



Fall 2026 Technical Assistance

Regional Finance Consultant | Division of Local Finance

September 2026



DISCLAIMER

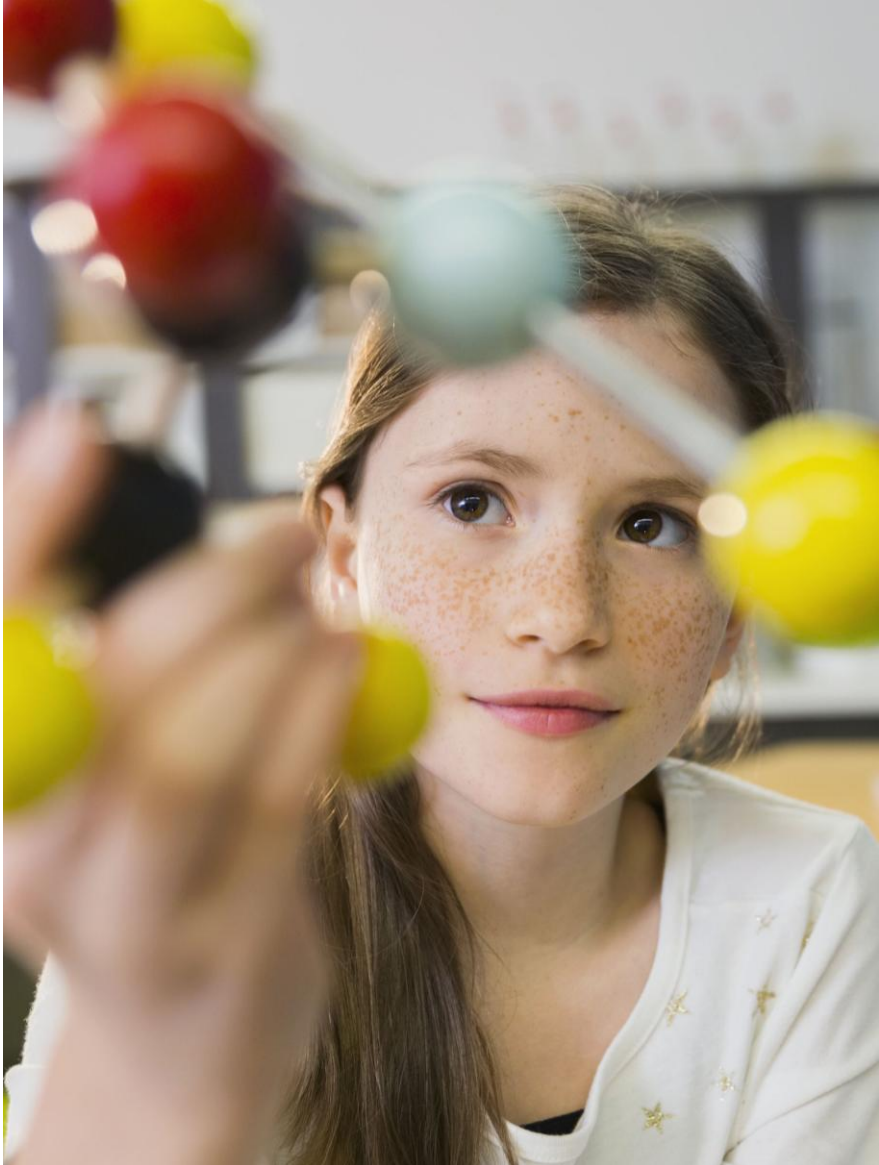
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While the State supports your desire to maintain documentation of the meeting and what you learn, **please respect our decision to safeguard information** and do not attempt to use tools such as these. If you choose to use a tool such as this, the State will block that tool from the meeting.





Agenda

- Fiscal Year-End Checklist
- 2025 Monitoring Findings
- 2025 Audit Findings
- Connecting Audit Results to Internal Controls





Preparing for Fiscal Year-End

Year-End Success Starts
Throughout the Year





Objectives

- Introduce the Fiscal Year-End Checklist
- Discuss ways to use the tool throughout the year
- Share best practices to reduce year-end challenges
- Encourage customization to fit local processes



What Creates Year-End Stress?

