

Accounting System

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](http://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal 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 municipal 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 MTAS website material.

Sincerely,

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Reference Number: MTAS-116

T.C.A. § 9-2-102 requires the department of audit "... to prescribe a uniform system of bookkeeping ... in all state, county, and municipal offices." The uniform system for municipalities is prescribed in the Internal Control and Compliance Manual for Tennessee Municipalities (Comptroller of the Treasury, Division of Municipal Audit, June 2010, available on the comptroller's website).

A new Internal Control Manual was published in December, 2015. This manual is based on principles, as opposed to providing a detailed method of implementing internal controls. This is because the manual is based on the GAO Green Book, which is principles based as well. In addition, it would be physically impossible to develop a detailed internal control implementation. All cities are now required to have their own internal control policy based on the GAO Green Book.

Electronic Business Systems

The Uniform Electronic Transactions Act, T.C.A. §§ 47-10-101, *et seq.*, authorizes public officials, including those of municipalities and utility districts, to conduct business transactions by electronic means. Public officials may determine whether and to what extent they will send, accept, and rely on electronic records and electronic signatures.

Any municipal official who decides to implement an electronic business system that provides for sending and receiving electronic records that contain electronic signatures or authorizations must file a statement with the comptroller of the treasury at least 30 days before offering the service. The statement must contain:

- a description of the computer hardware and software to be used;
- a description of policies and procedures related to implementation of the system;
- documentation of the internal controls that will ensure the system's integrity;
- a description of the public official's personnel who will be responsible for implementing the system;
- a description of the types of records and transactions to be electronically communicated, as well as a description of the transaction and record authorization process, including a description of any electronic signature to be used;
- estimated cost of the system, including development and implementation costs; and
- the expected benefits and estimated cost savings, if any, of conducting business by electronic means.

Within 12 to 18 months after implementation of an electronic business system, a municipal official must provide a post-implementation review to the comptroller of the treasury. This review must contain:

- an assessment of the system by the official;
- responses from a survey of users of the system; and
- any recommendations for improvements to the system.

See open record implications of this statute.

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Source URL (retrieved on 04/20/2019 - 2:24am): <http://www.mtas.tennessee.edu/reference/accounting-system>

