

**Tennessee Advisory Commission on
Intergovernmental Relations**

**For the Years Ended
June 30, 1997, and June 30, 1996**

Arthur A. Hayes, Jr., CPA

Director

Charles K. Bridges, CPA

Assistant Director

Lea Ann Boucher, CPA

Audit Manager

Britt Wood

In-Charge Auditor

Nancy Bernstein, CPA

Auditor IV

Leslie Bethea

Editor

August 18, 1998

The Honorable Don Sundquist, Governor

and

Members of the General Assembly

State Capitol

Nashville, Tennessee 37243

and

The Honorable Dr. Harry A. Green, Executive Director

Tennessee Advisory Commission on Intergovernmental Relations

508, 226 Capital Boulevard Building

Nashville, Tennessee 37243

Ladies and Gentlemen:

We have conducted a financial and compliance audit of selected programs and activities of the Tennessee Advisory Commission on Intergovernmental Relations for the years ended June 30, 1997, and June 30, 1996.

We conducted our audit in accordance with generally accepted government auditing standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we obtain an understanding of management controls relevant to the audit and that we design the audit to provide reasonable assurance of the commission's compliance with the provisions of laws, regulations, and contracts significant to the audit. Management of the Tennessee Advisory Commission on Intergovernmental Relations is responsible for establishing and maintaining internal control and for complying with applicable laws and regulations.

Our audit resulted in no audit findings.

We have reported other less significant matters involving the commission's internal controls and/or instances of noncompliance to the Tennessee Advisory Commission on Intergovernmental Relations' management in a separate letter.

Very truly yours,

W. R. Snodgrass

Comptroller of the Treasury

WRS/lb

98/068

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit
Tennessee Advisory Commission on Intergovernmental Relations
For the Years Ended June 30, 1997, and June 30, 1996

AUDIT SCOPE

We have audited Tennessee Advisory Commission on Intergovernmental Relations for the period July 1, 1995, through June 30, 1997. Our audit scope included a review of management's controls and compliance with policies, procedures, laws, and regulations in the areas of expenditures, equipment, payroll and personnel, and compliance with the Financial Integrity Act. The audit was conducted in accordance with generally accepted government auditing standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

AUDIT FINDINGS

The audit report contains no findings.

"Audit Highlights" is a summary of the audit report. To obtain the complete audit report which contains all findings, recommendations, and management comments, please contact

Comptroller of the Treasury, Division of State Audit
1500 James K. Polk Building, Nashville, TN 37243-0264
(615) 741-3697

Audit Report
Tennessee Advisory Commission on Intergovernmental Relations
For the Years Ended June 30, 1997, and June 30, 1996

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**Tennessee Advisory Commission on Intergovernmental Relations
For the Years Ended June 30, 1997, and June 30, 1996**

INTRODUCTION

POST-AUDIT AUTHORITY

This is the report on the financial and compliance audit of the Tennessee Advisory Commission on Intergovernmental Relations. The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which authorizes the Department of Audit to “perform currently a post-audit of all accounts and other financial records of the state government, and of any department, institution, office, or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller.”

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

BACKGROUND

The Tennessee Advisory Commission on Intergovernmental Relations was created by the General Assembly in 1978 to monitor federal, state, and local government relations in Tennessee and to make recommendations for their improvement. The commission serves as a forum for the discussion and resolution of intergovernmental problems.

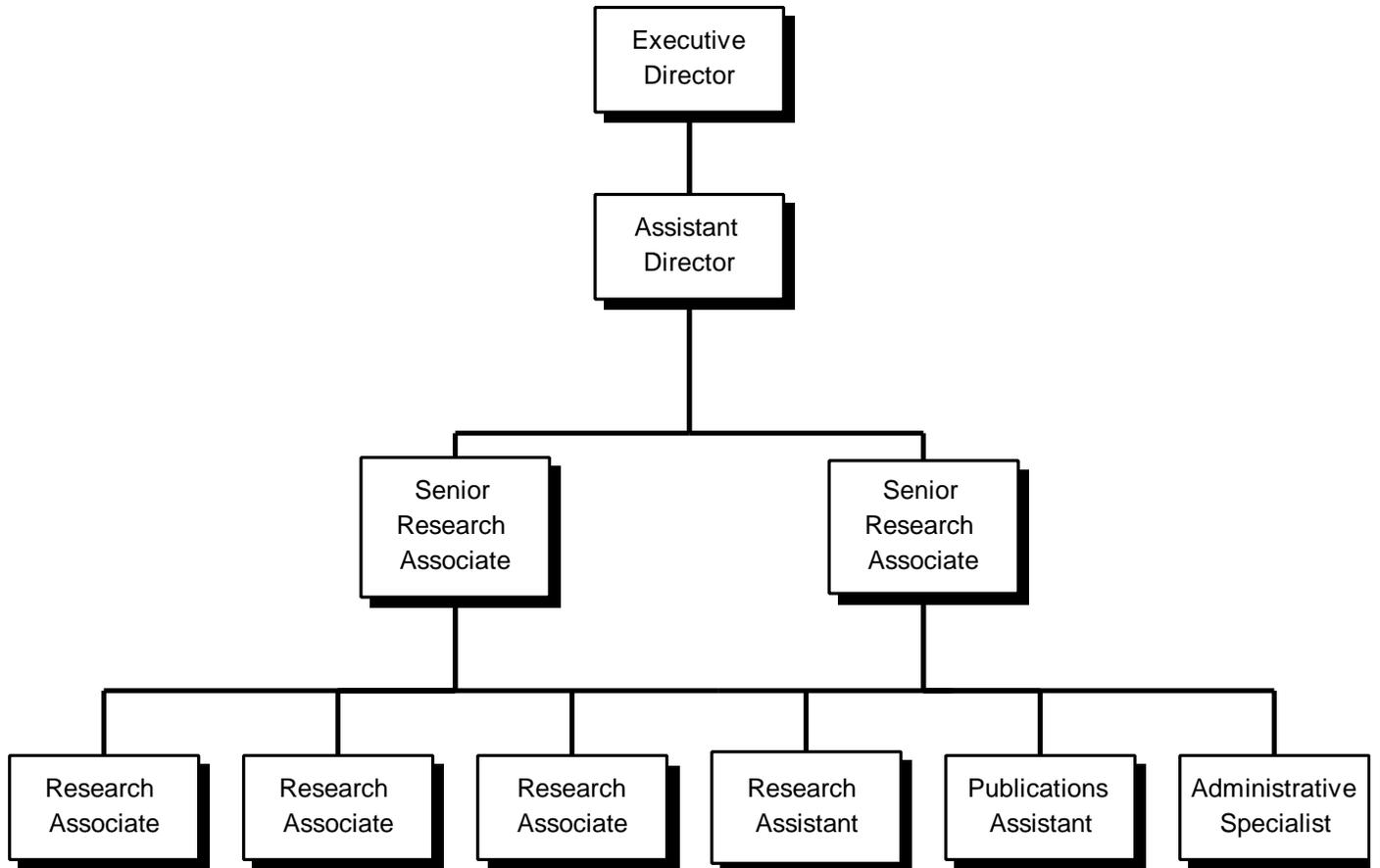
The duties of the commission involve the study of problems related to the federal, state, and local intergovernmental system. The commission may initiate studies and make recommendations for the purpose of drafting and disseminating legislative proposals and constitutional amendments necessary to implement its recommendations.

