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# Financial and Tax Administration

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Dear Reader:

The following document was created from the CTAS website ([ctas.tennessee.edu](http://ctas.tennessee.edu)). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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# Financial and Tax Administration

Reference Number: CTAS-464

There are three types of state laws applicable to the county financial function: general laws, general laws with local option application, and private acts for a specific county. The finance committees that exist in a county is dependent on the type of state law under which the county operates.

County Board of Equalization

County Budget Committee (County Budgeting Law of 1957)

County Financial Management Committee (County Financial Management Systems of 1981)

County Investment Committee

County Purchasing Commission (County Purchasing Law of 1957)

## Audit Committee

Reference Number: CTAS-505

The Local Government Modernization Act of 2005 encourages counties to form an audit committee, and the comptroller of the treasury may require it if a local government is not in compliance with Government Accounting and Standards Board (GASB) standards or has recurring findings of material weakness in internal control for three or more consecutive years. This committee is created by the county legislative body, which selects the members. The members of this committee must be external to the management and may be members of the county legislative body, citizens or a combination of both. Since the statute does not specify the number of members on this committee this is determined by the county legislative body. The duties of this committee are to be established in a resolution approved first by the comptroller and then by the county legislative body. The audit committee responsibilities include, at a minimum, financial and other reporting practices, internal control, compliance with laws and regulations and ethics. T.C.A. § 9-3-405. The audit committee is also required to establish a process for employees, taxpayers, and citizens to report suspected fraudulent, illegal, wasteful, or improper activity confidentially to the audit committee. If the chair believes the activity may have occurred, the chair is required to report it to the comptroller. The detailed information received and generated pursuant to a report of suspected activity is not an open record. T.C.A. § 9-3-406.

## Auditor Employment Committee

Reference Number: CTAS-506

The county legislative body may create a committee of not less than three members of the county legislative body to employ an auditor to audit the books of the officers and employees of the county. T.C.A. § 8-15-101 *et seq.*

## Committee for Resale of Land

Reference Number: CTAS-507

When real property is bought by the county at a delinquent tax sale due to the lack of an adequate bid by another party, after the year for redemption has passed the county is obligated to resell the real property bid in by the county. The county legislative body elects four people from its membership who, with the county mayor, form a committee to place a fair price on each tract of land bought by the county at delinquent tax sales. T.C.A. § 67-5-2507.

## County Finance Committee

Reference Number: CTAS-509

The county legislative body may appoint three of its members, who in conjunction with the county trustee and county mayor form a county finance committee to contract with banks or other financial institutions for the deposit of county funds. T.C.A. § 5-8-201 *et seq.*

## County Insurance Committee

Reference Number: CTAS-510

The county legislative body may appoint a committee consisting of some number of its members to prepare and present to the county legislative body one or more contracts with one or more insurance

companies or other corporations authorized to provide any of the following types of insurance for county employees and officials: group life, hospitalization, disability and medical. The number of members is not specified by statute and is determined by county legislative body resolution. T.C.A. § 8-27-501 *et seq.*

## County Revenue Commissioners

Reference Number: CTAS-511

Prior to 2016, the county legislative body was required to elect three competent citizens to be county revenue commissioners every two years during its July meeting. These revenue commissioners were required to meet four times a year to examine the settlements of the county mayor with all of the officers of the county who collect money, review all of the financial reports, review disbursements from the county treasury and examine the books of these officers if necessary. The county revenue commissioners were required to report the results of their investigations at the end of each quarter. T.C.A. § 5-8-601 *et seq.* In 2016, the legislature deleted the provisions relating to revenue commissioners (Public Chapter 624). The legislative changes did not remove incumbents from office, but no new revenue commissioners will be elected.

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