

GMSD Board Work Session
November 16, 2022 5:00 PM
Board Room, GMSD Office

1. Revision of Policies - First Reading
2. Miscellaneous FY 22-23 Budget Amendment # 15
3. Approval of Contract to Audit the GMSD Internal School Funds for FY 2022-23
4. Further Business

Rationale for Revision of GMSD Policies 11.16.22 Board Work Session

Revisions are recommended for the following;

First Reading – 11.29.22

Second Reading – 12.15.22

1. **Revision Policy 2.200 Annual Operating Budget** – The language in the first paragraph of policy 5.116 was convoluted and had nothing to do with the balance of the policy and did not properly reflect the law on the subject of the budget as it relates to the statutory authority of the Superintendent or the Board; therefore, we recommend extracting that language from policy 5.116 and include a proper reflection of the statutory authority of the Superintendent and the Board in this policy 2.200.
2. **Revision Policy 2.400 Revenues, Gifts, and Bequests** – We recommend replacing “Board” with “Germantown Board of Education” in order to be consistent with similar recent changes the Board has made to other policies. Superfluous language has been removed. Language regarding “online payment” has been added to bring the policy into more contemporary practice. The word “administrator” has been removed under the “Excluding School Support Organizations” because Principals should review all such donations, gifts and sponsorships to ascertain the appropriateness of same. Phrases like “best interest”, “school is required to meet conditional provisions”, etc. have been removed because those terms are too obscure to have value in a policy. We recommend removing the “release” language because such a requirement makes the gift giving more complicated and it too cumbersome enforce. Citations have been updated and footnote numbers removed to reflect current practice.
3. **Revision Policy 2.500 Deposits of Funds** –Recommended changes reflect recommendations of the Tennessee Internal School Uniform Accounting Manual. Citations have been updated and footnotes removed to reflect current practice.
4. **Revision Policy 2.703 Audits** – We recommend replacing “Board” with “Germantown Board of Education” in order to be consistent with similar recent changes the Board has made to other policies. The language regarding submission to the Commissioner of Education reflects statutory requirements. The revision regarding the contract date for the CPA was made because the existing language is too restraining in that circumstances sometimes dictate that the contract is approved on differing dates. Citations have been updated and footnotes removed to reflect current practice.
5. **Revision Policy 5.116 Reductions in Force (formerly Staff Positions)** – This policy presently pertains primarily to staff reductions. We recommend changing the name of the policy to read, “Reductions in Force” such that users can more easily locate this subject matter. Additionally, the language in the present policy does not reflect the correct state of the law on the subject of

reductions in force; the recommended changes better reflect the law on this subject. In regard to the modification to the first paragraph of this policy, see the rationale for "Revision Policy 2.200". Citations have been updated and footnotes have been removed to reflect current practice.

Germantown Municipal School District

Monitoring: Review: Annually	Descriptor Term: Annual Operating Budget	Descriptor Code: 2.200	Issued Date: 12/**/22
		Rescinds: 2.200	Issued: 03/19/18

1 *General*

2 All school system budgets are the operational plans stated in financial terms which describe the programs
3 and services to be conducted during the fiscal year beginning July 1 ending June 30 the following year.
4 All programs and services to be offered during the fiscal year are aligned with the Germantown
5 Municipal School Board's established vision, goals, and priorities for the District.

6 **PREPARATION PROCEDURES**

7 Budget planning shall include an analysis of previous staffing, curriculum and facilities, and projections
8 requiring additional staffing, curriculum modifications, and additional facilities.

9 The budget proposal shall be balanced and presented in a clearly understandable format. It shall also
10 be consistent with board policy, contract conditions, and include provisions for:

- 11 • Programs to meet the needs of the entire student body
- 12 • Staffing arrangements adequate for proposed programs
- 13 • Maintenance of the district's equipment and facilities
- 14 • Efficiency and economy

15 Public school budgeting for the school district is regulated and controlled by legislation, State Board of
16 Education regulations, City of Germantown Board of Mayor and Aldermen, and local School Board
17 requirements.

18 Budget preparation shall be the responsibility of the Superintendent. The Superintendent or the
19 Superintendent's designee shall oversee the preparation of the District's budget and shall involve
20 appropriate staff at all levels in the development of budget projections.

21 The Superintendent or the Superintendent's designee and the Chairman of the Board shall establish an
22 annual budget development process and calendar.