- Missing documentation
- Unreconciled accounts
- Grant cleanup
- Budget revisions
- Open purchase orders
- Outstanding accruals
- FER deadlines
- Auditor requests



Year-end Checklist

Using the checklist throughout the year



Discussion Question

- Take a few minutes and discuss the following with your neighbor:

What is typically your biggest
year-end challenge?
What makes this area more
challenging?

Introducing the Fiscal Year-End Checklist

- The checklist was developed to help districts:
 - Organize tasks,
 - Assign responsibilities,
 - Track due dates,
 - Monitor completion,
 - Prepare for audits, and
 - Support Final Expenditure Report (FER) completion.



What Does the Checklist Cover?



Financial Close

- Cash
- Revenue
- Expenditures
- Accruals



Reporting & Compliance

- FERs
- Trial Balance Review
- Reserve Calculations



Planning & Budgeting

- Final Amended Budgets
- Next Fiscal Year Budgets
- Auditor Preparation



Governance

- Internal Controls
- Financial Management Policies and Procedures

Sample Checklist Feature

- The checklist includes the following information:

Fiscal Year End Checklist Items	Due Date	Assigned To	Date Completed	Reviewed By



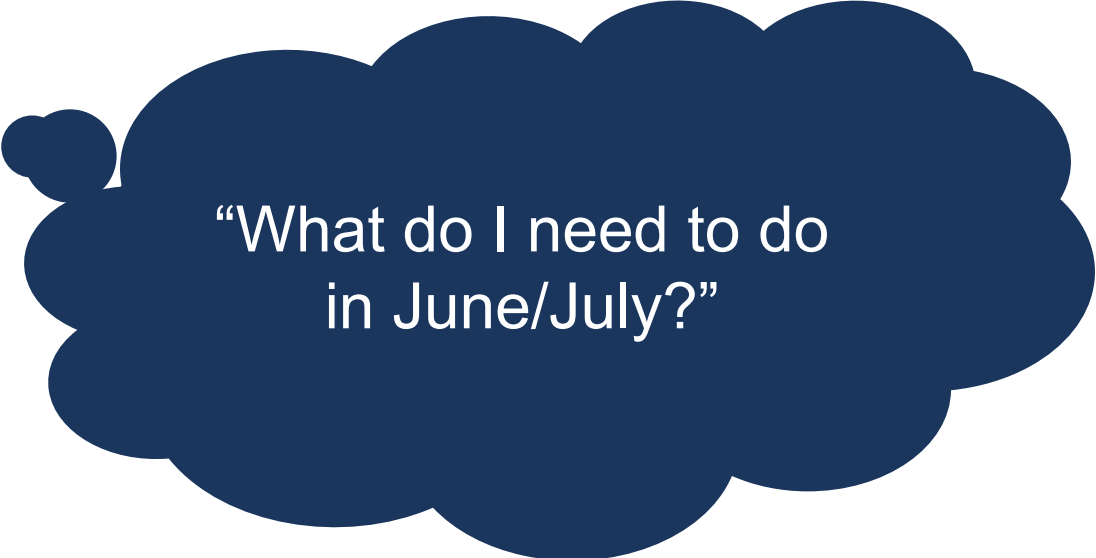
Customize it to Your LEA

- Add local deadlines
- Assign staff responsibilities
- Include auditor-specific requests that are routine
- Add local procedures
- Add grant-specific requirements



