



Municipal Technical Advisory Service
INSTITUTE for PUBLIC SERVICE

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Assessment of Government Controls

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](https://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,

The University of Tennessee
Municipal Technical Advisory Service
1610 University Avenue
Knoxville, TN 37921-6741
865-974-0411 phone
865-974-0423 fax
www.mtas.tennessee.edu

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Assessment of Government Controls

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Municipalities can begin to assess their controls by asking questions such as:

- What are employees doing?
- What can go wrong?
- Is the city collecting all the revenue it is due?

This process should be started before the auditors arrive. A good way to begin the assessment is to document the specific job duties of each employee involved in any part of the financial process. Once that is completed, those duties should be reviewed to ensure they are separated as much as possible.

The process should include determining what type of monitoring is performed to ensure transactions are being processed accurately and completely. Management should review at a very minimum the following items:

- monthly financial reports
- bank reconciliations
- utility adjustment reports
- accounts receivable reconciliations
- police ticket and court docket reconciliations
- property tax reconciliations

Refer to the Internal Control and Compliance Manual for Governmental Entities and Other Audited Entities in Tennessee [1] for ideas on how to start a self-assessment or contact your MTAS Finance Consultant.

Links:

[1] https://www.comptroller.tn.gov/la/pdf/20160621_ICCManual_Complete2015.pdf

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