Performance Audit Report

Office of the Comptroller of the Treasury

December 2022

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Mission Statement
The mission of the Comptroller’s Office is to make government work better.

Comptroller Website comptroller.tn.gov
December 19, 2022

The Honorable Randy McNally
   Speaker of the Senate
The Honorable Cameron Sexton
   Speaker of the House of Representatives
   and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
   and
The Honorable Jason Mumpower
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, 2021, through June 30, 2022.

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 or compliance. Although our audit did not disclose any findings, we detail the results of our audit in the Audit Findings, Conclusions, and Recommendations.

Katherine J. Stickel, CPA, CGFM, Director
Division of State Audit

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22/077
We have audited the Office of the Comptroller of the Treasury for the period July 1, 2021, through June 30, 2022. Our audit scope included a review of internal controls and compliance with laws, regulations, policies, and procedures in the following areas:

- **the Division of Property Assessments**, which ensures county assessors have completed property appraisals, accurately appraised properties, and accepted property sales for the purpose of calculating market rates for appraisal values; and

- **the office’s staff recruitment and retention processes**, which ensure the Comptroller’s Office sufficiently employs the staff necessary to execute the Comptroller’s mission.

**KEY CONCLUSIONS**

This audit report contains no findings or observations.
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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 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: compliance, economy and efficiency, program results, and program evaluations.

Background

The Comptroller of the Treasury is a constitutional officer elected by a joint vote of both houses of the General Assembly for a two-year term, and the functions and duties of the office are assigned through various legislative enactments. The mission of the Comptroller’s Office is to make government work better.

The Comptroller’s Office is responsible for auditing state and local governmental entities and participates in the general financial and administrative management and oversight of state government, including ensuring effective administration of local property tax. To discharge its statutory duties, the office is organized into 12 divisions with more than 550 employees. In addition to the main office in Nashville, there are field offices in 6 cities across the state—Cookeville, Greeneville, Jackson, Knoxville, Memphis, and Murfreesboro. For more information about each division, see Appendix 3.

AUDIT SCOPE

We have audited the Office of the Comptroller of the Treasury for the period July 1, 2021, through June 30, 2022. Our audit scope included a review of internal controls and compliance with laws, regulations, policies, and procedures in the following areas:
management of the office is responsible for establishing and maintaining effective internal control and for complying with applicable laws, regulations, policies, procedures, and provisions of contracts.

We present more detailed information about our audit objectives, conclusions, and methodologies in Appendix 1 of this report.

We provide further information on the scope of our assessment of internal control significant to our audit objectives in Appendix 2. In compliance with generally accepted government auditing standards, when internal control is significant within the context of our audit objectives, we include in the audit report (1) the scope of our work on internal control and (2) any deficiencies in internal control that are significant within the context of our audit objectives and based upon the audit work we performed.

We conducted our audit in accordance with generally accepted government auditing standards. However, 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 or compliance. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

PRIOR AUDIT FINDINGS

The prior audit report contained no findings.
Division of Property Assessments

We reviewed the visual monitoring and property sales verification efforts performed by the Division of Property Assessments. Visual monitoring is intended to ensure county assessors have completed accurate property appraisals, which establish the basis for property taxes in Tennessee. Property sales verification is intended to ensure county assessors use accurate sales information and include only accepted property sales for the purposes of calculating market rates, which are used to develop appraisal values for real property. Our specific goals were to determine DPA’s process for monitoring county assessors’ visual inspections, to determine DPA’s process to monitor county assessors’ property sales verification, and to review overall monitoring consistency among DPA field offices.

Background and Purpose

The Division of Property Assessments (DPA) provides assistance, expertise, and oversight to the state’s county property assessors and ensures effective administration of Tennessee’s property tax. DPA is one of three divisions\(^1\) within the Comptroller’s Office that are responsible for ensuring the fair and equitable administration of property taxes. DPA’s specific responsibilities include

- **Administering the Tax Relief Program**, which is a state program funded by appropriations authorized by the General Assembly to provide reimbursements for property taxes paid by eligible low-income elderly, disabled, and disabled veteran homeowners or their surviving spouses.

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\(^1\) The State Board of Equalization is responsible for establishing authoritative guidance for tax assessments and administering property tax appeals and exemption hearings. The Office of State Assessed Properties conducts appraisals, assessments, and audits of public utility and transportation properties. We provide further information on these divisions in Appendix 3.
• **Providing technological services** to local, state, and federal government entities, such as
  
  o **The Integrated Multi-Processing of Administrative and Computer-Assisted Mass Appraisal Technology (IMPACT)** system, which is a centrally managed, computer-assisted mass appraisal system that provides consistency and a sound methodology of appraisal for property tax purposes, including tax billing, at a reasonable cost to local governments.
  
  o **Geographic Information Systems (GIS)** technology to assist DPA field staff and local property assessors in daily operations. The Geographic Services Department serves as the liaison to the U.S. Census Bureau’s Local Redistricting Data Program. Using census data, the department produces local maps and publishes county commission district and voting precinct maps. The Geographic Services Department also helps Tennessee’s counties maintain property ownership maps.

• **Assisting the locally elected county assessors**, who are responsible for maintaining accurate records on all assembled structures in their county, by providing education and certification programs, developing current property value updates, and conducting property appraisal ratio studies.

• **Overseeing and monitoring locally elected county assessors**, which ensures the accuracy and completeness of the information that establishes the basis for property taxes.

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**County Assessor Responsibilities**

In Tennessee, each of the 95 counties has an elected county assessor. Section 67-5-1601, *Tennessee Code Annotated*, requires the county assessors to track and maintain accurate records for every parcel, whether it was built new, recently modified, or destroyed. Each county assessor begins the process with the creation of a parcel, which is a defined unit of land, including the permanent buildings and natural resources the land contains. Once created, the county assessor maps the parcel in its proper location and notes the conditions surrounding the sale of the parcel. Examples of important sale conditions could include foreclosures or familial buyers and sellers. Additionally, the county assessor appraises the new parcel, classifies it as real property, and assigns a real property subclass. Real property subclasses dictate the assessment percentages. The county assessor then adds the real property to the tax roll, a list of taxable properties, to document the parcel is a taxable property. The assessor’s office then gathers the parcel information and enters it in a computer-assisted mass appraisal (CAMA) system to ensure fair and equitable values. The county assessor can then track the value of the parcel by comparing property values and performing on-site visual inspections of the parcel.