23 The Superintendent shall annually prepare the school district's budget and present to the Germantown
24 Board of Education for its approval. Once approved by the Germantown Board of Education, the
25 Superintendent shall present the budget to the City of Germantown's Board of Mayor and Aldermen
26 for its adoption.

- 1 The Superintendent shall file with the Commissioner of Education a copy of the budget adopted by the
2 City of Germantown's Board of Mayor and Aldermen. The budget shall set forth in itemized form the
3 amount necessary to operate the District for the scholastic year beginning on July 1.
- 4 The Germantown Board of Education shall approve all changes to fund allocations within major
5 categories of the budget. The Superintendent may approve transfers from one line-item to another
6 within the same function.
- 7 Changes in expenditures that reallocate funds from one major category to another require the prior
8 ratification of both the Germantown Board of Education and the City of Germantown's Board of
9 Mayor and Aldermen.
- 10 The Superintendent has the authority to employ, transfer, suspend, non-renew, and dismiss (subject to
11 applicable state laws) employees of GMSD provided that such decisions do not exceed the budget
12 adopted by the Germantown Board of Education, unless the Board approves an increase in the budget.
13 Board members shall not vote to create debts beyond the income provided in the school budget for any
14 school year.

Legal References

T.C.A. § 49-2-204

T.C.A. § 49-2-301

State Board Rule 0520-01-02-.13

Germantown Municipal School District

Monitoring: Review: Annually	Descriptor Term: Revenues, Gifts, and Bequests	Descriptor Code: 2.400	Issued Date: 12/**/22 9/16/19 03/19/18
		Rescinds: 2.400	Issued: 06/19/17

1 Any money collected by any school shall be documented by a written receipt.

2 The schools may receive funds collected from activities and for events held at or in connection with
3 the school, including contracts with other schools for interschool events. To be included in this
4 accounting are all monies collected from lunchrooms, athletics, entertainments, school clubs, fees,
5 concessions, and all fundraising activities. Each Principal shall follow the reconciliation method
6 established by the State to be used for all events which require a ticket.¹

7 The purchase of items intended for resale through the schools shall be subject to sales tax based on the
8 purchase price to the vendor providing the service or item. Resale items not intended to generate a
9 profit shall be determined by the Principal.²

10 Fees

11 School fees are to be kept to a minimum and may be expended only for the purposes for which they
12 were collected. The school shall not request any student to pay a fee to the school for any purpose,
13 except as authorized by the ~~Board~~ Germantown Board of Education. No fees shall be required of any
14 student as a condition to attend the school or use its equipment.³ School fees shall be waived for
15 students who receive free or reduced-price lunches.⁴ No student will be penalized for nonpayment of
16 any materials fee.

17 Fines and Insurance

18 A student will be held responsible for the cost of replacing any materials or property which the student
19 loses or damages,⁵ including textbooks, library books, equipment, and buildings. Textbook fines and
20 technology equipment insurance collected by a school shall be paid to the ~~Board~~ Germantown Board
21 of Education by a school check or by online payment.

22 Tuition Income

23 Tuition collected from nonresident students shall be paid directly to the ~~Board~~ Germantown Board of
24 Education. Schools shall not collect tuition.

25 Rental Income

26 Any group or organization desiring to use one of the school facilities must contact the ~~Distriet~~ GMSD
27 Chief of Operations for pricing. Rental payments shall be paid directly to the ~~Board~~ Germantown
28 Board of Education.

1 ~~This policy applies to all discretionary grants, gifts, donations, and/or sponsorships to schools and the~~
2 ~~District.~~

3 **Vending Machine Revenue**

4 Vending machine revenues received from sales to teachers ~~will~~ shall be used to fund teacher morale
5 accounts.⁷

6 **GRANTS, GIFTS, AND BEQUESTS**

7 **Definitions**

8 **Direct commercial/return benefit** –profit or gain received by a company as a result of providing a
9 school/district with property, money, goods, or services.

10 **Donation** - property, money, goods, or services irrevocably given for the benefit of a school or the
11 District without any direct commercial or material benefit.

