





STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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December 1, 2009

MEMORANDUM

TO: County Mayors, County Finance Directors, Directors of Schools,
School Finance Directors

FROM: Richard Norment, Assistant to the Comptroller 
Jim Arnette, Director, Division of County Audit 

SUBJECT: Results of Real-time Reviews of American Recovery and Reinvestment
Act Grants

Most of you are aware that the Division of County Audit has been performing Real-time Reviews of American Recovery and Reinvestment Act (ARRA) grant compliance for the current year – July 1, 2009 through June 30, 2010. Normally, the Division of County Audit only performs post audits; however, because of the amounts of money involved and because of the unprecedented transparency and accountability requirements of ARRA, we decided to perform current year Real-time Reviews of selected ARRA grants. Unfortunately, the results have not been as encouraging as we would have liked.

To date, we have performed 46 Real-time Reviews in 11 counties. The Reviews covered \$15,389,964 in ARRA grant funds. The results of our reviews are as follows:

1. Separate accounting records were not maintained for four grants.
2. Internal controls (i.e. Segregation of Duties) were inadequate for 13 grants.
3. Risk Assessments had not been performed for 13 grants.
4. Action plans had not been prepared for nine grants.
5. Section 1512 reports had not been filed for two direct grants.

The majority of these deficiencies relate to the Office of Tennessee Recovery Act Management (TRAM) Directives. The TRAM Directives are part of the standard terms and conditions in each grant agreement. County officials are encouraged to closely read each grant agreement and to visit the Comptroller's website at www.tn.gov/comptroller/ca/arra_ca.htm for a list of the TRAM Directives and for other implementation guidance related to internal controls, risk assessments, and action plans.

cc: County Technical Assistance Service