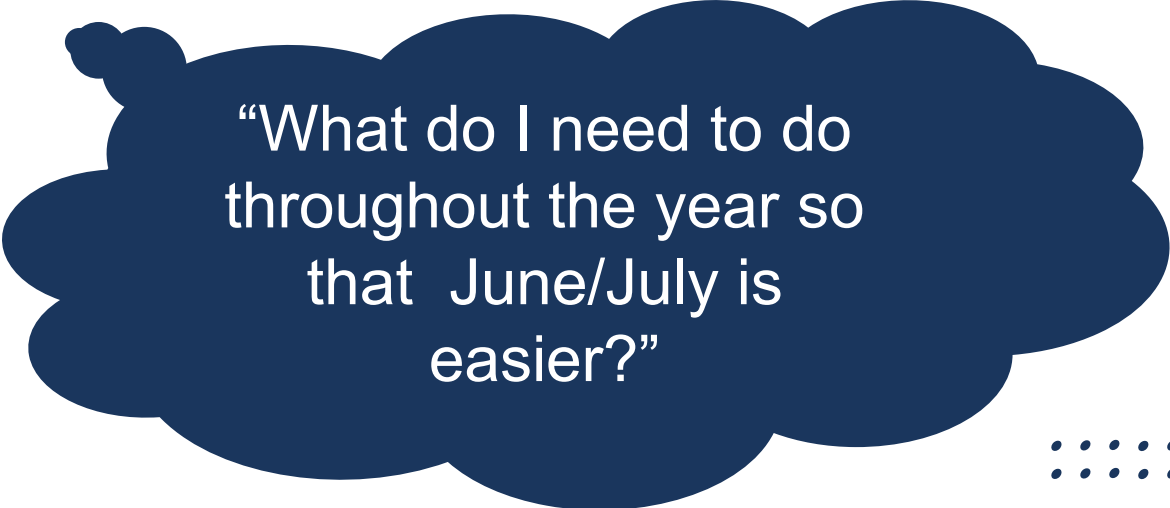
A Different Way to Think About Year-End

Instead of Asking:



“What do I need to do
in June/July?”

Ask:



“What do I need to do
throughout the year so
that June/July is
easier?”





Year-End Best Practices

Top strategies to end the year strong

1

Monitor Processes Throughout the Year

- Grant budgets
- Open purchase orders
- Budget variances
- Revenue and expenditure coding
- Reconciliations
- Time and effort documentation
- Equipment management



Establish Internal Deadlines

- Schedule key tasks early enough to allow time for review, corrections, and unexpected issues before the official deadline.
- Consider establishing internal deadlines for:
 - Reimbursement requests,
 - FER completion,
 - Budget amendments,
 - Auditor document requests,
 - PO Cut-off date, and
 - Other?



3

Maintain an Accrual Tracking Process

- Maintain a list of year-end receivables and payables
- Retain supporting documentation
- Review outstanding accruals regularly
- Ensure accruals are collected timely (within 60 days after year-end) or reversed



Prepare for Auditors All Year

- Organize supporting documentation
- Keep reimbursement request documentation together
- Maintain travel documentation and approvals
- Retain reconciliations and supporting schedules
- Keep board approvals readily available
- Maintain notes and documentation for corrective entries



Review and Improve Processes Annually

- Complete the annual Internal Control Risk Assessment
- Review recurring year-end challenges
- Pull sample transactions from schools and ensure procedures are followed
- Evaluate what worked well or can be improved
- Update policies and procedures as needed
- Adjust processes that will improve year-end success





Reflection and Discussion

- Think back to the challenge you identified at the beginning of the session. Discuss with your neighbor:

- What is one takeaway from today that could help improve that area?
- What is one practice you would recommend to another finance director?
- What is one process you plan to review or strengthen this year?

FY25 Monitoring Findings

Discuss Common Findings and Best Practices





Session Objectives

- Review common FY25 monitoring findings
- Discuss best practices around processes to prevent common non-compliance



Uniform Grant Guidance (UGG)

- The subrecipient is not compliant with 2 C.F.R. §§ 200.302-303 because its written financial management policies and procedures do not reflect the current UGG requirements.
- Key Controls
 - Update policies and procedures and assign responsibility
 - Staff training
 - Periodic internal reviews

Uniform Grant Guidance

- Best practices
 - Consolidate federal procedures to a single UGG manual
 - [UGG template](#)
 - Review and update annually or when guidance changes
 - Travel rates
 - Purchasing thresholds
 - Internal processes
 - Ensure all applicable staff have access

Equipment

- Federal property records (inventory listings) do not contain all elements required under 2 C.F.R. § 200.313(d)(1).

Equipment, Cont.