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2 Each county can use their own CAMA system or the state’s CAMA system option, the Integrated Multi-Processing of Administrative and CAMA Technology (IMPACT) system. See Appendix 5 for a full list of IMPACT/non-IMPACT counties.
Reappraisal Cycle

In compliance with Section 67-5-1601, *Tennessee Code Annotated*, each county assessor must reevaluate all real property in the county on a four-, five-, or six-year cycle. The cyclical revaluation period determines the number and timing of visual inspections and reevaluations of each parcel. Additionally, each county assessor is required to maintain a program to verify property sales of all farm, commercial/industrial, and residential real properties. The goal of the reappraisal cycle and verification program is to ensure fair and equitable assessments that reflect market value as of January 1 of the revaluation year, which establishes the basis for property tax rates.

In the final year of each cycle, each county assessor performs the revaluation with some assistance and oversight from DPA. Between reappraisals, DPA conducts countywide ratio studies, which measure a county’s ratio of overall average of individual property appraisals compared to market sales (for more detailed information regarding ratios, see Appendix 7). Additionally, if the county appraises on a six-year reappraisal cycle, Section 67-5-1601(a)(2), *Tennessee Code Annotated*, requires counties to do the following:

In the third year of a six-year reappraisal cycle, there shall be an updating of all real property values if the overall level of appraisal for the jurisdiction is less than ninety percent (90%) of fair market value.

In the third year of a six-year cycle, DPA performs current value updates (CVU) to update property values. CVUs occur when the ratio study indicates that properties average less than 90% of fair market value, at which time DPA updates all properties in that county to market value. DPA verifies sales data and uses that data to perform ratio studies and CVUs. See Figure 1.

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3 In accordance with Section 67-5-1601(b)(3), *Tennessee Code Annotated*, the county assessor is responsible for the local reappraisal and revaluation programs, and DPA provides assistance and guidance to the county assessors during this process. DPA reports this information to the State Board of Equalization.
**Figure 1**

County Reappraisal Cycles (4-, 5-, and 6-Year Cycles)*

* Inspections performed each year include on-site visual inspections, as well as data collection and verification of sales.

Source: Developed by audit team based on review of Section 67-5-1601, *Tennessee Code Annotated*, and discussion with DPA management.

**DPA Field Offices**

DPA has 66 field operations employees operating in 5 field offices located throughout the state and in the Nashville office. Field staff include specialists, senior specialists, and managers, all of whom are involved in the visual and property sales verification monitoring process. DPA management assigns each field office the responsibility for monitoring specific county assessor offices based on the location of the field office, and DPA field staff monitor the visual inspection cycle and reappraisal programs performed by county assessors (see **Figure 2**).

**Figure 2**

DPA Field Office Operations Area Map

*Nashville Office* Regional Field Offices
Jackson Field Office Nashville Office* Murfreesboro Field Office
Cookeville Field Office Knoxville Field Office Greeneville Field Office

*The Nashville office operations encompass all counties using their own CAMA system (all other counties use the state’s IMPACT CAMA system). Field offices monitor county assessor offices based on the location of the field office. See **Appendix 5** for full details of counties covered by each field office.*

Source: Auditors developed map based on discussions with DPA management.
Current Audit

To ensure the state’s property assessors achieve fair and equitable administration of property taxes, DPA staff monitor and assist the county assessors in the process of appraising property, through visual monitoring, as well as monitoring how the county assessors are collecting market information in the sales verification process. For the purpose of this audit, we focused on DPA’s visual monitoring and property sales verification processes. Since DPA field offices are responsible for overseeing counties’ operations, the audit team met with DPA field staff from each field office and asked them to walk us through these processes.

Visual Monitoring Process

County assessors, or a designated professional firm, perform on-site visual monitoring of real property parcels. To perform this type of monitoring, county assessor offices will physically view the parcel and/or utilize aerial photography to determine the parcel’s property characteristics. The goal of visual monitoring is to ensure property characteristics are properly updated to reflect the current state of the parcel. A parcel’s characteristic information affects the amount of property taxes paid by the parcel’s owner(s). Examples of important property characteristic information, which affect property taxes, could include but are not limited to

- a new home being built on a vacant parcel;
- new features added to existing structures, such as a deck or pool; and
- removal of existing structures previously noted by the county assessor.

To ensure visual inspections are performed, county assessors will submit quarterly Visual Inspection Cycle Progress Reports to DPA for oversight. DPA’s monitoring process also provides DPA field staff the opportunity to help county assessors improve their own internal office processes. If county assessors require improvements, DPA staff discuss those improvements with the county assessor and may recommend that the county assessor and staff participate in additional educational courses. See Exhibit 1 on the following page for further details of the visual monitoring process.
Exhibit 1
Visual Monitoring Process

Visual inspections verify property characteristics, which affect property valuation and subsequently affect the county assessor’s property appraisals that citizens are taxed on.

The county assessor* submits a quarterly Visual Inspection Cycle Progress Report to the applicable DPA field office.

DPA senior specialist reviews report for completeness, accuracy, and timely progression of inspections.

Senior specialist selects a representative sample of maps for monitors' to inspect.

Monitors perform on-site inspections of each parcel on selected maps to ensure accuracy of county assessor’s property records.¹

Senior specialist and manager review the Visual Inspection Monitoring Report Summary to determine if the errors are at an acceptable level.

Under the direction of the SBOE, DPA is authorized to take over the duties of the county assessor pursuant to TCA 67-5-1601(f).

Monitors may be specialists, senior specialists, or a team of the two.


acceptable

Senior specialist works with the county assessor to correct errors. This helps ensure the accuracy of records the county assessor relies on for property appraisals.

Senior specialist marks the summary report as unacceptable; the county assessor is subject to additional monitoring and training.

Unacceptable

county assessor does not cooperate

Unacceptable

acceptable

county assessor cooperates

Source: Auditors developed the Visual Monitoring Process flowchart based on discussions with DPA management.

*County assessors may employ their own staff or professional firms to perform visual inspections. County assessors must perform quality control procedures on at least 5% of parcels to confirm visual inspections performed by county assessor staff or professional firms.
Property Sales Verification Process

County Assessors’ Property Sales and Data Collection Process

In addition to their reappraisal duties, county assessors are expected to verify real property sales.4 County assessors use property sales information to calculate market rates (market rates represent property and land values based on sales in a county). These market rates are then used to develop appraisal values for real property. Citizens’ real property is taxed based on these appraisal values. Because tax equality is the goal, DPA’s monitoring responsibilities help ensure county assessors use accurate sales information to calculate market rates used to develop appraisal values for real property.

When individuals sell land in exchange for money, a warranty deed is created. County assessors review every warranty deed in the county and transfer sales information from the deeds into their county’s computer-assisted mass appraisal (CAMA) system for future market rate calculations. Examples of deed information transferred to the counties’ CAMA system include

- sale date,
- sale price,
- size of land tract, and
- name(s) of buyer(s) and seller(s).