An organization chart of the commission is on the following page.

AUDIT SCOPE

We have audited the Tennessee Advisory Commission on Intergovernmental Relations for the period July 1, 1995, through June 30, 1997. Our audit scope included a review of management’s controls and compliance with policies, procedures, laws, and regulations in the

Tennessee Advisory Commission on Intergovernmental Relations



areas of expenditures, equipment, payroll and personnel, and compliance with the Financial Integrity Act. The audit was conducted in accordance with generally accepted government auditing standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS

EXPENDITURES

Our objectives in reviewing expenditure transactions were to determine whether

- recorded expenditures were for goods or services authorized and received,
- expenditures for goods or services were recorded in the correct object code and amount,
- payments were made in a timely manner,
- records were reconciled with Department of Finance and Administration reports,
- payments for travel were paid in accordance with the Comprehensive Travel Regulations,
- contracts were established in accordance with state purchasing guidelines,
- contract payments were in compliance with contract terms and purchasing guidelines and were properly approved and recorded against the contract, and
- cellular telephone charges paid were for business purposes only.

We discussed disbursement, contract, and reconciliation controls and procedures with key personnel to gain an understanding of the commission's procedures in these areas. We reviewed supporting documentation and tested a sample of transactions to determine whether the commission had complied with the state's rules and regulations. We had no findings related to expenditures.

EQUIPMENT

Our objectives in reviewing equipment were to determine whether

- information on the Property of the State of Tennessee (POST) property listing was accurate,
- lost and missing equipment was properly reported to the Comptroller's Office and was removed from the equipment listing, and
- property and equipment were adequately safeguarded.

We discussed equipment controls and procedures with key management personnel to gain an understanding of the commission's procedures in these areas. We tested a sample of equipment on the property listing to ensure that the information on the listing agreed with the actual item. Also, a sample of office equipment was traced to the property listing.

We had no findings related to equipment; however, other minor weaknesses came to our attention and have been reported to management in a separate letter.

PAYROLL AND PERSONNEL

Our objectives in reviewing payroll and personnel were to determine whether

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- payroll disbursements were made only for work authorized and performed,
 - payroll was computed using rates and other factors in accordance with contracts and relevant laws and regulations, and
 - temporary employees who receive benefits from the Tennessee Consolidated Retirement System were employed in compliance with Section 8-36-805, *Tennessee Code Annotated*.

We discussed payroll and personnel controls and procedures with key management personnel to gain an understanding of the office's procedures in these areas. We tested a sample of payroll transactions to ensure that the information agreed with the employee personnel files. We had no findings related to payroll and personnel.

FINANCIAL INTEGRITY ACT

The Financial Integrity Act of 1983 requires each executive agency to evaluate its systems of internal accounting and administrative control each year and report the results of its evaluation to the Commissioner of Finance and Administration and the Comptroller of the Treasury by December 31 of each year. For the year ended June 30, 1997, the commission filed its compliance report and implementation plan on December 31, 1996, and for the year ended June 30, 1996, on December 31, 1995.

The objectives of our review of the Tennessee Advisory Commission on Intergovernmental Relations' compliance with the Financial Integrity Act were to determine whether

- the commission's reports were filed in compliance with the Financial Integrity Act of 1983,
- documentation to support the commission's evaluation was properly maintained,
- procedures used in compiling information for the reports were adequate, and
- corrective actions had been implemented for weaknesses identified in the reports.

We interviewed key employees responsible for compiling information for the reports to gain an understanding of the procedures. We also reviewed the supporting documentation for these procedures and the reports submitted to the Comptroller of the Treasury and to the Department of Finance and Administration.

PRIOR AUDIT FINDINGS

There were no findings in the prior audit report.

APPENDIX

The Tennessee Advisory Commission on Intergovernmental Relations' allotment code is 316.12.