- Best Practices
 - Maintain a centralized inventory system
 - [Property record template](#)
 - [Equipment management guidance](#)
 - Record and tag upon receipt
 - Establish clear written procedures
 - Provide periodic staff training
 - Conduct regular inventory record reviews
 - Perform physical inventories at least once every two years
 - Document and promptly resolve discrepancies

Time and Effort

- Time and effort documentation is not maintained in accordance with [2 C.F.R. § 200.430](#).

Time and Effort, Cont. (1/2)

- Best Practices
 - Accurate time records with employee and supervisory approvals
 - After-the-fact reconciliation of time records against actual charges
 - Regular review of payroll charges against grants and funding sources
 - Ongoing training, oversight, and timely correction of discrepancies

Time and Effort, Cont. (2/2)

- Employees funded by state and/or local funds for salaries included in the special education maintenance of effort (MOE) calculation (cost-sharing requirements) must maintain time and effort documentation ([2 C.F.R. § 200.430\(g\)\(4\)](#))
 - Follow the same time and effort procedures for special education employees paid with state and local funds

Sole Source Procurement

- Sole source purchases are supported only by vendor sole-source letters, without adequate procurement justification ([2 C.F.R. §§ 200.319-320](#)).

Sole Source Procurement, Cont.

- Best Practices
 - Follow policies and procedures
 - Document why only one vendor can meet a need
 - Require a sole-source justification form and approval by finance director or purchasing agent
 - Maintain all supporting evidence

Indirect Cost

- Indirect cost charges were not consistently calculated and allocated to federal grant according to 34 C.F.R. § 75.562 and Appendix VII to 2 C.F.R. Part 200.

Indirect Cost, Cont.

- Best Practices
 - Establish and maintain formal indirect cost procedures to include roles and review requirements
 - Use a calculation template with approved indirect cost rates and supervisory review
 - Perform year-end reconciliations and retain all records



FY25 LEA Audit Findings

Discuss Common Findings and Best Practices





Session Agenda

- Review common FY25 audit findings
- Discuss best practices around processes to prevent audit findings



2025 LEA Audit Findings

Category	Findings
Accounts Reconciliations	21
Bond Requirement (for covered construction projects or officials)	4
Budget Compliance	19
Capital Asset Accounting	4
Financial Reporting / Material Audit Adj.	19
Fraud/Internal Controls	4
Lack of Management Oversight	2
Lack of Supporting Documentation	4
Miscellaneous (Cash Overdraft, Sales Tax Exemption Misuse, Nepotism, IRS Penalties, Investigations, Others)	12
Procurement Compliance	10
Segregations of Duties	3
Year-End Accrual Adjustments	5

Surviving audit season feels like finishing a marathon, except there's no medal – **just more work.**

-Anonymous

Procurement & Contract Issues

- Findings:
 - Procurement processes bypassed,
 - Inadequate contract oversight,
 - Conflicts of interest, and
 - Vendor-management concerns.
- Why It Matters:
 - This can result in bid law violations, questioned costs, fraud/abuse issues, and compliance findings.

Procurement & Contract Issues, Cont.

- Prevention:
 - Strengthen procurement procedures & contract review procedures (clearly define purchasing thresholds, scoring mechanism, research),
 - Maintain documentation (competitive and sole-source),
 - Separation of procurement duties, and
 - Consult [sam.gov](https://www.sam.gov) for suspension/debarment.

Weak Internal Controls and Segregation of Duties

- Findings:
 - Inadequate governance,
 - Lack of internal monitoring,
 - Ethics oversight, and
 - One employee controlling multiple phases of transaction processes.
- Why it matters:
 - Increased risk of fraud, error, and misappropriation, and

Weak Internal Controls and Segregation of Duties, Cont.

- Often leads to larger issues and findings involving payroll, purchasing, grants, cash handling, etc.
- Prevention:
 - Establish written procedures,
 - Maintain documentation,
 - Require management review,
 - Require approval signatures,
 - Conduct internal monitoring, and
 - Split duties when possible.