12 **Sponsorship** – the financial or resource subsidizing of an event, team, club, or program/initiative by a
13 company, organization, or individual for which the company, organization, or individual will receive
14 no substantial benefit other than the use or acknowledgment of the business name, logo, or product
15 ~~lines~~ in connection with the district's activities. ~~(e.g., X company purchases uniforms and equipment~~
16 ~~for the middle school basketball team and the company's logo is on the team's uniform).~~

17 **General**

18 The Germantown ~~Municipal School District~~ Board of Education recognizes and appreciates that
19 organizations and /or individuals may wish to award grants, contribute gifts, make donations or
20 provide sponsorships to the Germantown Municipal School District Schools. The system reserves the
21 right to determine if the grant, gift, donation, or sponsorship is appropriate and may reject those it
22 deems inappropriate or unsuitable. To be acceptable, a grant, gift, donation, or sponsorship must
23 **minimally:**

- 24 ▪ have a purpose consistent with the beliefs/philosophy of the school system;
- 25 ▪ be offered by a donor acceptable to the ~~Board~~ Germantown Board of Education;
- 26 ▪ not bring undesirable or hidden costs to the school system;
- 27 ▪ place no undesirable restrictions on the ~~Board~~ Germantown Board of Education;
- 28 ▪ not be inappropriate or harmful to the best education of students;
- 29 ▪ not imply endorsement of any business or product or belief; and
- 30 ▪ not be in conflict with any ~~Board~~ Germantown Board of Education policy or state law.

1 **Excluding School Support Organizations:**

2 All gifts, donations, and sponsorships of less than \$5,000 may be accepted upon approval of the
3 **Principal**, ~~/administrator.~~

4 All gifts, donations, and sponsorships of \$5,000 to \$49,999 may be accepted upon approval of the
5 Superintendent (and/or designee).

6 All gifts, donations, and sponsorships of \$50,000 or more will be accepted upon approval of the **Board**
7 **Germantown Board of Education**.

8 All grants of \$50,000 or more will be accepted upon approval of the Germantown **Municipal School**
9 **District** Board of Education.

10 ~~Any grant, gift, donation, or sponsorship should be received in the best interest of the school system.~~

11 All grants, gifts, donations, and goods received through sponsorships will become property of the
12 District ~~and will not be subject to recall or assignment.~~ Before approval, all donors will consult with
13 the appropriate **District level** administrator and/or **Principal** to ensure usability of the gift, grant,
14 donation, or sponsorship. ⁶ ~~When grants, gifts, donation, or sponsorships are made, donors will be~~
15 ~~required to sign a form of release, stating that the grant, gift, donation, or sponsorship becomes~~
16 ~~property of the District and will not be subject to recall or reassignment.~~ By acceptance of the grant,
17 gift, donation, or sponsorship, the **Board** **Germantown Board of Education** makes no commitment to
18 assume financial responsibility for continuation, if the grant, gift, donation or sponsorship becomes
19 exhausted.

20 ~~Exceptions upon~~ **Subject to the** approval of the Superintendent, **or his/her designee** it shall be
21 permissible for businesses to sponsor departmental and District-wide, non-instructional functions that
22 may include employee picnics, assemblies, and professional development.

23 ~~Goods and services given to a school by the official adopter of the school shall be considered as a gift,~~
24 ~~donation, or sponsorship except when the school is required to meet conditional provisions or provide~~
25 ~~specific returns.~~

Legal References

- 1. ~~TCA 49-2-110(a)~~
- 2. ~~TCA 67-6-102 (77) (79)~~
- 3. ~~TCA 49-6-3001(a); TCA 49-2-110(e)~~
- 4. ~~TCA 49-2-114~~
- 5. ~~TCA 37-10-101, 102~~
- 6. ~~TCA 49-6-2006(a)~~
- 7. ~~TCA 49-2-134(e)~~

T.C.A. 37-10-101
T.C.A. 37-10-102
T.C.A. 49-2-110

T.C.A. 49-2-114
T.C.A. 49-2-134
T.C.A. 49-6-2006
T.C.A. 49-6-3001
T.C.A. 67-6-102

Germantown Municipal School District

Monitoring: Review: Annually	Descriptor Term: Deposits of Funds	Descriptor Code: 2.500	Issued Date: 12/**/22 03/19/18
		Rescinds: 2.500	Issued: 07/21/17

1 *District Office*

2 All income payable to the Board will be deposited daily into the District’s bank account, ~~as detailed in~~
 3 ~~the District’s Revenue Procedures Manual.~~ The Germantown Board of Education authorizes online
 4 banking transactions for GMSD personnel that are authorized by the Superintendent to have access to
 5 online banking.

