

Legislature Passes Local Government Financial Statutes
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Accounting Systems (Public Chapter No. 41 <http://www.tn.gov/sos/acts/109/pub/pc0041.pdf>)

A new law requires local governments to close accounting records and have them ready for audit within 60 days of year end. This statute was effective July 1, 2015 which means municipal accounting systems should be closed beginning with the 6/30/2016 fiscal year or by August 31, 2016. It is important to have all transactions recorded and make any necessary year-end adjustments. CMFOs can refer to the Government Accounting II CMFO program materials as well as audit adjustments from previous years for guidance on year-end closing and adjusting journal entries.

Internal Controls (Public Chapter No. 112 <http://share.tn.gov/sos/acts/109/pub/pc0112.pdf>)

Amendment of TCA 9-18-102 required local governments to establish and maintain internal control procedures. Local governments should be in compliance by June 30, 2016. Procedures should ensure that:

- (1) Obligations and costs are in compliance with applicable law;
- (2) Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and
- (3) Revenues and expenditures are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets.

CMFOs can use the CMFO Internal Control materials, the Comptroller's City Manual (being updated) and GFOA best practices to get ideas on how to document internal processes.