County assessors can also decide whether to accept or reject property sales for inclusion in these calculations. County assessors exclude sales that are not representative of what citizens pay for property. Only fair and equitable property sales that represent the current market are included in market rate calculations. These representative sales are called “arm’s length transactions.” Examples of property sales that are not arm’s length (and thus are not representative of the current market) include, but are not limited to,

- familial buyers and sellers;
- forced sales via situations like divorce, repossession, or bankruptcy; or
- sales that include parties who have a business relationship.

When accepting and rejecting these sales, county assessors use information from reappraisal years. Property is appraised and revalued closer to the market rate during reappraisal years. When county assessors record the updated value information on appraised properties, the assessors place appraisal information on a document called a property record card. The county assessors use guidance

4 The county assessor is required to maintain a program of sales verification based on Section 67-5-1601(a)(4), Tennessee Code Annotated, which states, “The assessor of property shall maintain a program of real property sales verification in accordance with procedures and rules established by the state board of equalization.”
from the *Sales Data Collection and Verification Manual* provided by DPA. The manual details what information the assessors should collect from property deeds and which property sales they should accept or reject for future market rate calculations.

Accepted sales are combined to generate market rates for a county. These market rates will be applied to residential properties and adjusted based on the property’s square footage (for example, $100 per square foot applied to a 1,000-square-foot property gives the property a value of $100,000). Market rates are created on a price per square foot basis, meaning accepted sales are averaged for counties to develop a price per square foot. The counties’ CAMA systems capture and develop the information on accepted sales to generate a price per square foot to be applied to properties across the county.

Citizens are not taxed based on the market value of their property, but are taxed based on the appraised value of a property as determined by county assessors. Given that the property tax rate remains the same for most of the reappraisal cycle, the processes to establish the market rates and the appraisal values are critical to ensuring fairness and equity in taxation.

**DPA’s Role in Monitoring Counties’ Property Sales Verification Processes**

DPA specialists in DPA field offices provide support for each county’s property sales verification process by monitoring county deeds. Specialists review warranty deeds from a specified county using each county’s CAMA system to obtain deed information and to check to ensure property sales have complete and accurate sales information. Specialists also ensure all accepted sales are arm’s length transactions. DPA specialists use the county assessors’ *Sales Data Collection and Verification Manual* as guidance for what deed information should be collected and recorded. See Exhibit 2 for further details on DPA’s role in monitoring counties’ property sales verifications.
Exhibit 2
Property Sales Verification Monitoring Process

Sales verification validates property transactions, which affect property valuation and subsequently affect the county assessor’s property appraisals that citizens are taxed on.

Is the county in a year leading up to a revaluation year, ratio study, or current value update?

Yes

Active county
DPA performs sales verification monitoring quarterly.

Non-active county
DPA performs sales verification monitoring for at least one quarter per year.

DPA field office monitor inspects deeds on US Title Search and compares to the county’s CAMA system.

Monitor records differences identified on the Monitor’s Observation Report.*

Monitor prepares a Sales Verification Monitoring Report Summary to calculate the total number of errors.

DPA works with the county to correct errors and provides training and support to fix unacceptable practices. This helps ensure the accuracy of property sales records.

Field office manager or senior specialist reviews the Monitoring Report Summary and determines if the error rate is acceptable.†

No

A ratio study is DPA’s comparison of a county’s appraised property values to market value.

In a revaluation year, county assessors adjust appraised rates to align with new land and building rates.

A current value update is a county assessor’s evaluation of appraised values in the middle of a reappraisal cycle, to determine if they need to be adjusted to market value.

*Examples of differences that monitors look for include information on the warranty deed not recorded in CAMA system and differences in property transaction accept/reject codes.

†Managers and senior specialists generally use a 20% error rate as a guideline on acceptability. They may consider other factors (such as county size and nature of errors) in making their determination.

Source: Auditors developed the Property Sales Verification Monitoring Process flowchart based on discussions with DPA management.
Results From the Current Audit

We met with staff from each of the five DPA field offices and the Nashville office for a walkthrough of the visual and sales verification monitoring processes. Although we found minor inconsistencies in how each DPA field office monitors the county assessors, we determined that DPA has indeed established processes to ensure county visual and sales monitoring files are complete and accurate.

We also found that DPA’s current written monitoring guidance was developed in 1995 to ensure consistent monitoring operations; however, DPA management stated the 1995 guidance is largely outdated and that updates are needed to reflect current expectations. Based on our discussion, DPA management took prompt action to provide us with an updated draft of the monitoring procedures guidance. Management plans to finalize the updated guidance effective January 2023 and will formally communicate the new guidance to DPA staff the same month. DPA management stated this updated guidance, and field office adherence to it, will help ensure consistent DPA monitoring processes statewide. See Appendix 1 for the details of our audit objectives, methodologies, and conclusions.

Office Recruitment and Retention

We interviewed Comptroller’s Office Human Resources management regarding the office’s staff recruitment and retention processes, which ensure the office sufficiently employs and maintains qualified personnel. Our specific goal was to determine if management’s processes ensure the office minimizes vacancies so that management and staff can fulfill the office’s mission to make government work better.

Background and Purpose

The Comptroller’s Office Human Resources (HR) management section supports all other divisions through multiple functions. One HR-related function is the responsibility to recruit qualified candidates to fill office vacancies. With the new challenges facing many workplaces, such as turnover from the “Great Resignation,” where employees voluntarily resigned from their jobs in the wake of the COVID-19 pandemic, we focused on HR management’s processes to recruit and retain staff.
Filling and Monitoring Vacancies

The HR section has delegated the responsibility for filling and monitoring office vacancies to three team members. The process begins with an HR specialist\(^5\) (specialist) obtaining a Vacancy Report from the office’s enterprise resource planning system in Edison.\(^6\) The Vacancy Report is generated every Monday through the “TN_CT_Vacancy_Review” Edison query. This report identifies vacant position information, which is then provided to the office’s divisional leadership for feedback. After reviewing the vacant position data, divisional leadership provide the specialists more detailed information about the plans for filling the division’s vacant positions. This information includes when the position should be posted to job websites such as LinkedIn and Indeed. Not every position needs to be posted as soon as it becomes available; divisional leadership may decide to postpone a job posting or not post a job at all, based on factors such as

- when or if they have the resources to train new employees,
- if the position requires specific technical knowledge, or
- if the position needs to be reclassified or redesigned.