6 *Individual Schools*

7 ~~All money collected at the building level must be cleared through the principal’s office.~~

8 ~~The principal shall deposit funds~~ Internal school fund money shall be deposited in banks daily if
 9 possible, but no later than three (3) banking days after being received.⁺ School fund money should
 10 never be taken home by individuals for safekeeping or left at school overnight unless it is stored in a
 11 school safe or vault. Deposit slips must be completed in duplicate. All checks should be listed
 12 individually on the deposit slip or an attached list, itemizing the name of the payer and the amount. The
 13 receipt numbers comprising the deposit should be written on the deposit slip. The validated duplicated
 14 deposit slip or the duplicate deposit slip with deposit receipt attached should be given to the
 15 bookkeeper.

16 Monies collected at the building level must be deposited to one of three bank accounts:²

- 17 1. General School Fund/Restricted Accounts
- 18 2. School Food Service; and
- 19 3. Savings.

Legal References

- ~~+~~ Tennessee Internal School Uniform Accounting Policy Manual, Sections 4-22, 6-2
- ~~2~~ Tennessee Internal School Uniform Accounting Policy Manual, Section ~~4-2~~, 6-1

~~Cross References~~

Germantown Municipal School District

Monitoring: Review: Annually	Descriptor Term: Audits	Descriptor Code: 2.703	Issued Date: 12/**/22 03/19/18
		Rescinds: 2.703	Issued: 10/23/17

1 *General*

2 An audit of all fiscal accounts, including accounts and records of all school student activity funds, shall
3 be made by a certified public accountant following the end of each fiscal year.¹ The certified public
4 accountant shall be selected by the ~~Board~~ **Germantown Board of Education**.

5 The Superintendent or designee shall furnish or make copies of the audit available to the proper
6 authorities as prescribed by law.²

7 *District Office*

8 All District level funds are required to be reported as special revenue funds of the City of Germantown.
9 As such, all District level funds will be included in the City of Germantown's annual audit, which shall
10 be performed by a certified public accountant selected by the City's Board of Mayor and Aldermen.

11 *Individual Schools*

12 An audit of all school activity funds shall be made by a certified public accountant following the end of
13 each fiscal year.¹ The certified public accountant shall be selected by the ~~Board~~ **Germantown Board of**
14 **Education**. ~~A contract should be entered into with the certified public accountant by September 30 of~~
15 ~~the fiscal year to be audited.~~

16 When ~~an administrative change occurs~~ **a District or School Board administrator vacates his/her**
17 **position** during the fiscal year and the position is responsible for the expenditure of funds, a special
18 audit of accounts involved ~~shall~~ **may** be conducted.

19 ~~The~~ **Any such** audit report shall be presented to the ~~Board~~ **Germantown Board of Education** at the next
20 regularly scheduled business meeting after the audit has been completed. Any audit findings shall be
21 addressed, and appropriate action should be taken immediately to implement recommendations made
22 by the auditor.

23 The special audit shall be as extensive as the ~~Board~~ **Germantown Board of Education** may determine.

24 The Superintendent or designee shall furnish **the audit to any authorities required by law.** ~~or make~~
25 ~~copies of the audit available to the proper authorities as prescribed by law.~~²

26 *Audit Findings*

27 A corrective action plan shall be developed to address any findings on the annual audit. The plan shall

- 1 include the following:
 - 2 1. Name(s) of the individual responsible for implementing the plan;
 - 3 2. The correct action taken or planned; and
 - 4
 - 5 3. Anticipated completion date.
- 6 The plan shall be submitted to the State of Tennessee Office of the Comptroller of the Treasury and the
- 7 Tennessee Commissioner of Education.

Legal References

- ~~1. TCA 49-2-112(a)(1), (e)(1); TCA 49-2-110(a)~~
- ~~2. TRR/MS 0520-01-02-13(3)(d)~~
- ~~3. Public Acts of 2017, Pub. Chp. 383~~

T.C.A. 49-2-110

T.C.A. 49-2-112

Tennessee State Board of Education Rule 0520-01-13

~~Cross References~~

- ~~Student Activity Funds Management 2.900~~
~~Fundraising Activities 6.701~~

THIS POLICY FORMERLY TITLED **STAFF POSITIONS**

Germantown Municipal School District			
Monitoring: Review: Annually	Descriptor Term: Reductions in Force	Descriptor Code: 5.116	Issued Date: 12/**/22
		Rescinds:	Issued: 05/05/14

1 ~~All staff positions shall be approved through the budget process in accordance with an organizational~~
2 ~~plan submitted by the Superintendent.¹ The Superintendent may revise the organizational plan as long~~
3 ~~as budgetary amounts are not exceeded and board policy is not violated. In the event of reorganization,~~
4 ~~the Superintendent shall adhere to all applicable reduction in force guidelines and shall inform, in a~~
5 ~~timely manner, the Board of the change and include the change in the Superintendent's report at the next~~
6 ~~board meeting. If changes in personnel create additional encumbrances on a future budget, prior~~
7 ~~approval of the Board is required.~~