Budget Violations & Fund Balance Deficits

- Findings:
 - Expenditures exceeded appropriations,
 - Failure to amend the budget in a timely manner,
 - Recurring operating deficits, and
 - Negative fund balances or balances below recommended levels.
- Why it matters:
 - May violate state budget requirements,

Budget Violations & Fund Balance Deficits, Cont. (1/2)

- Indicates weak financial oversight,
- Failure to monitor can result in numerous, amendments at the end of the year,
- Low fund balance can result in cash flow issues, and
- Overspending & revenue shortfalls.
- Prevention:
 - Review budget-to-actual reports monthly,
 - Track expenditure trends & revenue collections,

Budget Violations & Fund Balance Deficits, Cont. (2/2)

- Monitor grant spending & make regular reimbursement requests-finance & program directors,
- Create early warning triggers,
- Monitor encumbrances, and
- Adopt a fund balance policy.

Audit Adjustments, Journal Entries, and Reconciliation Issues

- Findings:
 - Records not current,
 - Books are not closed timely,
 - Significant auditor adjustments before statements could be properly reviewed,
 - Failure to perform monthly reconciliations,
 - Trustee/bank, payroll & other liabilities, federal reimbursement requests to expenditures, and school-level accounts,

Audit Adjustments, Journal Entries, and Reconciliation Issues, Cont. (1/3)

- Accruals not posted for payroll and accounts payable, and
- Journal entry issues related to revenue incorrectly posted, expenditures charged to the wrong functions, accruals not posted.
- Why it matters:
 - Payroll is typically the largest expense, and errors can affect taxes and benefits,
 - Increased risk of inaccurate financial reporting,
 - Delayed or incorrect decision-making,

Audit Adjustments, Journal Entries, and Reconciliation Issues, Cont. (2/3)

- Liabilities/revenues may be under- or overstated,
 - Fund balances can be misstated,
 - Financial statements become unreliable, and
 - Errors accumulate and make it harder to close the year.
- Prevention:
 - Monthly reconciliation of all accounts,
 - Develop a formal month-end close process,

Audit Adjustments, Journal Entries, and Reconciliation Issues, Cont. (3/3)

- Monthly review of financial statements,
- Develop journal entry process, including approvals and post-entry reviews, and
- Perform regular budget-to-actual reviews.

Federal Grant Compliance Issues

- Findings:
 - Material audit adjustments for proper financial statement presentation.
- Why it matters:
 - Incorrect expenditure tracking,
 - Reimbursement accuracy,
 - Grant reporting reliability,
 - Internal controls over federal awards,

Federal Grant Compliance Issues, Cont.

- Repayment obligations, and
- Monitoring findings.
- Prevention:
 - Reconcile grant expenditures monthly,
 - Reconcile reimbursement requests to the general ledger,
 - Match grant budgets to actual expenditures (including time worked for federally paid employees), and
 - Perform a pre-audit review of all grant balances.

Internal School Funds and Cash Handling

- Findings:
 - Fundraiser proceeds held for several days,
 - Athletic gate receipts not deposited properly,
 - Yearbook and club collections kept in classrooms, and
 - Cash retained in school safes longer than necessary.
- Why it matters:
 - Increased risk of theft or loss,
 - Difficult to track collections,

Internal School Funds and Cash Handling, Cont. (1/2)

- Creates opportunities for misappropriation, and
- Weakens public confidence in school fund management.
- Prevention:
 - Train staff on [Internal School Funds Manual](#),
 - [Internal School Funds Manual Video](#), and
 - [Internal School Funds FAQ](#).

Internal School Funds and Cash Handling, Cont. (2/2)

- Deposits made timely,
- Teacher collection logs maintained,
- Implement segregation of duties,
- Activity funds & club accounts reviewed and reconciled monthly,
- Complete fundraiser reconciliations,
- Retain all supporting documentation,
- Surprise cash counts, and
- Central office reviews school funds periodically.



Connecting Audit Results to Internal Controls



Objectives

- Gain an understanding of:
 - Types of audits,
 - Common findings,
 - The relationship between findings and internal controls,
 - Requirements for internal controls and risk assessments, and
 - How an Internal Control Manual supports compliance.



Why it Matters

- Governments receive millions of taxpayer dollars
- Poor internal controls result in:
 - Audit findings,
 - Questioned costs,
 - Repayment of grant funds,
 - Increased oversight, and
 - Loss of public trust.