Specialists meet with divisional leadership to discuss when positions requiring specific technical knowledge should be posted. Specialists keep track of the position status through verbal conversations and emails with divisional leadership for further details about the position as needed. When divisional leadership are ready for a job to be posted, the specialist begins the process of posting the vacant positions on JazzHR, a third-party software that uploads job postings on various job sites to inform the public about job openings in the office. These postings are forwarded to approximately 20 job websites, including LinkedIn and Indeed.

Recruiting

To recruit and fill vacancies, HR staff use different events to seek qualified candidates. These events include sending staff to

- college classes to give speeches,
- college organization meetings such as
  - meet the firm events,
  - accounting fraternity meetings,
  - career expos, and

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\(^5\) An HR Talent Manager could also take over the duties of the HR Specialist in the process, depending on who is completing the process.

\(^6\) Edison is the state’s enterprise risk management system.
• career fairs.

For all events, office staff from larger divisions and HR specialists will attend and share information about the office and discuss current job openings. The office also hosts an annual Campus Connect event, where college students learn about the office from office staff.

Campus Connect is a one-day, free event in Nashville where college students learn what opportunities their degrees afford them. The event provides attendees a glimpse into the day-to-day responsibilities of working with Tennessee’s state and local governmental entities and how the office strives to achieve its mission to make government work better. The Campus Connect event also includes interviews for internships, as well as full- and part-time job opportunities. More information about Campus Connect can be found online at https://comptroller.tn.gov/careers/student-opportunities/cot-campus-connect.html.

The HR section also accepts referrals; applicants can list Comptroller’s Office staff they know when applying. According to HR management, approximately 30% of the office’s hiring comes from referrals. Applicants can apply for jobs on any of the job sites where positions are posted. HR staff receive these applications and add them to JazzHR. JazzHR maintains the applicant’s application, which site the applicant applied from, and the date the applicant applied. All applications, no matter the submission process, are evaluated using the same criteria, which starts with the specialist reviewing the application and initiating a screening process.

Pre-Interviews and Interviews

Once applicants apply for positions on the job posting sites, the specialist starts screening the different applicants. The screening process consists of reviewing applications to ensure all desired qualifications are met for the respective division. The applicants who pass the job screening process will advance to the interviewing process. Divisional leadership conduct interviews with job applicants for each respective division with vacant positions. Interviewers meet with applicants (either in-person or virtually) and ask questions that would help determine if applicants are a good fit for the office. After the interview, divisional leadership determine if the applicant will be hired; if so, the HR section begins the onboarding process.

Stay and Exit Interviews to Improve Retention

Specialists also have responsibilities to obtain information critical to retaining staff. After participating in a workplace study in 2020, the office determined that employees who have been with the office for three to five years had the lowest engagement results, indicating that they may leave the office. To address the risk of these employees choosing to leave, in 2021 HR management developed
stay interviews to provide office leadership with information as to why employees have decided to stay with the office. Employees who had been with the office for three to five years were the first group selected for stay interviews, based on their workplace study results. The second round of stay interviews is scheduled to begin in November 2022.

Specialists also complete exit interviews with staff who are leaving employment. Exit interviews are conducted in-person, and the departing employees are asked the reasons they are leaving.

Both stay and exit interviews provide management with critical information on the root causes of turnover and how to increase employee retention in the Comptroller’s Office.

**Results From the Current Audit**

We found that the HR management section has established processes to address office-wide vacancies and to improve employee retention. Specifically, HR management and office leadership monitor the vacancies; perform ongoing recruitment activities; complete thorough candidate application, screening, and interviewing processes; and actively seek to improve employee retention through stay and exit interviews. Through these efforts, we believe the Comptroller’s Office can sufficiently fill vacancies and retain qualified staff to fulfill the office’s mission to make government work better. We had no findings in this area. See Appendix 1 for more information about our audit objectives, methodologies, and conclusions.
Appendix 1
Objectives, Conclusions, and Methodologies

Division of Property Assessments

1. **Audit Objective:** Has the Division of Property Assessments (DPA) updated their monitoring handbook?

   **Conclusion:** As of the end of fieldwork, DPA had drafted an updated monitoring policy.

2. **Audit Objective:** Does DPA review county assessors’ visual inspections for completeness and accuracy?

   **Conclusion:** With the exception of minor inconsistencies in the methods each field office uses to monitor the county assessors’ visual inspections, we determined that DPA reviews county assessors’ visual inspections for completeness and accuracy.

3. **Audit Objective:** Does DPA ensure county assessors maintain complete and accurate sales files?

   **Conclusion:** With the exception of minor inconsistencies in the methods each field office uses to monitor the county assessors’ sales files, we determined that DPA is ensuring county assessors have complete accurate sales files.

**Methodology to Address Objectives**

To address our audit objectives, including obtaining an understanding of internal control significant to our audit objectives and assessing management’s design and implementation of internal controls, we reviewed *Tennessee Code Annotated* and DPA policies and procedures related to the visual and property sales verification monitoring processes. We inspected monitoring documentation, interviewed the assistant director, and performed walkthroughs with field office staff from each of the five DPA offices and the Nashville office.
Auditor Objective:  Does the Comptroller’s Office have adequate processes to ensure the office minimizes vacancies so that management and staff can fulfill the office’s mission to make government work better?

Conclusion:  Based on our interviews with HR management, we found that the HR management section has established processes to address office-wide vacancies and to improve employee retention to ensure management and staff can fulfill the office’s mission to make government work better.

Methodology to Address Objective

To address our audit objective, we interviewed the HR Talent Manager for the Comptroller of the Treasury. Our team also reviewed documentation related to the process of filling and monitoring vacancies and promoting staff retention. We found no deficiencies in internal control when completing this audit objective.
Appendix 2
Internal Control Significant to the Audit Objectives

The U.S. Government Accountability Office’s Standards for Internal Control in the Federal Government (Green Book) sets internal control standards for federal entities and serves as best practice for non-federal government entities, including state and local government agencies. As stated in the Green Book overview,\(^7\)

Internal control is a process used by management to help an entity achieve its objectives . . . Internal control helps an entity run its operations effectively and efficiently; report reliable information about its operations; and comply with applicable laws and regulations.