8 **REDUCTION IN FORCE**

9 ~~When it becomes necessary to reduce the number of positions in the system because of a decrease in~~
10 ~~enrollment or for other good reasons, the Board shall abolish the positions. The Board or the~~
11 ~~Superintendent, as appropriate, shall dismiss such employees as may be necessary.²~~

12 When it becomes necessary to reduce the number of teaching positions or non-licensed positions because
13 of a decrease in enrollment or for other good reasons, after the school year begins, the Germantown
14 Board of Education shall dismiss such teachers or non-licensed employees based on their level of
15 effectiveness determined by the evaluation pursuant to T.C.A. § 49-1-302 for licensed employees and
16 an evaluation of work performance for non-licensed employees.

17 The Germantown Board of Education shall give the teacher or non-licensed employee written notice of
18 dismissal explaining fully the circumstances or conditions making the dismissal necessary.

19 **RECALL OF TEACHERS**

20 A teacher rated in the three (3) highest categories based on evaluations pursuant to T.C.A. § 49-1-302,
21 who has been dismissed because of abolition of a position, shall be placed on a list for reemployment.
22 The Superintendent shall determine the filling of vacancies based upon the Superintendent's evaluation
23 of teacher competence, compatibility, and suitability, including, but not limited to, extracurricular needs,
24 to properly discharge the duties required for the vacant position considered in the light of the best interest
25 of the students in the school where the vacancy exists.

26 Teachers have a right to remain on the list for employment which shall remain in effect until:

27 (A) The teacher accepts a bona fide offer of re-employment for a comparable position with GMSD;
28 or

29 (B) The teacher rejects four (4) bona fide offers of re-employment for comparable positions within
30 GMSD.

1 **Licensed Personnel**

2 ~~Reductions in staff shall be made in an attempt to have the least detrimental effect on children. In~~
3 ~~general, this objective dictates a staff reduction policy which:~~

- 4 ~~———— 1. Retains the most effective teachers;~~
5 ~~———— 2. Avoids undue increases in class size; and~~
6 ~~———— 3. Provides consideration for the exceptional teacher without exclusive emphasis on seniority.~~

7 ~~The elimination of a position does not necessarily mean the person occupying the position will be~~
8 ~~dismissed. When an employee is released, the Superintendent shall make the decision based upon a~~
9 ~~composite of the following criteria:~~

- 10 ~~1. Effectiveness in teaching and in related professional responsibilities evidenced by teacher~~
11 ~~evaluation;~~
12 ~~2. Adaptability to other assignments (academic and extracurricular);~~
13 ~~3. Evidence of professional growth as well as specialized or advanced training;~~
14 ~~4. Previous history of grade levels and subject areas taught; and~~
15 ~~5. Type, length and quality of service made to the teaching profession and the school system.~~

16 ~~When a teacher is released because of reduction in staff, the teacher shall be given written notice of~~
17 ~~release explaining the circumstances making dismissal necessary.~~

18 **Non-Licensed Personnel**

19 ~~When a non-licensed employee is released because of a reduction in the number of support positions,~~
20 ~~the Superintendent shall give the employee written notice of dismissal explaining the circumstances or~~
21 ~~conditions making termination of the employee necessary.³~~

22 **RECALL**

23 ~~The Superintendent shall maintain a preferred re-employment list for tenured teachers whose position is~~
24 ~~abolished.³ The fitness of any teacher for re-employment shall be determined on the basis of the teacher's~~
25 ~~competence, compatibility and suitability to properly discharge the duties required by the position with~~
26 ~~consideration for the best interests of the students in the school where the vacancy exists.²~~

27 ~~It shall be the responsibility of the separated teacher to notify the Superintendent in writing of his/her~~
28 ~~availability and current address. A professional employee who is placed on the preferred re-employment~~
29 ~~list and subsequently refuses the offer of a comparable position shall be removed from the preferred list.⁴~~

30 ~~Any teacher who has been on the preferred list for re-employment for two (2) consecutive years shall,~~
31 ~~by April 1 of the second consecutive year, receive notice that the teacher's name shall be removed from~~
32 ~~the list. The director shall send the notice to the last known address of the teacher. A teacher who wishes~~
33 ~~to remain on the preferred list for re-employment after the second year shall notify the Superintendent~~

- 1 ~~in writing by April 15 of the second year and each subsequent year of his or her desire to remain on the~~
- 2 ~~preferred list for re-employment.⁴~~
- 3 Employees returning from lay-off shall have all previously accrued sick leave and years of service
- 4 reinstated, but shall not receive benefits for the period of the layoff.

