality data will be added as the audit reports become available.

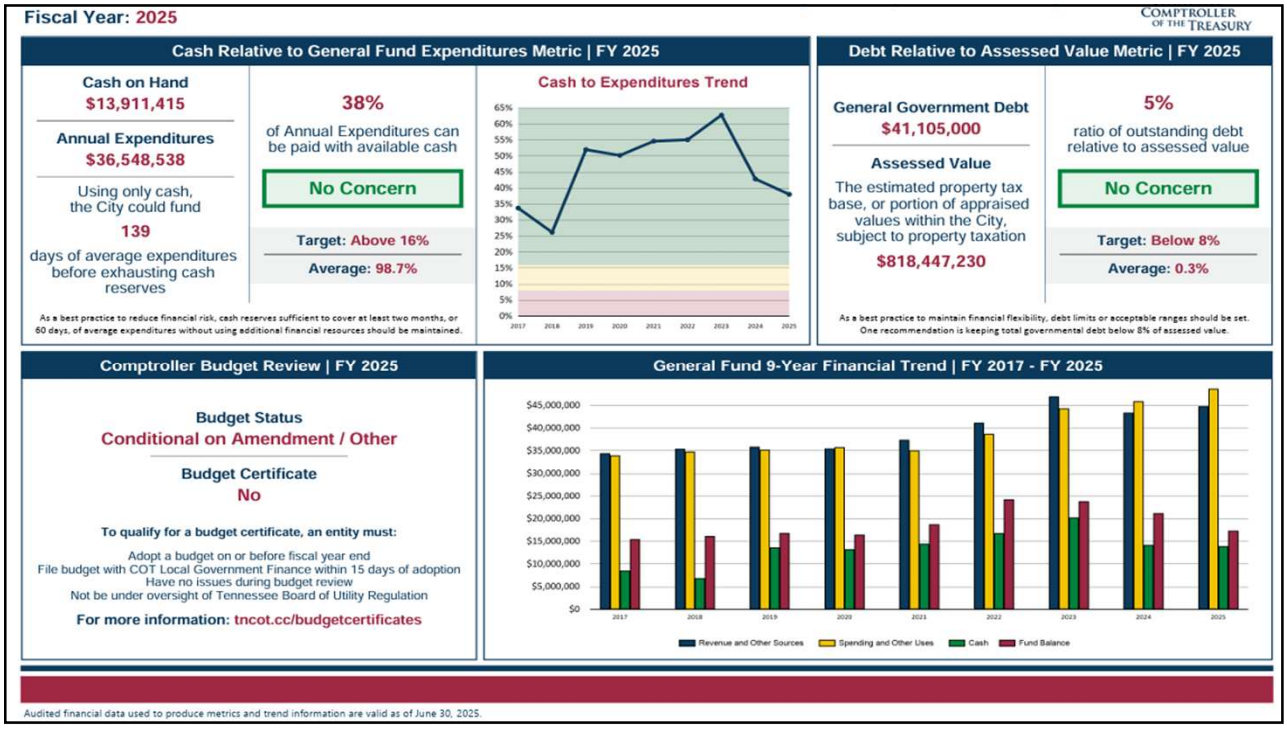
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Transparency and Accountability for Governments in Tennessee
Overview
Comparison
Financial Detail
Select View
Revenues
Expenditures
Assets
Liabilities
Fund Balances
Filter by Population
All
Filter by Municipality
Multiple selections
Filter by Fund
All
Revenues
Municipality | 2024 | 2025
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Audit Reports
Fiscal Metrics
Community Profile
City Information
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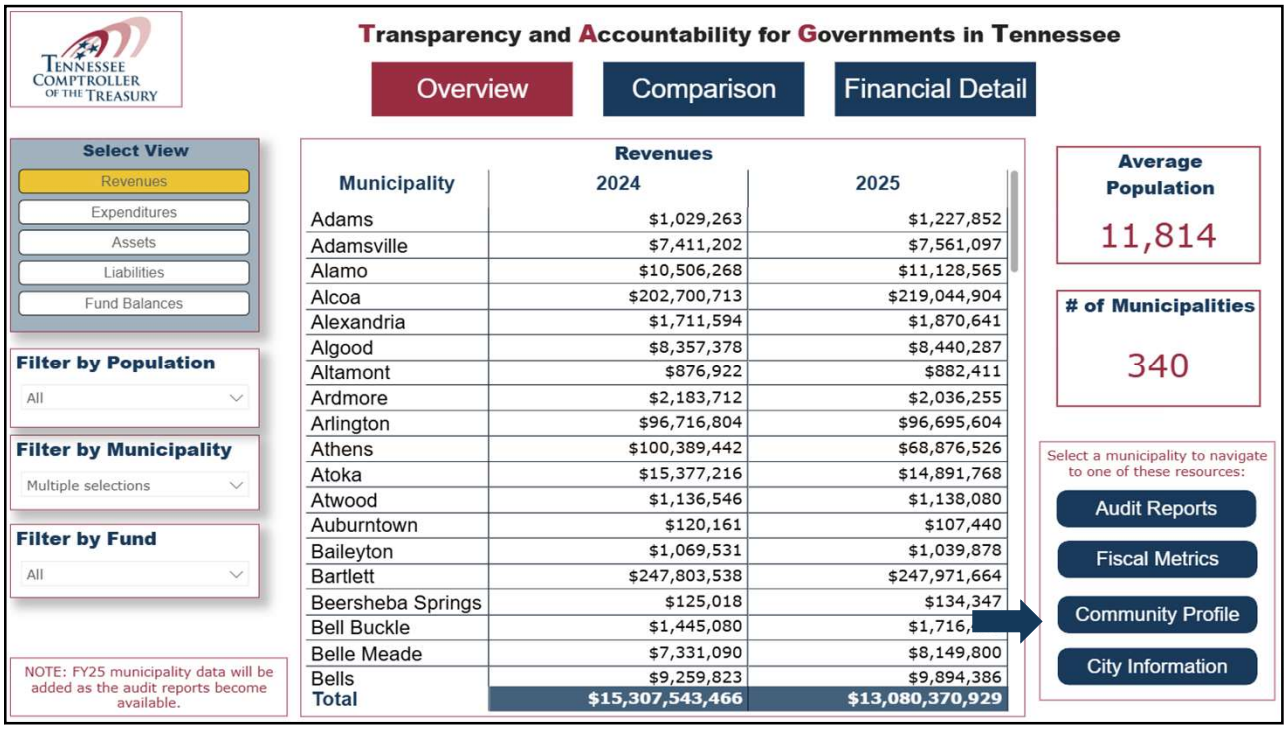
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Tennessee Comptroller of the Treasury
Transparency and Accountability for Governments in Tennessee
Overview
Comparison
Financial Detail
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Revenues
Expenditures
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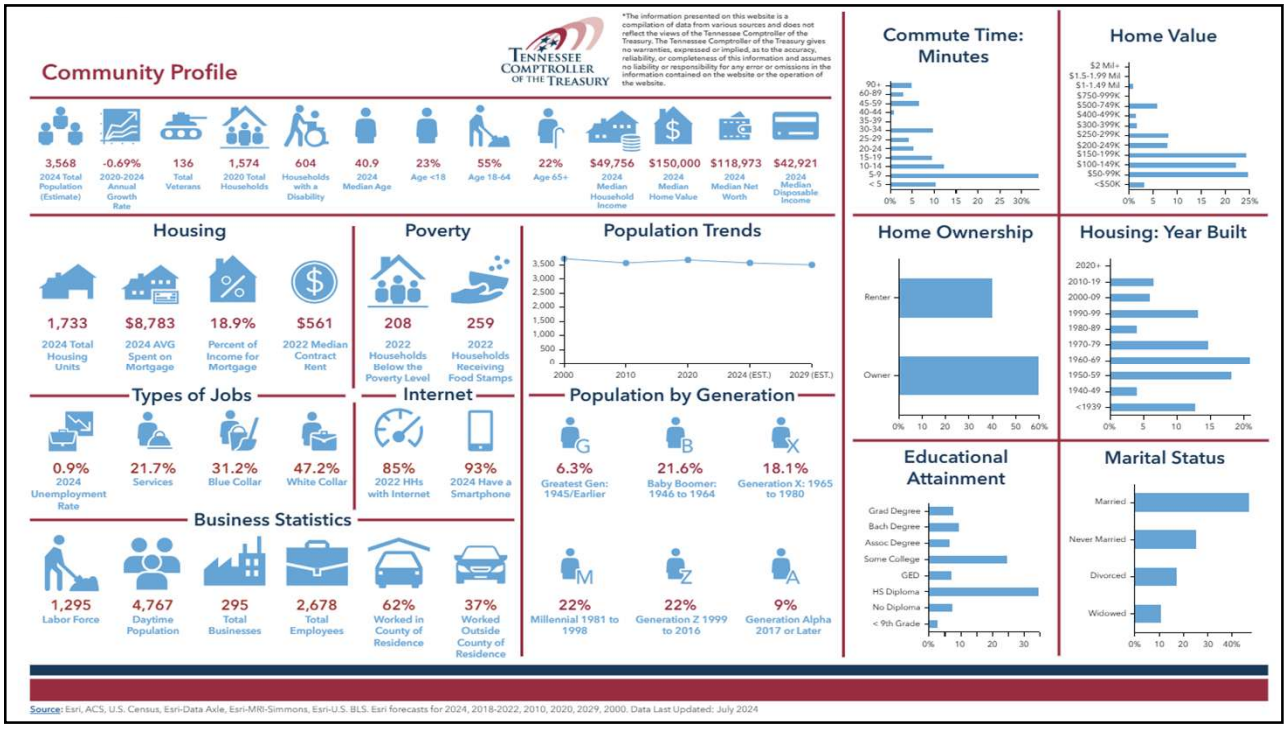
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Fiscal Year: 2025
Comptroller of the Treasury
Cash Relative to General Fund Expenditures Metric | FY 2025
Cash on Hand
$13,911,415
Annual Expenditures
$36,548,538
Using only cash, the City could fund
139
days of average expenditures before exhausting cash reserves
38%
of Annual Expenditures can be paid with available cash
No Concern