The Green Book’s standards are organized into five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. In an effective system of internal control, these five components work together to help an entity achieve its objectives. Each of the five components of internal control contains principles, which are the requirements an entity should follow to establish an effective system of internal control. We illustrate the five components and their underlying principles below:

<table>
<thead>
<tr>
<th>Control Environment</th>
<th>Control Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principle 1</td>
<td>Principle 10</td>
</tr>
<tr>
<td>Demonstrate Commitment to Integrity and Ethical Values</td>
<td>Design Control Activities</td>
</tr>
<tr>
<td>Principle 2</td>
<td>Principle 11</td>
</tr>
<tr>
<td>Exercise Oversight Responsibility</td>
<td>Design Activities for the Information System</td>
</tr>
<tr>
<td>Principle 3</td>
<td>Principle 12</td>
</tr>
<tr>
<td>Establish Structure, Responsibility, and Authority</td>
<td>Implement Control Activities</td>
</tr>
<tr>
<td>Principle 4</td>
<td>Principle 13</td>
</tr>
<tr>
<td>Demonstrate Commitment to Competence</td>
<td>Use Quality Information</td>
</tr>
<tr>
<td>Principle 5</td>
<td>Principle 14</td>
</tr>
<tr>
<td>Enforce Accountability</td>
<td>Communicate Internally</td>
</tr>
<tr>
<td>Principle 6</td>
<td>Principle 15</td>
</tr>
<tr>
<td>Define Objectives and Risk Tolerances</td>
<td>Communicate Externally</td>
</tr>
<tr>
<td>Principle 7</td>
<td>Principle 16</td>
</tr>
<tr>
<td>Identify, Analyze, and Respond to Risks</td>
<td>Perform Monitoring Activities</td>
</tr>
<tr>
<td>Principle 8</td>
<td>Principle 17</td>
</tr>
<tr>
<td>Assess Fraud Risk</td>
<td>Evaluate Issues and Remediate Deficiencies</td>
</tr>
<tr>
<td>Principle 9</td>
<td></td>
</tr>
<tr>
<td>Identify, Analyze, and Respond to Change</td>
<td></td>
</tr>
</tbody>
</table>

In compliance with generally accepted government auditing standards, we must determine whether internal control is significant to our audit objectives. We base our determination of significance on whether an entity’s internal control impacts our audit conclusion. In the following matrix, we list our audit objectives, indicate whether internal control was significant to our audit objectives, and identify which internal control components and underlying principles were significant to those objectives.

\(^7\) For further information on the Green Book, please refer to [https://www.gao.gov/greenbook/overview](https://www.gao.gov/greenbook/overview).
### Internal Control Components and Underlying Principles

#### Significant to the Audit Objectives

<table>
<thead>
<tr>
<th>Audit Objectives</th>
<th>Significance</th>
<th>Control Environment</th>
<th>Risk Assessment</th>
<th>Control Activities</th>
<th>Information &amp; Communication</th>
<th>Monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td><strong>Department of Property Assessments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Has the Division of Property Assessments updated their Monitoring Handbook?</td>
<td>Yes</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>2 Does DPA review county assessor's visual inspections for completeness and accuracy?</td>
<td>Yes</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>3 Does DPA ensure county assessors maintain complete and accurate sales files?</td>
<td>Yes</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Office Vacancies</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Does the Comptroller's Office have adequate processes to ensure the office minimizes vacancies so that management and staff can fulfill the office's mission to make government work better?</td>
<td>Yes</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>
Appendix 3
Department Organizational Structure and Chart

Administration

The Division of Administration provides direction, coordination, and supervision to the divisions and offices within the Comptroller’s Office. The division’s functions include the Office of General Counsel, the Communications Office, and Legislative Coordination. The Chief of Staff is responsible for the overall management of the Comptroller’s Office.

- The Office of General Counsel provides legal guidance to all the divisions in the Comptroller’s Office and provides legal representation in judicial and administrative litigation. The Office of General Counsel also oversees the Office of Open Records Counsel, which serves as a resource to citizens, the media, and local governmental entities for issues related to Tennessee’s public records and open meetings laws.
- The Communications Office is responsible for media relations; the Comptroller’s website, intranet, and social media management; branding and design; publications oversight; employee communications; and other employee-focused projects.
- Legislative Coordination works with all divisions of the office, advising the Comptroller and other division directors on policy and legislative matters. This section develops the office’s legislative package and informs the Tennessee General Assembly on policy issues related to the office.

Department of Audit

The Comptroller is responsible for the audits of state, county, municipal, and other local government entities, as well as recipients of grant funds. Three divisions, referred to collectively as the Department of Audit, perform these functions.

The Division of State Audit provides the General Assembly, the Governor, and the citizens of Tennessee with objective information about the state’s financial condition and the performance of agencies and programs. Through financial and compliance audits, performance audits, information systems audits, and attestation engagements, the division aids the legislature in ensuring that state government is accountable to the citizens of Tennessee. The division includes three audit sections: State Agency Audits, Information Systems, and Medicaid/TennCare.
Appendix 3
(Continued)

- **State Agency Audits** conducts financial and compliance audits, performance audits, and other engagements. The section audits the state’s financial statements and selected federal programs and determines whether financial operations are conducted properly, whether financial statements are presented fairly, and whether the responsible state entity has complied with applicable laws, regulations, and grant agreements and presents the results in the state’s *Annual Comprehensive Financial Report* and the *Single Audit Report*. This section also conducts performance audits to provide information on the efficiency and effectiveness of government agencies and programs in accordance with the Governmental Entity Review Law, Section 4-29-111, *Tennessee Code Annotated*.

- The **Information Systems Section** supports the work of the other audit sections by performing systems reviews of state agencies, colleges, and universities and by performing data retrieval, data analytics, and computer forensic analysis.

- Under an agreement with the Department of Finance and Administration, the **Medicaid/TennCare** Section staff perform attestation and rate-setting functions for the state’s TennCare program. This includes reimbursable cost computation and examinations for nursing home facilities and developmental disabilities facilities participating in the Medicaid Program; computations of reimbursement settlements required by the Benefits Improvement and Protection Act of 2000; cost settlements for state-operated developmental centers serving those with intellectual disabilities; technical, financial, and budgeting support to TennCare from paid claims extracts; and examinations of TennCare managed care contractors performed jointly with the Department of Commerce and Insurance.

The **Division of Local Government Audit** is responsible for the audits of all local governmental entities with statutory audit requirements, as well as certain nonprofit and for-profit organizations that are publicly funded. The division may conduct the audit for governmental entities or accept an audit prepared by a certified public accountant provided the audit meets minimum standards established by the Comptroller of the Treasury. Additionally, the division oversees contractual audits of the state’s remaining counties, municipalities, public internal school funds, utility districts, housing authorities, and charter schools.

The division conducts the annual audits for 90 of the state’s 95 counties. Through a contractual process with independent certified public accounting firms, the division ensures the performance of over 1,700 audits for the state’s remaining counties, municipalities, public internal school funds, charter schools, utility districts, housing authorities, local government created entities, quasi-governmental organizations, and other government-funded agencies.