Legal References

~~OP Tenn. Atty. Gen. 93-66 (November 29, 1993)~~
~~TCA 49-5-409(e); TCA 49-2-301(b)(1)(EE); TCA~~
~~49-5-511(b)(1);~~
~~TCA 49-5-511(b)(1) — (4)~~
~~TCA 49-5-511(b)(4)~~
T.C.A. § 49-2-301
T.C.A. § 49-5-409
T.C.A. § 49-5-511



Germantown Municipal School District Budget Amendment

Fiscal Year: 2022-2023

Amendment # 15

GMSD Acct #	GMSD Acct	Original Budget	Changes	Requested Changes	Amended Budget
142-71200-189	Other Salaries & Wages	-	-	10,500	10,500
142-71200-195	Certified Substitute Teachers	-	-	2,786	2,786
142-71200-201	Social Security	-	-	651	651
142-71200-204	Retirement	-	-	1,082	1,082
142-71200-212	Medicare	-	-	152	152
142-71200-322	Evaluation & Testing	-	-	7,500	7,500
142-71200-429	Instructional Supplies and Mat - Implement Gr	-	-	37,832	37,832
142-71200-429	Instructional Supplies and Mat - TAS Incentive	-	-	5,500	5,500
142-47143-892	Revenues - IDEA Partnership	-	-	66,003	66,003

REASON FOR AMENDMENT:

To appropriate funding for the IDEA Partnership for Systemic Change - Implementation Grant and Incentive Funds

APPROVAL / DENIAL:

_____ Budget revision is approved effective _____.

_____ Budget revision is denied for the following reason(s):

GMSD Board Chair

Date

GMSD Superintendent

Date

CONTRACT TO AUDIT ACCOUNTS
OF
Germantown Municipal School District - Internal School Funds

FROM July 01, 2022 TO June 30, 2023

This agreement made this 3rd day of November 2022, by and between Watkins Uiberall, PLLC, 1661 Aaron Brenner Drive, Suite 300, Memphis, TN 38120, hereinafter referred to as the "auditor" and Germantown Municipal School District - Internal School Funds, of 3350 S. Forest Hill Irene Rd., Germantown, TN 38138, hereinafter referred to as the "organization", as follows:

1. In accordance with the requirements of the laws and/or regulations of the State of Tennessee, the auditor shall perform a financial and compliance audit of the organization for the period beginning July 01, 2022, and ending June 30, 2023 with the exceptions listed below:

2. The auditor shall conduct the audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and requirements prescribed by the Comptroller of the Treasury, State of Tennessee, as detailed in the *Audit Manual*. Additional information and procedures necessary to comply with requirements of governments other than the State of Tennessee are permissible provided they do not conflict with or undermine the requirements previously referenced. If applicable, the audit is to be conducted in accordance with the provisions of the Single Audit Act and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The audit is also to be conducted in accordance with any other applicable federal agency requirements. It is agreed that this audit will conform to standards, procedures, and reporting requirements established by the Comptroller of the Treasury. It is further agreed that any deviation from these standards and procedures will be approved in writing by the Comptroller of the Treasury prior to the execution of the contract. The interpretation of this contract shall be governed by the above-mentioned publications and the laws of the State of Tennessee.

3. The auditor shall, as part of the written audit report, submit to the organization's management and those charged with governance:

- a) a report containing an expression of an unmodified or modified opinion on the financial statements, as prescribed by the *Audit Manual*. This report shall state the audit was performed in accordance with *Government Auditing Standards*, except when a disclaimer of opinion is issued. If the organization is a component unit or fund of another entity, it is agreed that: (a) the financial statements may be included in the financial statements of the other entity; (b) the principal auditor for the other entity may rely upon the contracted auditor's report; and (c) any additional information required by the principal auditor of the other entity will be provided in a timely manner.
- b) a report on the internal control and on compliance with applicable laws and regulations and other matters. This report shall be issued regardless of whether the organization received any federal funding. Audit reports of entities which are subject to the provisions of the Single Audit Act and OMB's Uniform Guidance shall include the additional reports required by that guidance. The reports will set forth findings, recommendations for improvement, concurrence or nonconcurrence of appropriate officials with the audit findings, comments on management's responses as appropriate, and comments on the disposition of prior year findings.