Target: Above 16%
Average: 98.7%
Cash to Expenditures Trend
As a best practice to reduce financial risk, cash reserves sufficient to cover at least two months, or 60 days, of average expenditures without using additional financial resources should be maintained.
Debt Relative to Assessed Value Metric | FY 2025
General Government Debt
$41,105,000
Assessed Value
The estimated property tax base, or portion of appraised values within the City, subject to property taxation
$818,447,230
5%
ratio of outstanding debt relative to assessed value
No Concern
Target: Below 8%
Average: 0.3%
As a best practice to maintain financial flexibility, debt limits or acceptable ranges should be set. One recommendation is keeping total governmental debt below 8% of assessed value.
Comptroller Budget Review | FY 2025
Budget Status
Conditional on Amendment / Other
Budget Certificate
No
To qualify for a budget certificate, an entity must:
Adopt a budget on or before fiscal year end
File budget with COT Local Government Finance within 15 days of adoption
Have no issues during budget review
Not be under oversight of Tennessee Board of Utility Regulation
For more information: tncot.cc/budgetcertificates
General Fund 9-Year Financial Trend | FY 2017 - FY 2025
Revenue and Other Sources
Spending and Other Uses
Cash
Fund Balance
Audited financial data used to produce metrics and trend information are valid as of June 30, 2025.