Types of Audits

TN Comptroller Audit

- Verify accuracy and fairness of financial statements
- Ensure compliance with laws, regulations, contracts, and grant agreements
- Aligned with Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards



Common Financial Audit Findings – Recap

- Lack of reconciliations
- Budget and fund management deficiencies
- Inadequate financial reporting requiring material audit adjustments
- Purchasing violations
- Segregation of duties



What Causes Non-compliance?

- Lack of written procedures
- Insufficient review of documentation
- Staff turnover
- Inadequate training
- Incompetent staff
- Weak oversight
- Poor communication



Single Audit

- Mandated by [2 CFR § 200.501](#)
- Applies to non-Federal entities (including LEAs) that expend \$1 million or more in federal awards during the fiscal year
- Ensures financial integrity
- Evaluates internal controls
- Verifies compliance with federal requirements



Single Audit Focus Areas

- Allowable costs
- Cash management
- Equipment
- Reporting
- Procurement
- Period of performance



Common Single Audit Findings

- Missing documentation
- Late reporting
- Improper procurement
- Unallowable costs
- Time and effort
- Internal control weaknesses



Why

- Lack of internal controls!



Internal Controls

What are Internal Controls

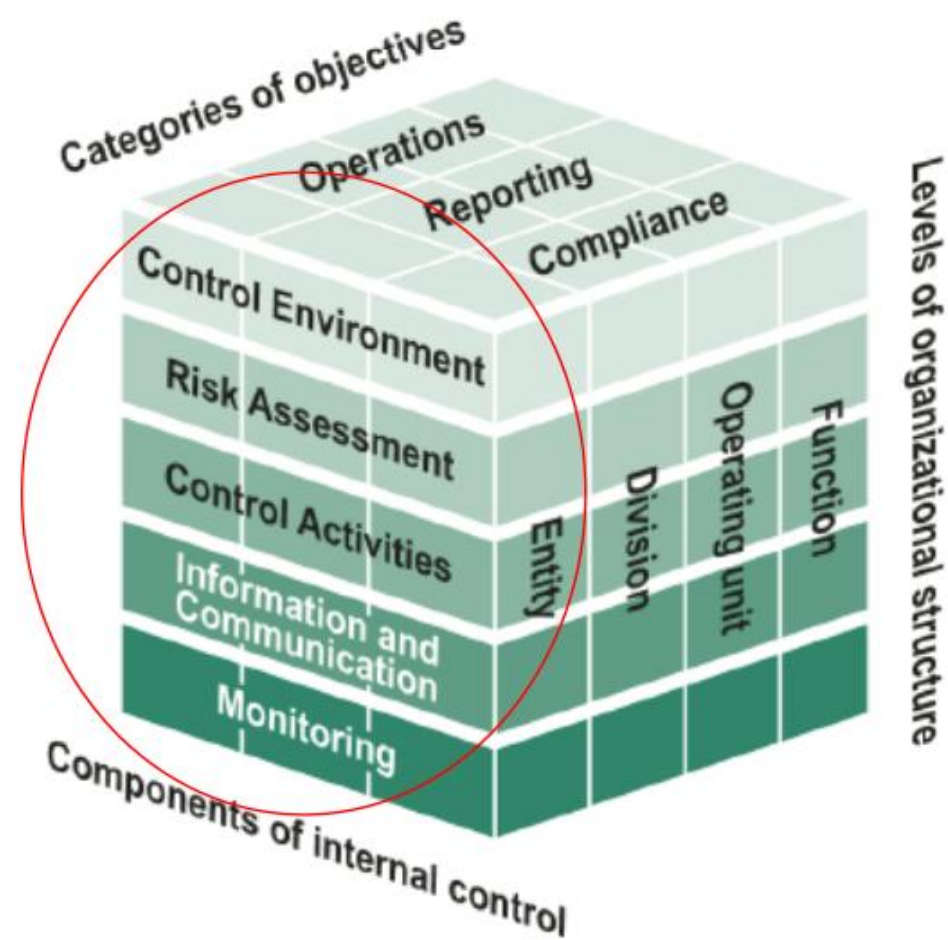
- Reasonable assurance that:
 - Operations are effective and efficient,
 - Financial reporting is reliable, and
 - Compliance requirements are met.



Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework



Green Book Framework



Uniform Guidance Requirements

- Internal Controls must comply with:
 - COSO,
 - Green Book,
 - Documented policies,
 - Monitoring,
 - Risk assessment, and
 - Corrective action.



Internal Control Manual

- The manual guides the LEA in various areas:
 - Policies and procedures,
 - Responsibilities,
 - Approval authority,
 - Required documentation,
 - Monitoring,
 - Corrective actions, and
 - Fraud reporting.



Internal Controls by Process

- Cash
- Payroll
- Procurement
- Accounts Payable/Accounts Receivable
- Journal Entries
- Federal Grants
- Reporting



Risk Assessment

What is Risk Assessment?

- Identify risk
- Analyze risk
- Prioritize risk
- Develop controls
- Monitor results



Risk Assessment Requirements

- Risk should consider:
 - Program complexity,
 - New grants,
 - Staff changes,
 - Prior findings,
 - Technology,
 - Fraud, and
 - Compliance requirements.



Risk Assessment Process

- Identify
- Analyze
- Respond
- Monitor
- Update



Sample Risk Matrix

Risk	Likelihood	Impact	Rating
Payroll Error	High	High	Critical
Procurement	Medium	High	High
Cash Receipts	Low	High	Medium

High-Risk Areas for Federal Grants

- Procurement
- Payroll
- Equipment
- Cash Drawdowns





Connecting Everything Together

Findings and Internal Controls Connection

- Finding
- Missing control
- Risk assessment
- Policy update
- Training
- Monitoring
- No Repeat finding



Example Finding

- Finding
 - Improper Procurement
- Risk
 - Federal noncompliance
- Control
 - Purchasing checklist
 - Approval matrix
 - Annual training



Continuous Monitoring

- Internal reviews
- Grant monitoring
- Management review
- Corrective action follow-up



Annual Internal Control Review

- Review policies and procedures
- Review findings
- Conduct risk assessment
- Update policies and procedures
- Train staff
- Test controls



Internal Control Best Practices

Best Practices

- Written procedures
- Cross-training
- Management review
- Grant calendars
- Checklist
- Documentation
- Monitoring
- Annual risk assessments



Lessons Learned

- Every finding identifies:
 - A control weakness,
 - A process weakness,
 - A documentation weakness, and
 - An OPPORTUNITY for improvement!



Action Plan

- Review audit findings
- Perform risk assessment
- Update Internal Control Manual
- Train employees
- Implement internal monitoring
- Track corrective actions



Key Takeaways

- Good internal controls prevent findings.
- Risk assessments identify where controls are needed.
- Policies and procedures without internal monitoring are ineffective.
- Documentation is essential.
- Compliance begins BEFORE the audit.



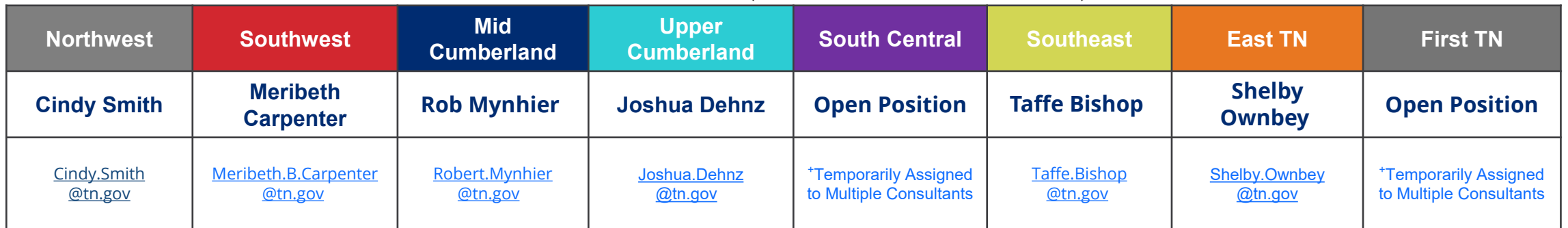
Closure

Resources

- Maintain your UGG procedures and train staff
 - [TN LEA UGG Policies and Procedures Template](#)
- Perform & document an annual risk assessment
 - Be proactive and don't just rely on auditor feedback
 - [TN LEA Internal Controls Risk Assessment Template](#)
 - [Internal Control Manual - TN Comptroller of the Treasury](#)
- Fraud Risk Assessment
 - Put cybersecurity controls in place
 - [COT Cyber Aware](#)



9/16/2026



*District assigned to a finance consultant in a different CORE region.