The **Division of Investigations** investigates allegations of fraud, as well as certain allegations of waste and abuse of public funds. Through the division’s close work with law enforcement and prosecutors on criminal allegations, cases frequently result in criminal prosecution. Investigators also
share the information with the other divisions of the Department of Audit—State Audit and Local Government Audit—for consideration in audits of the affected entity.

**Property Tax Functions**

The Comptroller’s Office has three divisions that are responsible for ensuring the fair and equitable administration of property taxes: the Division of Property Assessments, the State Board of Equalization, and the Office of State Assessed Properties.

The Division of Property Assessments (DPA) provides assistance, expertise, and oversight to the state’s property assessors and ensures effective administration of Tennessee’s property tax. DPA also assists in reappraisal programs, administers the Property Tax Relief Program, and provides technological services to local property assessors. DPA administers the Assessment Certification and Education Program for assessors and their staff.

Between reappraisals, which occur in each county on a four-, five-, or six-year cycle, DPA conducts ratio studies to determine the overall level of appraisal within each county. DPA administers the state’s Tax Relief Program, which provides property tax relief for low-income elderly and disabled homeowners. The program also provides tax relief for disabled veteran homeowners, as well as their surviving spouses. Tax-collecting officials, including county trustees, receive applications from taxpayers who may qualify.

DPA manages property tax billing services for 84 counties, whose tax records are maintained on the state’s computer systems. DPA’s Geographic Services section uses Geographic Information Systems technology to help DPA and local property assessors in daily operations. The Geographic Services section also serves as a liaison to the U.S. Census Bureau’s Local Redistricting Data Program. Using census data, the Geographic Services section produces local maps and publishes county commission district and voting precinct maps.

Note: For additional details on DPA processes regarding visual and sales verification monitoring, see the Audit Findings, Conclusions, and Recommendations section of the report regarding the Division of Property Assessments.

The State Board of Equalization consists of the Governor, the Commissioner of Revenue, the Comptroller of the Treasury, the State Treasurer, the Secretary of State, and two Governor appointees. The board provides a legal and quasi-judicial review of property tax assessments, exemptions, and tax incentive programs. The board’s key responsibilities include establishing rules, policies, manuals, and guidelines for property tax assessments; administering property tax appeal hearings in conjunction with the Assessment Appeals Commission and the administrative law judges in the Secretary of State’s office; reviewing and rendering property tax exemption determinations for religious, charitable,
Appendix 3
(Continued)

scientific, and nonprofit educational institutions; and ensuring local government compliance with laws
governing certified tax rates and tax incentive programs.

The Office of State Assessed Properties conducts annual appraisals, assessments, and audits of
public utility and transportation properties. Assessments are certified to counties, cities, and other
taxing jurisdictions for billing and collecting property taxes. Examples of the companies and industries
assessed include commercial airlines and airfreight companies; barge line companies; privately owned
electric, electric cooperative, and gas companies; private railcar and railroad companies; motor bus and
motor carrier companies holding a common carrier certificate; telephone companies, including cellular
and wireless; and water and sewer companies.

Finance Functions

The Comptroller’s Office provides financial support and oversight to Tennessee’s state and
local government entities through two divisions: State Government Finance and Local Government
Finance.

The Division of State Government Finance is responsible for managing the debt of the state
and its issuing authorities, including the issuance of all bonds and notes and the repayment of such
debt. This includes working with bond rating agencies and capital markets to obtain cost-efficient
funding for capital projects authorized by the General Assembly; paying debt service on bonds
outstanding; accounting for all debt issues and loans made through preparation of annual financial
statements of each debt/loan program; monitoring and ensuring compliance with all federal laws,
regulations, and ruling bodies regarding debt issued in the capital markets; and providing investors
and the capital markets community with investor updates as a part of the division’s continuing
disclosure responsibilities.

The division serves as staff to the State Funding Board, the Tennessee State School Bond
Authority, and the Tennessee Local Development Authority.

The State Funding Board is the entity authorized to issue all general obligation debt of the
state to fund the state’s capital projects or to refinance outstanding obligations. The board
is authorized to make debt service payments on outstanding bonds and other debt
obligations held in the state treasury. As part of the state’s budget process, the board
develops estimates of state revenue for the current and succeeding fiscal years to present to
the Governor and the Chairs of the Senate and House Finance, Ways and Means
Committees. The board also establishes policy guidelines for the investment of state funds.
In addition, the board approves the Other Post Employment Benefit trust agreements for
local governments, reviews and approves Economic and Community Development
FastTrack projects, and provides oversight of debt repayment to the state for the Tennessee
State Veterans’ Homes.
The Tennessee State School Bond Authority is authorized to issue bonds and notes to finance revenue-generating capital projects for public higher education facilities and to finance projects approved pursuant to the Qualified Zone Academy Bond Program (QZAB) and the Qualified School Construction Bond Program (QSCB) of the federal government. In addition, the authority is authorized to issue debt to provide funds for student loans by the Tennessee Student Assistance Corporation. Pursuant to federal law, the authority has also issued QZABs and QSCBs to finance improvement loans for capital projects for cities and counties with qualifying K–12 schools.

The Tennessee Local Development Authority is authorized to issue bonds and notes for the health loan program (water and sewer debt). This includes loans to local governments for sewage treatment, waterworks and capital projects, firefighting equipment, and airport facilities; certain small businesses for pollution control equipment; agricultural enterprises; not-for-profit organizations that provide certain intellectual disability, alcohol, and drug services; and local government units for financing construction of capital outlay projects for K–12 educational facilities.

The authority approves loans for the Clean Water and Drinking Water State Revolving Fund Loan Programs and approves loans to local governments from the Transportation State Infrastructure Fund, a $2 million revolving fund for transportation infrastructure projects throughout the state.

The division also serves as staff to the Bond Finance Committee of the Tennessee Housing Development Agency and administers the loan programs and performs accounting, financial reporting, and management for the Clean Water and Safe Drinking Water Revolving Fund loan programs, the Energy Efficient Schools Initiative loan program, and the State Infrastructure Program.

The Division of Local Government Finance implements laws relating to the financial operation of local units of government and other governmental entities. The division’s responsibilities include approving the budgets and debt obligations of local governments; approving investments submitted by cities, counties, and utility districts; reporting on plans by municipal electric systems to provide video, cable, and internet services; assisting local governments in areas of municipal finance; and providing research and support to the Tennessee General Assembly. The Division of Local Government Finance also serves as staff to the Water and Wastewater Financing Board and the Utility Management Review Board.

The Water and Wastewater Financing Board supports municipalities, counties, and treatment authorities that operate water and sewer enterprises by ensuring that they are financially self-supporting.