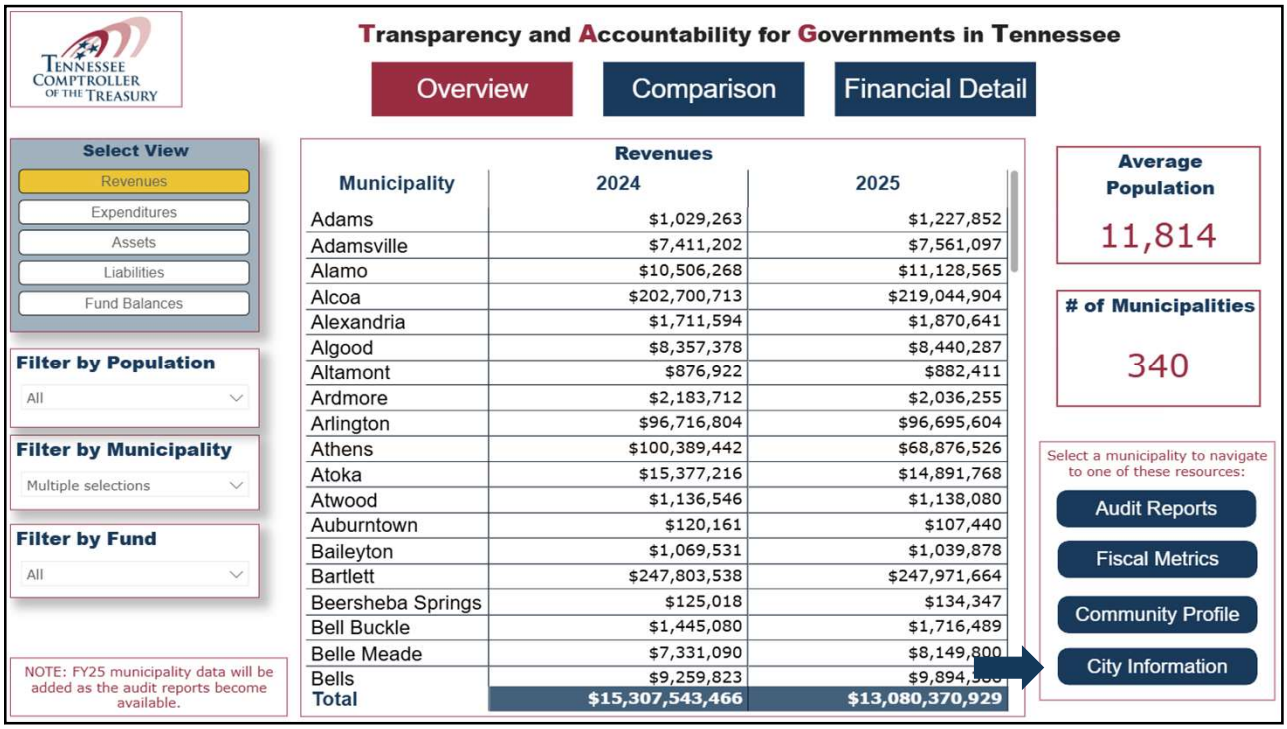
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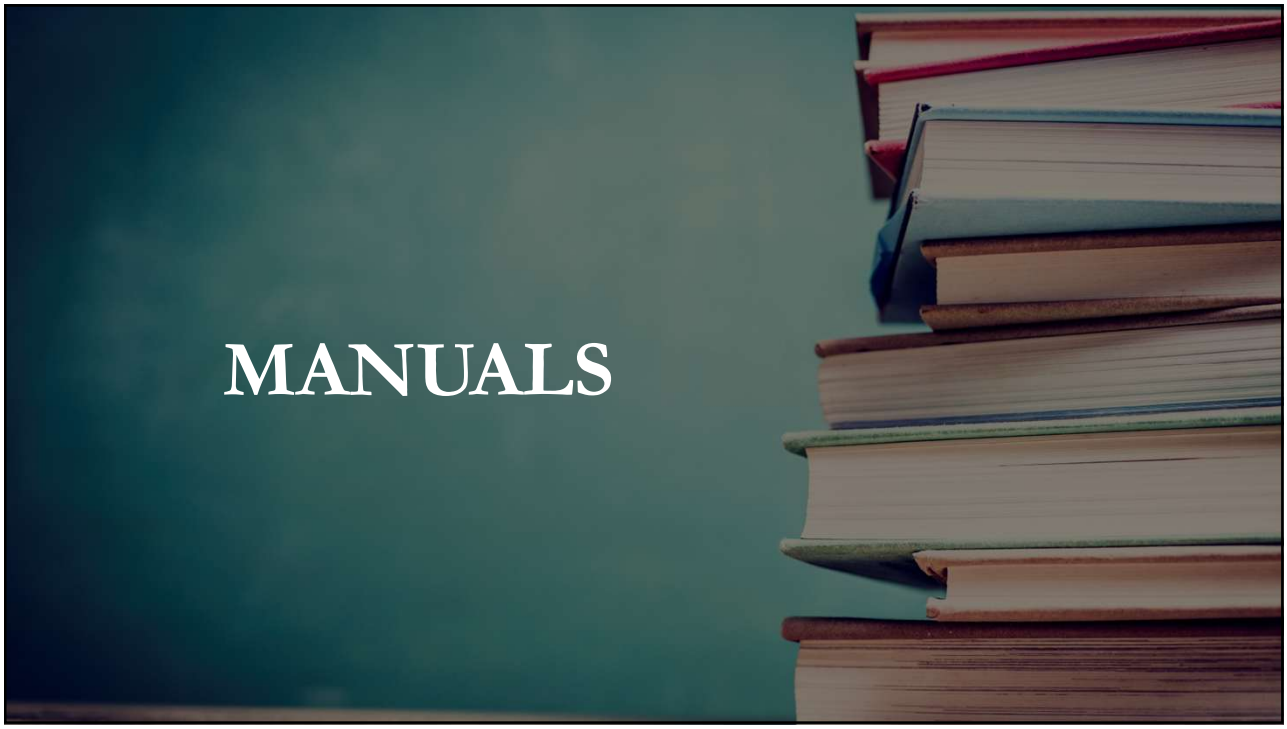
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Community Profile
3,568 2024 Total Population (Estimate)
-0.69% 2020-2024 Annual Growth Rate
136 Total Veterans
1,574 2020 Total Households
604 Households with a Disability
40.9 2024 Median Age
23% Age <18
55% Age 18-64
22% Age 65+
$49,756 2024 Median Household Income
$150,000 2024 Median Home Value
$118,973 2024 Median Net Worth
$42,921 2024 Median Disposable Income
Housing
1,733 2024 Total Housing Units
$8,783 2024 AVG Spent on Mortgage
18.9% Percent of Income for Mortgage
$561 2022 Median Contract Rent
Poverty
208 2022 Households Below the Poverty Level
259 2022 Households Receiving Food Stamps
Population Trends
Types of Jobs
0.9% 2024 Unemployment Rate
21.7% Services
31.2% Blue Collar
47.2% White Collar
Internet
85% 2022 HHs with Internet
93% 2024 Have a Smartphone
Population by Generation
6.3% Greatest Gen: 1945/Earlier
21.6% Baby Boomer: 1946 to 1964
18.1% Generation X: 1965 to 1980
22% Millennial 1981 to 1998
22% Generation Z 1999 to 2016
9% Generation Alpha 2017 or Later
Business Statistics
1,295 Labor Force
4,767 Daytime Population
295 Total Businesses
2,678 Total Employees
62% Worked in County of Residence
37% Worked Outside County of Residence
Commute Time: Minutes
Home Value
Home Ownership
Renter
Owner
Housing: Year Built
Educational Attainment
Grad Degree
Bach Degree
Assoc Degree
Some College
GED
HS Diploma
No Diploma
< 9th Grade
Marital Status
Married
Never Married
Divorced
Widowed
Source: Esri, ACS, U.S. Census, Esri-Data Axle, Esri-MRI-Simmons, Esri-U.S. BLS. Esri forecasts for 2024, 2018-2022, 2010, 2020, 2029, 2000. Data Last Updated: July 2024