4. If a management letter or any other reports or correspondence relating to other matters involving internal controls or noncompliance are issued in connection with this audit, a copy shall be filed with the Comptroller of the Treasury by the auditor. Such management letters, reports, or correspondence shall be consistent with the findings published in the audit report (i.e., they shall disclose no reportable matters or significant deficiencies not also disclosed in the findings found in the published audit report). The report should also include a corrective action plan for findings developed under OMB's Uniform Guidance and for other findings in accordance with Section 9-3-407, *Tennessee Code Annotated* and the *Audit Manual*. The corrective action plan is only applicable to findings published in the audit report.

5. The auditor shall file **one (1)** electronic copy of said report with the Comptroller of the Treasury, State of Tennessee. The auditor shall furnish printed copies and/or an electronic copy of the report to the organization's management and those charged with governance. It is anticipated that the auditor's report shall be filed prior to September 30, 2023, **but in no case, shall be filed later than six (6) months following the period to be audited, without explanation to the Comptroller of the Treasury, State of Tennessee and the organization. (Audit documentation for additional procedures for centralized cafeteria systems contracted with audits of internal school funds must be completed and available for review by September 30.)** Requirements for additional copies, including those to be filed with the appropriate officials of granting agencies, are listed below:

6. The auditor agrees to retain working papers for no less than five (5) years from the date the report is received by the Comptroller of the Treasury, State of Tennessee. In addition, the auditor agrees that all audit working papers shall, upon request, be made available in the manner requested by the Comptroller for review by the Comptroller of the Treasury or the Comptroller's representatives, agents, and legal counsel, while the audit is in progress and/or subsequent to the completion of the report. Furthermore, at the Comptroller's discretion, it is agreed that the working papers will be reviewed at the

office of the auditor, the entity, or the Comptroller and that copies of the working papers can be made by the Comptroller's representatives or may be requested to be made by the firm and may be retained by the Comptroller's representatives.

7. Any reasonable suspicion of fraud, (regardless of materiality) or other unlawful acts including, but not limited to, theft, forgery, credit/debit card fraud, or any other act of unlawful taking, waste, or abuse of, or official misconduct, as defined in *Tennessee Code Annotated*, § 39-16-402, involving public money, property, or services shall, upon discovery, be promptly reported in writing by the auditor to the Comptroller of the Treasury, State of Tennessee, who shall under all circumstances have the authority, at the discretion of the Comptroller, to directly investigate such matters. Notwithstanding anything herein to the contrary, the Comptroller of the Treasury, State of Tennessee, acknowledges that the auditor's responsibility hereunder is to design its audit to obtain reasonable, but not absolute, assurance of detecting fraud that would have a material effect on the financial statements, as well as other illegal acts or violations of provisions of contracts or grant agreements having a direct and material effect on financial statement amounts. If the circumstances disclosed by the audit call for a more detailed investigation by the auditor than necessary under ordinary circumstances, the auditor shall inform the organization's management and those in charge of governance in writing of the need for such additional investigation and the additional compensation required therefor. Upon approval by the Comptroller of the Treasury, an amendment to this contract may be made by the organization's management, those charged with governance, and the auditor for such additional investigation.

8. **Group Audits.** The provisions of Section 8, relate exclusively to contracts to audit components of a group under AU-C 600. (See definitions in AU-C 600, Paragraph 11.) Section 8 is only applicable to an auditor that audits a component (e.g. a fund, component unit, or other component) **of a county government that is audited by the Division of Local Government Audit (LGA)**. Section 8 is intended to satisfy the communication requirements for the group auditor (LGA) to the component auditor under AU-C 600.