The Utility Management Review Board supports natural gas, water, and wastewater public utility districts by ensuring that they are financially self-supporting. The board addresses certain complaints from utility district customers; approves or disapproves the creation of
new utility districts; and conducts ouster proceedings for utility district commissioners related to misconduct, neglect, or training.

**Office of Research and Education Accountability**

The Office of Research and Education Accountability (OREA) provides the General Assembly with objective and accurate research, evaluation, and analysis. Recent topics include a 2021 evaluation of the Tennessee Promise Scholarship Program and a 2020 report on the effectiveness of the Tennessee Textbook Commission, as well as information on teacher compensation and school resource officers. During the legislative session, OREA provides staff support for legislative committees, analyzes the state budget, and monitors legislation. OREA also coordinates efforts for the office’s preparation of Fiscal Note Support Forms, which the Fiscal Review Committee uses to produce fiscal notes for all divisions of the Comptroller’s Office.

**Office of Open Records Counsel**

The Office of Open Records Counsel serves as a resource to citizens, the media, and local governmental entities for issues related to Tennessee’s public records and open meetings laws.

**Higher Education Resource Officer**

The Higher Education Resource Officer (HERO) serves as a liaison and resource for Tennessee higher education faculty, staff, and employees. The HERO also reviews and evaluates higher education policy.

**Office of Small Business Advocate**

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 provides information and answers questions for Tennesseans who own a small business or who are starting a small business. It also assists in resolving issues concerning small businesses and state departments and agencies.

**Management Services**

The Office of Management Services provides administrative and support services to the divisions of the Comptroller’s Office, including budgetary and financial management, facilities management, and human resources management. The office also provides administrative and support services to the state’s Central Procurement Office, which is administratively attached to the Tennessee Department of General Services. Management Services assists the Comptroller in policy and contract matters and provides procurement oversight and staff support as a member of the State Building Commission, the Procurement Commission, the Advisory Council on State Procurement, the Certification Committee, and the Board of Claims.
Technology Solutions

Technology Solutions provides the Comptroller’s Office divisions, offices, and boards with information technology service and support, such as system analysis and development, infrastructure support and maintenance, personal computer deployment and support, network support, and assistance in other computer-related areas. The division is also responsible for preparing the office’s annual Information Systems Plan, which includes planned information systems projects and the status of projects in development.

Administratively Attached Entity

State Energy Policy Council

The State Energy Policy Council was created in 2017 by Public Chapter 458 to serve as the central energy policy planning body of the state and to communicate and cooperate with federal, state, regional, and local bodies and agencies for the purposes of affecting a coordinated energy policy. The council is attached to the Comptroller’s Office for administrative matters; however, the Comptroller has no administrative or supervisory control over the council.
Appendix 3
(Continued)

Office of the Comptroller of the Treasury
Organizational Chart
December 2022

Source: Office of Management Services.
### Appendix 4

**Boards, Commissions, and Committees**

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

<table>
<thead>
<tr>
<th>Board, Commission, or Committee</th>
<th>Tennessee Code Annotated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisory Council on State Procurement*</td>
<td>4-56-106</td>
</tr>
<tr>
<td>Advisory Council on State Procurement Subcommittee*</td>
<td>4-56-106(i)</td>
</tr>
<tr>
<td>Basic Education Program Review Committee</td>
<td>49-1-302</td>
</tr>
<tr>
<td>Board of Claims</td>
<td>9-8-101</td>
</tr>
<tr>
<td>Catastrophic Injuries Fund Commission‡</td>
<td>29-20-408</td>
</tr>
<tr>
<td>Chairs of Excellence Endowment Fund Board of Trustees</td>
<td>49-7-501</td>
</tr>
<tr>
<td>Council on Children’s Mental Health Care*</td>
<td>37-3-111</td>
</tr>
<tr>
<td>Council on Pension and Insurance†</td>
<td>3-9-101</td>
</tr>
<tr>
<td>Economic and Community Development Building Finance Committee</td>
<td>**</td>
</tr>
<tr>
<td>Emergency Communications Board</td>
<td>7-86-302</td>
</tr>
<tr>
<td>Health Services and Development Agency</td>
<td>68-11-1604</td>
</tr>
<tr>
<td>Information Systems Council†</td>
<td>4-3-5501</td>
</tr>
<tr>
<td>Local Education Insurance Committee</td>
<td>8-27-301</td>
</tr>
<tr>
<td>Local Government Insurance Committee</td>
<td>8-27-701</td>
</tr>
<tr>
<td>Ocoee River Recreation and Economic Development Fund Board</td>
<td>11-8-104</td>
</tr>
<tr>
<td>Pension Stabilization Reserve Trust</td>
<td>9-4-1002</td>
</tr>
<tr>
<td>Procurement Commission†</td>
<td>4-56-102</td>
</tr>
<tr>
<td>Public Records Commission</td>
<td>10-7-302</td>
</tr>
<tr>
<td>Regional Jail Authority (none have been created)</td>
<td>41-12-106</td>
</tr>
<tr>
<td>Simplified Sales and Use Tax discussion delegate</td>
<td>67-6-804</td>
</tr>
<tr>
<td>State Board of Equalization†</td>
<td>4-3-5101</td>
</tr>
<tr>
<td>State Building Commission†</td>
<td>4-15-101</td>
</tr>
<tr>
<td>State Capital Commission</td>
<td>4-8-301</td>
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<tr>
<td>State Funding Board†</td>
<td>9-9-101</td>
</tr>
<tr>
<td>State Insurance Committee</td>
<td>8-27-201</td>
</tr>
<tr>
<td>Tennessee Advisory Commission on Intergovernmental Relations†</td>
<td>4-10-103</td>
</tr>
<tr>
<td>Tennessee College Savings Trust</td>
<td>49-7-804</td>
</tr>
<tr>
<td>Tennessee Consolidated Retirement System Board of Trustees‡</td>
<td>8-34-302</td>
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<tr>
<td>Tennessee Higher Education Commission†</td>
<td>49-7-204</td>
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<tr>
<td>Tennessee Higher Education Review Committee</td>
<td>49-7-202(g)(1)</td>
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<tr>
<td>Tennessee Highway Officials Certification Board*</td>
<td>54-7-104</td>
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<tr>
<td>Tennessee Housing Development Agency</td>
<td>13-23-106</td>
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<td>Tennessee Interagency Cash Flow Committee*</td>
<td>9-4-610</td>
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<tr>
<td>Tennessee Local Development Authority</td>
<td>4-31-103</td>
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<tr>
<td>Tennessee Promise Scholarship Endowment Fund Trustee</td>
<td>49-4-708</td>
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<tr>
<td>Tennessee State School Bond Authority</td>
<td>49-3-1204</td>
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<tr>
<td>Tennessee Student Assistance Corporation</td>
<td>49-4-202</td>
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<tr>
<td>TRICOR Board Certification Committee*</td>
<td>41-22-119</td>
</tr>
<tr>
<td>Tuition Guaranty Fund Board</td>
<td>49-7-2018</td>
</tr>
<tr>
<td>Utility Management Review Board</td>
<td>7-82-701</td>
</tr>
<tr>
<td>Water and Wastewater Financing Board</td>
<td>68-221-1008</td>
</tr>
<tr>
<td>Workers Compensation Insurance Fund Board Review Committee‡</td>
<td>50-6-623</td>
</tr>
</tbody>
</table>

*The Comptroller does not serve but appoints a staff representative(s).
†Comptroller only, no proxy.
**Pursuant to *Department of Economic and Community Development Rules*, Chapter 0500-2-1-.12(5).
‡Inactive.