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Tennessee Comptroller of the Treasury
Transparency and Accountability for Governments in Tennessee
Overview
Comparison
Financial Detail
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Revenues
Expenditures
Assets
Liabilities
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MANUALS

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Manuals



- County Audit Reports
- Special Reports and Letters
- Find Other Audits
- Department of Audit Annual Report
- External Peer Review Report
- County Commissioner Reports



- Certified Finance Officer Programs
- Contract And Report System (CARS)
- Confirmations
- Report Fraud
- TAG - Where The Money Goes
- Volunteer Fire Departments Reporting
- Charter Management Organization Annual Reporting



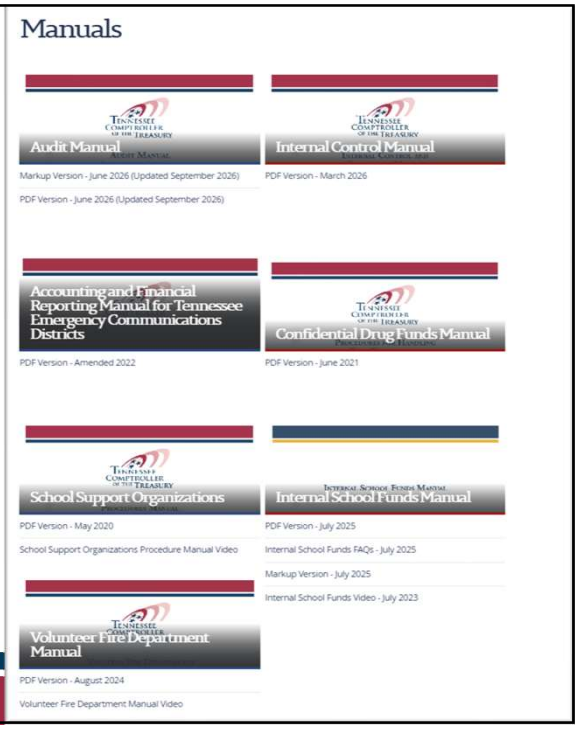
- COT Cyber Aware
- Information Systems Best Practices
- Accounting & Auditing Information
- Area Contacts
- Chart of Accounts
- Manuals
- Training Opportunities
- Agencies Assisting Local Governments
- Audit Glossary

