For the Year Ended June 30, 2022

FINANCIAL AND COMPLIANCE AUDIT REPORT

Department of the Treasury
For the Year Ended June 30, 2022

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Comptroller of the Treasury

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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 22, 2022

Members of the General Assembly
Members of the Board of Trustees of the
   Achieving a Better Life Experience Plan
Members of the Board of Trustees of the
   College Savings Trust Fund Program
Members of the Board of Trustees of the
   Chairs of Excellence Trust
Members of the State Funding Board
Members of the Board of Claims
Members of the Board of Trustees of the
   Tennessee Consolidated Retirement System
Members of the Board of Directors of the
   Tennessee Financial Literacy Commission
Members of the Board of Trustees of the
   Tennessee Promise Scholarship Endowment
Members of the Board of Trustees of the
   Tennessee Retiree Group Trust
The Honorable David H. Lillard, Jr., Treasurer

Ladies and Gentlemen:

Transmitted herewith is the financial and compliance audit of the Department of the Treasury for the year ended June 30, 2022.

Consideration of internal control over financial reporting and tests of compliance resulted in no audit findings.

Sincerely,

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

22/076
# Audit Report

**Department of the Treasury**  
For the Year Ended June 30, 2022

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Opinions on the Financial Statements

The opinions on the financial statements of the Achieving a Better Life Experience (ABLE TN) Plan; the Criminal Injuries Compensation Fund; the Chairs of Excellence Trust; the Intermediate Term Investment Fund; the Risk Management Fund; the State Pooled Investment Fund; the Tennessee Consolidated Retirement System; the Tennessee Financial Literacy Commission; the Tennessee Promise Scholarship Endowment; the Tennessee Retiree Group Trust; and the TN Stars College Savings 529 Program, Educational Savings Plan are unmodified. Our independent auditor’s reports on these financial statements for the year ended June 30, 2022, are included with the financial statements published on the Department of the Treasury’s website, available at https://treasury.tn.gov.

Audit Findings

The audit report contains no findings.
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Members of the General Assembly
Members of the Board of Trustees of the Achieving a Better Life Experience Plan
Members of the Board of Trustees of the College Savings Trust Fund Program
Members of the Board of Trustees of the Chairs of Excellence Trust
Members of the State Funding Board
Members of the Board of Claims
Members of the Board of Trustees of the Tennessee Consolidated Retirement System
Members of the Board of Directors of the Tennessee Financial Literacy Commission
Members of the Board of Trustees of the Tennessee Promise Scholarship Endowment
Members of the Board of Trustees of the Tennessee Retiree Group Trust
The Honorable David H. Lillard, Jr., Treasurer

We have audited the financial statements of the Achieving a Better Life Experience (ABLE TN) Plan; the Criminal Injuries Compensation Fund; the Chairs of Excellence Trust; the Intermediate Term Investment Fund; the Risk Management Fund; the State Pooled Investment Fund; the Tennessee Consolidated Retirement System; the Tennessee Financial Literacy Commission; the Tennessee Promise Scholarship Endowment; the Tennessee Retiree Group Trust; and the TN Stars College Savings 529 Program, Educational Savings Plan, as of and for the year ended June 30, 2022, as well as the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 16, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.
Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department of the Treasury’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department of the Treasury’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Department of the Treasury’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department of the Treasury’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Katherine J. Stickel, CPA, CGFM, Director
Division of State Audit
December 16, 2022
Observations and Comments

The operations of the Department of the Treasury are accounted for in the general fund of the State of Tennessee. The department administers the Achieving a Better Life Experience (ABLE TN) Plan, a private-purpose trust fund; the Criminal Injuries Compensation Fund, a special revenue fund; the Chairs of Excellence Trust, a permanent fund; the Intermediate Term Investment Fund, an external investment pool; the Risk Management Fund, an internal service fund; the State Pooled Investment Fund, an external investment pool (which includes the Local Government Investment Pool); the Tennessee Consolidated Retirement System, a pension trust fund; the Tennessee Financial Literacy Commission, included in the general fund of the State of Tennessee; the Tennessee Promise Scholarship Endowment, a part of the State of Tennessee’s education fund, a special revenue fund; the Tennessee Retiree Group Trust, an external investment pool; and the TN Stars College Savings 529 Program, Educational Savings Plan, a private-purpose trust fund. The audit of the Department of the Treasury included all of the above funds, and our independent auditor’s reports on these financial statements for the year ended June 30, 2022, are included with the financial statements published on the Department of the Treasury’s website, available at https://treasury.tn.gov.

In addition to our audit of the financial statements of the funds noted above, we also performed certain limited procedures at the Department of the Treasury as part of our audit of the Annual Comprehensive Financial Report of the State of Tennessee for the year ended June 30, 2022. For the complete results of our audit of the State of Tennessee, please see the Annual Comprehensive Financial Report for the year ended June 30, 2022, and the State of Tennessee Single Audit Report for the year ended June 30, 2022. These reports are available on the Department of Finance and Administration’s website at https://www.tn.gov/finance/rd-doa/fa-acccfin-ar.html and the Comptroller of the Treasury’s website at https://www.comptroller.tn.gov, respectively.