Regional Finance Consultant District Assignment

9/16/2026

Northwest	Southwest	Mid Cumberland	Upper Cumberland	South Central	Southeast	East TN	First TN
Cindy Smith	Meribeth Carpenter	Rob Mynhier	Joshua Dehnz	Open Position	Taffe Bishop	Shelby Ownbey	Open Position
Cindy.Smith@tn.gov	Meribeth.B.Carpenter@tn.gov	Robert.Mynhier@tn.gov	Joshua.Dehnz@tn.gov	*Temporarily Assigned to Multiple Consultants	Taffe.Bishop@tn.gov	Shelby.Ownbey@tn.gov	*Temporarily Assigned to Multiple Consultants
Districts: Alamo City Bells City Benton County Bradford SSD Carroll County Crockett County Dyer County Dyersburg City Gibson County SSD Henry County Hollow Rock-Bruceton SSD Humboldt City Huntingdon SSD Lake County McKenzie SSD Milan SSD Obion County Paris SSD South Carroll SSD Trenton SSD Union City Weakley County West Carroll SSD	Districts: Arlington Community Bartlett City Chester County Collierville Schools Fayette County Germantown Municipal Hardeman County Haywood County Henderson County Jackson-Madison County Lakeland School System Lauderdale County Lexington City McNairy County Memphis-Shelby County Millington Municipal Tipton County University Schools-Memphis	Districts: Cheatham County Clarksville-Montgomery Dickson County Dept. of Children Services Dept. of Corrections Franklin SSD Houston County Humphreys County Lebanon SSD Metro Nashville Public Schools Murfreesboro City Robertson County Rutherford County Stewart County Sumner County TN Charter Commission TN School for the Blind Williamson County Wilson County *South Central LEAs	Districts: Alvin C. York Institute Bledsoe County Cannon County Clay County Cumberland County DeKalb County Fentress County Jackson County Macon County Overton County Pickett County Putnam County Smith County Trousdale County Van Buren County Warren County White County *Sequatchie County *South Central LEAs	Districts: Bedford County Coffee County Fayetteville City Franklin County Giles County Hickman County Lawrence County Lewis County Lincoln County Manchester City Marshall County Maury County Moore County Perry County Tulahoma City Wayne County *Decatur County *Hardin County	Districts: Athens City Bradley County Cleveland City Dayton City Etowah City Grundy County Hamilton County Marion County McMinn County Meigs County Polk County Rhea County Richard City SSD *Lenoir City *Loudon County *Monroe County *Sweetwater City *First TN LEAs	Districts: Alcoa City Anderson County Blount County Campbell County Claiborne County Clinton City Jefferson County Knox County Maryville City Morgan County Oak Ridge Oneida SSD Roane County Scott County Sevier County TN School for the Deaf Union County *West TN School for the Deaf *First TN LEAs	Districts: Bristol City Carter County Cocke County Elizabethton City Greene County Greeneville City Hamblen County Hancock County Hawkins County Johnson City Johnson County Kingsport City Newport City Rogersville City Sullivan County Unicoi County Washington County *Grainger County

*Districts assigned to a finance consultant in a different CORE region.

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Fraud, Waste, or Abuse

Citizens and agencies are encouraged to report fraud, waste, or abuse in state and local government.

NOTICE: This agency is a recipient of taxpayer funding. If you observe an agency director or employee engaging in any activity which you consider to be illegal, improper or wasteful, please call the Tennessee Comptroller's toll-free hotline:

1-800-232-5454

Notifications can also be submitted electronically at:
comptroller.tn.gov/hotline



Please Share Your Feedback

Fall 2026 Regional Technical
Assistance Survey



<https://forms.cloud.microsoft/r/cscJh0gzv1>





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