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Manuals

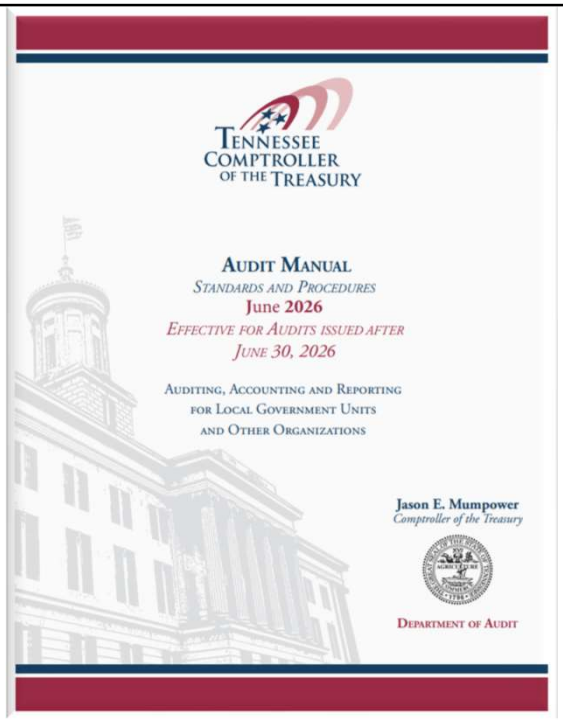
- **Audit Manual**
- **Internal Control Manual**
- Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts
- Confidential Drug Funds Manual
- School Support Organizations
- Internal School Funds Manual
- Volunteer Fire Department Manual

TENNESSEE COMPTROLLER OF THE TREASURY



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Audit Manual Updates



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Auditor Rotation

- Added within Section A
- *Government Auditing Standards* do not require mandatory audit firm rotation, but they do acknowledge it can be an independence threat
  - Firms should evaluate whether this threat exists and ensure safeguards are applied
  - Comptroller's Office may deny approval of an audit contract if it is determined an audit firm has not maintained independence
- Local governments should evaluate and select audit services through a qualifications-based procurement process

Tennessee Comptroller of the Treasury

Tennessee Comptroller of the Treasury

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ADA Web Accessibility

New Compliance Deadline:



- April 26, 2027:
  State and local governments with 50,000+
- April 26, 2028:
  State and local governments under 50,000 and special district governments

TENNESSEE COMPTROLLER OF THE TREASURY

TENNESSEE COMPTROLLER OF THE TREASURY

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Electronic Contracting and Reporting Requirements

Types of Files that Must be Uploaded if Applicable

File Content	File Type	ADA Accessibility Required
Annual Audit Report/ Annual Financial Report	PDF	Yes
Audit Conclusions – Comptroller's Referral Letter	PDF	
Chart of Accounts Crosswalk	Excel	
Compliance Examination Engagement	PDF	
Federal Form 990 (Specialty License Reporting)	PDF	
Management Letter	PDF	
Schedule of Cash Shortages and Other Thefts	PDF	
Separate Single Audit	PDF	Yes
Specialty License Plate Annual Accounting	PDF	
Unaudited Financial Information	PDF	
Written Attestation TCA 4-1-422	PDF	

TENNESSEE COMPTROLLER OF THE TREASURY

TENNESSEE COMPTROLLER OF THE TREASURY

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Cash Shortages and Other Thefts

Instances of fraud that do not warrant the attention of those charged with governance.	No identified requirement.	1) for situations involving amounts greater than $1,000: Address such matters, regardless of materiality or significance, in (a) the report on internal control over financial reporting and compliance and other matter(s) as a finding; and (b) a schedule of cash shortages and other thefts – current and prior years. 2) for situations involving amounts less than $1,000 AND where management or the board is involved in the matter report such matters in (a) the report on internal control over financial reporting and compliance and other matter(s) as a finding; and (b) a schedule of cash shortages and other thefts – current and prior years. 3) for situations involving amounts less than $1,000 AND where management or the board is not involved in the matter, report such matters. (a) to management in writing and submit a copy of the management letter through CARS with the audit report submission.

TENNESSEE COMPTROLLER OF THE TREASURY

TENNESSEE COMPTROLLER OF THE TREASURY

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Schedule of Expenditures of Federal Awards and State Financial Assistance

- Clarified the schedule is required if any federal or state assistance is expended, regardless of amount
- Detailed the minimum requirements when not subject to Single Audit:
  - Federal agency
  - State agency
  - Pass-through agency
  - Assistance listing number
  - State contract number
  - Amount provided to subrecipients
  - Expenditures
  - Basis of presentation

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Summary Schedule of Prior Year Findings

- Detailed what must be included on this schedule
  - Original, prior-year, and current-year finding number
  - Whether the finding is corrected, partially corrected, or not corrected
  - Reasons for a reoccurring finding and the planned corrective action
    - May be reported in the Corrective Action Plan, with a reference to that plan
- Best practice to submit on entity letterhead

Budgetary Comparison Information

- General fund and major special revenue funds with annual appropriated budgets should be reported as required supplementary information (RSI).
- Nonmajor governmental funds with annual appropriated budgets should be presented as supplementary information (SI).