- a) The Division of Local Government Audit (LGA) shall be considered the "group auditor" for any contract to audit a component of an applicable county government. LGA shall present the county's financial statements in compliance with U.S. Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). LGA shall conduct the audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.
- b) The contracting auditor shall be considered the "component auditor" for purposes of this section.
- c) The financial statements audited by the component auditor should be presented in accordance with GAAP as promulgated by GASB. If the financial reporting framework for any component does not conform to this basis, the financial reporting framework should be disclosed in Section 9 (Special Provisions). (Component financial statements that are not presented using the same financial reporting framework as the county's financial statements may cause this contract to be rejected.)
- d) The component auditor shall conduct the component audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.
- e) The component auditor shall cooperate with LGA to accomplish the group audit. It is anticipated that LGA will make reference to the component auditor's report in the group audit report. Should LGA find it necessary to assume responsibility for the component auditor's work, the terms, if any, shall be negotiated under a separate addendum to this contract.
- f) The component auditor shall follow the ethical requirements of *Government Auditing Standards* and affirms that the component auditor is independent to perform the audit and will remain independent throughout the course of the component audit engagement.
- g) The component auditor affirms that the component auditor is professionally competent to perform the audit. LGA may confirm certain aspects of the component auditor's competence through the Tennessee State Board of Accountancy.
- h) The component auditor will be contacted via email by the LGA's Audit Review Manager with the estimated date of the conclusion of LGA's audit of the county government. The component auditor agrees to update subsequent events between the date of the component auditor's report and the date of the conclusion of LGA's audit of the county government. Additional subsequent events should be communicated via email to LGA's Audit Review Manager.
- i) The component auditor shall read LGA's audited financial statements for the county government for the previous fiscal year noting in particular **related parties** in the notes to the financial statements, and **material misstatement** findings in the Findings and Questioned Costs Section. The previous year audited financial statements can be obtained from the Comptroller's website at www.comptroller.tn.gov. As required by generally accepted auditing standards, we have identified Management Override of Controls and Improper Revenue Recognition as presumptive fraud risks. The component auditor shall communicate to LGA (i.e. group management) on a timely basis **related parties** not previously identified by the group management in LGA's prior year audited financial statements. Related parties should be communicated via email to LGA's Audit Review Manager.
- j) The component auditor's report should not be restricted as to use in accordance with AU-C 905.
- k) Sections 1-7 and Sections 9-13 of this contract are also applicable to the component auditor during the performance of the component audit.

9. (Special Provisions)

10. In consideration of the satisfactory performance of the provisions of this contract, the organization shall pay to the auditor a fee of (Fees may be fixed amounts or estimated.) (Fixed Amount: **\$23,000.00**) or (Estimated gross fee:)

(If not a fixed amount, an estimated gross fee should be furnished to the governing unit for budgetary purposes. A schedule of fees and/or rates should be set forth below. Interim billings may be arranged with consent of both parties to this contract.) Provision for the payment of fees under this agreement has been

or will be made by appropriation of management and those charged with governance.

SCHEDULE OF FEES AND/OR RATES:

- 11. As the authorized representative of the firm, I do hereby affirm that:
 - our firm and all individuals participating in the audit are in compliance with all requirements of the Tennessee State Board of Accountancy and;
 - our firm has participated in an external quality control review at least once every three (3) years, conducted by an organization not affiliated with our firm, and that a copy of our most recent external quality control review report has been provided to the organization and the office of the Tennessee Comptroller of the Treasury approving this contract;
 - all members of the staff assigned to this audit have obtained the necessary hours of continuing professional education required by *Government Auditing Standards*;
 - all auditors participating in the engagement are independent under the requirements of the American Institute of Certified Public Accountants and *Government Auditing Standards*.

12. This writing, including any amendments or special provisions, contains all terms of this contract. There are no other agreements between the parties hereto and no other agreements relative hereto shall be enforceable, unless entered into in accordance with the procedures set out herein and approved by the Comptroller of the Treasury, State of Tennessee. In the event of a conflict or inconsistency between this contract and the special provisions contained in paragraph 9 of this contract, the special provision(s) are deemed to be void. Any changes to this contract must be agreed to in writing by the parties hereto and must be approved by the Comptroller of the Treasury, State of Tennessee. All parties agree that the digital signatures, that is, the electronic signatures applied by submitting the contract, are acceptable as provided for in the Uniform Electronic Transaction Act. Any paper documents submitted related to this contract will be converted to an electronic format and such electronic document(s) will be treated as the official document(s).

13. If any term of this contract is declared by a court having jurisdiction to be illegal or unenforceable, the validity of the remaining terms will not be affected, and, if possible, the rights and obligations of the parties are to be construed and enforced as if the contract did not contain that term.

Watkins Uiberall, PLLC

Audit firm

Governmental Unit or Organization



By _____

By _____

Signature

Signature

Title/Position: **Member**

Title/Position:

E-mail address **jthomason@wucpas.com**

E-mail address

Date: **November 03, 2022**

Date:

Approved by the Comptroller of the Treasury, State of Tennessee

For the Comptroller:

By _____ Date: _____