Additionally, the Comptroller appoints

- a designee for the nonprofit Local Government Data Processing Corporation Board pursuant to the terms of its charter; and
- 10 members of the TennCare Prescription Drug Utilization Review Committee, created by Section 71-5-190, *Tennessee Code Annotated*. 
Appendix 5
Counts’ Computer-Assisted Mass Appraisal (CAMA) System Usage

Counties Using the IMPACT CAMA System

The Knoxville DPA office monitors the following Integrated Multi-Processing of Administrative and Computer-Assisted Mass Appraisal (CAMA) Technology (IMPACT) counties: Anderson, Blount, Bradley, Campbell, Loudon, McMinn, Meigs, Monroe, Morgan, Polk, Rhea, Roane, Scott, Sevier, and Union.

The Murfreesboro DPA office monitors the following IMPACT counties: Bedford; Cannon; Cheatham; Coffee; Dickson; Franklin; Giles; Grundy; Lawrence; Lewis; Lincoln; Marion; Marshall; Maury; Moore; Robertson; Sumner (beginning November 1, 2022); Trousdale; Wilson; and Warren.

The Greeneville DPA office monitors the following IMPACT counties: Carter, Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Unicoi, and Washington.

The Jackson DPA office monitors the following IMPACT counties: Benton, Carroll, Crockett, Decatur, Dyer, Fayette, Gibson, Hardeman, Hardin, Henderson, Henry, Houston, Humphreys, Lake, Lauderdale, Madison, McNairy, Obion, Perry, Stewart, Weakley, and Wayne.

The Cookeville DPA office monitors the following IMPACT counties: Bledsoe, Clay, Cumberland, Dekalb, Fentress, Jackson, Macon, Overton, Pickett, Putnam, Smith, Sequatchie, Van Buren, and White.

Counties Using a Non-IMPACT CAMA System

The Nashville DPA office monitors the following non-IMPACT counties: Chester, Davidson, Hamilton, Hickman, Knox, Montgomery, Rutherford, Shelby, and Williamson.
Appendix 6  

Division of Property Assessments’ Property Sales Visual Monitoring Process

Each county assessor prepares a reappraisal plan, at the beginning of their respective reappraisal cycle, detailing the specific maps to be visually inspected each year. The county assessor’s goal is to visually inspect all real property by the end of the visual inspection cycle. DPA maintains a copy of each plan, which DPA staff use to monitor county assessors’ progress towards completion. During a county assessor’s visual inspection cycle, the county assessor submits a quarterly progress report to their regional DPA office (Nashville DPA office for counties using a CAMA system other than IMPACT) indicating the specific maps that the county assessor visually inspected during the quarterly period. A senior specialist performs an initial review of submitted progress reports against the appropriate reappraisal plan to determine whether the county assessor is on track to complete all inspections.

If a county assessor falls too far behind on inspections, the senior specialist works with the county assessor’s office to revise the reappraisal plan by adjusting the planned percentage of maps to be inspected each year during the inspection cycle. If the county assessor is on track with their inspections, the senior specialist selects a representative sample of maps on the progress report to monitor. Afterwards, a specialist, or a combination of a specialist and a senior specialist, performs on-site visual inspection monitoring of the sample of maps.

During DPA’s on-site visual monitoring, the monitor(s) compares the county’s property record cards against their own on-site visual inspection of each parcel contained in the sample of maps. The monitor(s) notes errors (known internally as “observations”) on the property record cards in instances where the county assessor failed to note a change in the property. The monitor(s) subsequently lists the observations on a parcel level using an observation report. Based on the magnitude of the observations listed on this report, a senior specialist and a manager (senior specialist and assistant director at the Nashville DPA office) determine whether the visual inspections performed by the county assessor were acceptable. If the senior specialist and/or manager determine that the visual inspections are unacceptable, the senior specialist selects an additional representative sample to monitor. If the subsequent monitoring results in an unacceptable determination, DPA will take additional steps as appropriate to ensure that the county assessor corrects the issues. If the subsequent monitoring is unacceptable and the county assessor refuses to work with DPA, then DPA is authorized to take over the duties of the county assessor.
Appendix 7
Division of Property Assessments’ Property Sales Verification Monitoring Process

Part of DPA’s role in monitoring county property sales verification includes a DPA specialist using U.S. Title Search,8 Title Searcher,9 or a county’s own register of deeds website to ensure warranty deed information matches the title website and to ensure computer-assisted mass appraisal (CAMA) information is complete and accurate (specialists also ensure all deeds are on file in the CAMA system during their review). The DPA specialist’s CAMA information, which is obtained from the county assessors, is usually recorded via Excel reports or PDFs. Any potential errors or “observations” the DPA specialists find will be sent to the county assessors for their input and potential follow-up work (assuming the county assessor agrees with the DPA specialists’ observations). Ultimately the county assessors are responsible for the sales information provided. The DPA is responsible for monitoring and assisting with the property sales verification process.

Sales verification monitoring frequency is based on the county’s current status as an active or non-active county. An active county is monitored once per quarter, and non-active counties are monitored one quarter per year. Active counties are defined as counties that are currently performing a current value update or ratio study, or if the county is in a reappraisal year.

During year one in the cycle, DPA will create and evaluate sales ratios for a county. A sales ratio is the appraised value of a property divided by the market value that was assessed for that same property. Each parcel will receive a sales ratio showing how close the appraised value is to the market value. During a ratio year, DPA will help county assessors provide a ratio for the entire county as an average of the appraised values compared to the average market values. This ratio is used to determine if appraised values need to be updated closer to market value. The ratio is also used in reappraisal years (where property and land are revalued in a cycle) to determine if appraised values need to be updated closer to market value.

8 https://ustitlesearch.net/