Schedule of Transfers

Town of Anywhere, Tennessee
Schedule of Interfund Transfers
For the Year Ended June 30, 20XX

From Fund	To Fund	Purpose	Amount
General	Debt Service	Principal and interest payments	$ 861,520
General	Transit System	To fund an operational deficit	312,796
General	Parks	To fund picnic shelters and paths at Laury Park	175,000
General	Corrections	To support operations	375,000
Capital Projects	Debt Service	Portion of bond proceeds used for a mandatory reserve	1,340,000
Highway/Public Works	Capital Projects	To pay for a corridor study	98,231
Solid Waste	Capital Projects	To fund a new recycling center	411,300
State Street Aid	Capital Projects	To fund street projects	189,141
Electric	General	In-lieu of tax payment	700,000
Water	General	In-lieu of tax payment	230,000
Total Transfers			$ 4,692,988

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Internal Audit

- All audit reports issued by internal audit staff must include a statement that the audit was conducted in accordance with Global Internal Audit Standards issued by the Institute of Internal Auditors or *Government Auditing Standards*
- Working papers are confidential
- Should maintain written policies and procedures
- When an external auditor uses the work of an internal audit staff, the external auditor should ensure compliance with AU-C 610, *Using the Work of Internal Auditors*

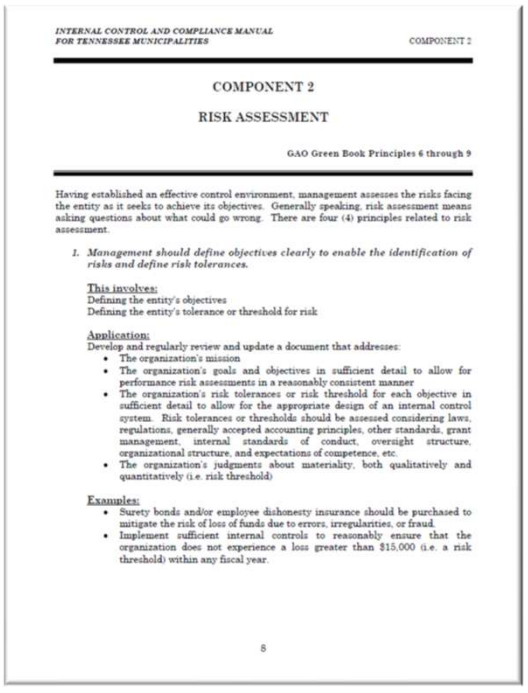
TENNESSEE COMPTROLLER OF THE TREASURY

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Internal Control Manual Updates



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INTERNAL CONTROL AND COMPLIANCE MANUAL FOR TENNESSEE MUNICIPALITIES COMPONENT 2

COMPONENT 2

RISK ASSESSMENT

GAO Green Book Principles 6 through 9

Having established an effective control environment, management assesses the risks facing the entity as it seeks to achieve its objectives. Generally speaking, risk assessment means asking questions about what could go wrong. There are four (4) principles related to risk assessment.

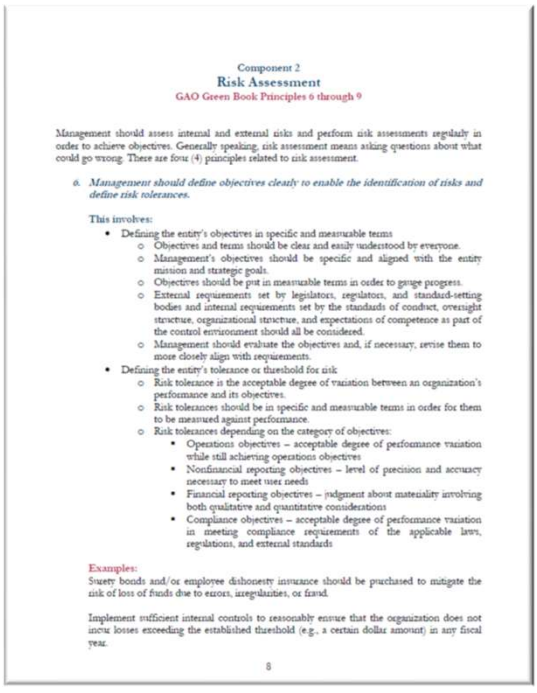
1. *Management should define objectives clearly to enable the identification of risks and define risk tolerances.*

This involves:
Defining the entity's objectives
Defining the entity's tolerance or threshold for risk

Application:
Develop and regularly review and update a document that addresses:
- The organization's mission
- The organization's goals and objectives in sufficient detail to allow for performance risk assessments in a reasonably consistent manner
- The organization's risk tolerances or risk threshold for each objective in sufficient detail to allow for the appropriate design of an internal control system. Risk tolerances or thresholds should be assessed considering laws, regulations, generally accepted accounting principles, other standards, grant management, internal standards of conduct, oversight structure, organizational structure, and expectations of competence, etc.
- The organization's judgments about materiality, both qualitatively and quantitatively (i.e. risk threshold)

Examples:
- Surety bonds and/or employee dishonesty insurance should be purchased to mitigate the risk of loss of funds due to errors, irregularities, or fraud.
- Implement sufficient internal controls to reasonably ensure that the organization does not experience a loss greater than $15,000 (i.e. a risk threshold) within any fiscal year.

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Component 2

Risk Assessment

GAO Green Book Principles 6 through 9

Management should assess internal and external risks and perform risk assessments regularly in order to achieve objectives. Generally speaking, risk assessment means asking questions about what could go wrong. There are four (4) principles related to risk assessment.

6. *Management should define objectives clearly to enable the identification of risks and define risk tolerances.*

This involves:
- Defining the entity's objectives in specific and measurable terms
  - Objectives and terms should be clear and easily understood by everyone.
  - Management's objectives should be specific and aligned with the entity mission and strategic goals.
  - Objectives should be put in measurable terms in order to gauge progress.
  - External requirements set by legislators, regulators, and standard-setting bodies and internal requirements set by the standards of conduct, oversight structure, organizational structure, and expectations of competence as part of the control environment should all be considered.
  - Management should evaluate the objectives and, if necessary, revise them to more closely align with requirements.
- Defining the entity's tolerance or threshold for risk
  - Risk tolerance is the acceptable degree of variation between an organization's performance and its objectives.
  - Risk tolerances should be in specific and measurable terms in order for them to be measured against performance.
  - Risk tolerances depending on the category of objectives:
    - Operations objectives – acceptable degree of performance variation while still achieving operations objectives
    - Nonfinancial reporting objectives – level of precision and accuracy necessary to meet user needs
    - Financial reporting objectives – judgment about materiality involving both qualitative and quantitative considerations
    - Compliance objectives – acceptable degree of performance variation in meeting compliance requirements of the applicable laws, regulations, and external standards

Examples:
Surety bonds and/or employee dishonesty insurance should be purchased to mitigate the risk of loss of funds due to errors, irregularities, or fraud.

Implement sufficient internal controls to reasonably ensure that the organization does not incur losses exceeding the established threshold (e.g., a certain dollar amount) in any fiscal year.

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Key Takeaways

- Annual Reporting
- Written Attestation
- TAG Website
- ADA
- Audit Manual Updates
- Internal Control Manual Updated

Draft Report Review

- MD&A and Notes should not include budgetary information
- Budgets should be RSI (after notes)

2025

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Draft Report Review

- MD&A and Notes should not include budgetary information
- Budgets should be RSI (after notes)
- RSI budgets should have five columns
- Proprietary fund – capital contributions and transfers classification

2025

Nonoperating revenues (expenses)
Interest and other income
Amortization of bond premiums
Amortization of loss on refunding
Bond Issuance Costs
Interest and other expense
Total nonoperating revenues (expenses)

Income (loss) before transfers and contributions

Transfers and capital contributions
Transfers in
Transfers out - in lieu of taxes
Tap fees
Capital contributions
Total transfers and capital contributions

Change in net position

2026

Noncapital subsidies
Intergovernmental
Transfers in
Total noncapital subsidies

Operating income (loss) and noncapital subsidies

Other nonoperating revenues (expenses):
Investment earnings
Capital contributions
Loss on disposal of property
Interest expense
Total other nonoperating revenues (expenses)

Increase (decrease) in net position

Draft Report Review

- MD&A and Notes should not include budgetary information
- Budgets should be RSI (after notes)
- RSI budgets should have five columns
- Proprietary fund – capital contributions and transfers classification
- Assets held for sale should NOT be on the face of the statements

Questions?



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TENNESSEE COMPTROLLER OF THE TREASURY

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