

KNOX COUNTY, TENNESSEE

**Schedules of Expenditures of Federal Awards
and State Financial Assistance
and Reports as Required by
Government Auditing Standards and
the Uniform Guidance**

For the Year Ended June 30, 2022



KNOX COUNTY, TENNESSEE

**Schedules of Expenditures of Federal Awards and State Financial Assistance
and Reports as Required by *Government Auditing Standards* and the Uniform Guidance**

For the Year Ended June 30, 2022

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
 AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
 WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR’S REPORT

Honorable Mayor, County Commissioners and Audit Committee
 of Knox County, Tennessee
 Knoxville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, budgetary comparison statement of the general fund and the aggregate remaining fund information of Knox County, Tennessee (the “County”) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated January 31, 2023. Our report includes a reference to other auditors who audited the financial statements of The Development Corporation of Knox County (“TDC”) and the Knox Education Foundation (“KEF”), discretely presented component units reported in the financial statements of the County, as described in our report on County’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-003.

Knox County, Tennessee's Responses to Findings and the Corrective Action Plan

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs and the Corrective Action Plan. The County's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
January 31, 2023



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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
 REPORT ON SCHEDULE OF EXPENDITURES OF
 FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR’S REPORT

Honorable Mayor, County Commissioners and Audit Committee
 of Knox County, Tennessee
 Knoxville, Tennessee

Opinion on Each Major Federal Program

We have audited Knox County, Tennessee’s (the “County”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended June 30, 2022. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

The County’s basic financial statements include the operations of The Development Corporation of Knox County (“TDC”) and the Knox Education Foundation (“KEF”), discretely presented component units reported in the financial statements of the County. Our audit, described below, did not include the operations of TDC or KEF because these entities engaged other auditors to perform their audits. Based upon the reports of the other auditors, TDC and KEF did not receive any federal awards for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County’s compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-004. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and the Tennessee Comptroller of the Treasury

We have audited the financial statements of Knox County, Tennessee as of and for the year ended June 30, 2022, and have issued our report thereon dated January 31, 2023 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and the Tennessee Comptroller of the Treasury and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
January 31, 2023

KNOX COUNTY, TENNESSEE (PRIMARY GOVERNMENT)
KNOX COUNTY BOARD OF EDUCATION (DISCRETELY PRESENTED COMPONENT UNIT)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Knox County, Tennessee (Primary Government):				
U.S. Department of Agriculture:				
Passed through Tennessee Department of Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children:				
Women, Infants, and Children (WIC)	10.557	GG-22-72543-00	\$ 1,814,803	
Women, Infants, and Children (WIC) - Peer	10.557	GG-22-72543-00		92,404
Total U.S. Department of Agriculture				<u>1,907,207</u>
U.S. Department of Housing and Urban Development:				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grant	14.218	B-17-UC-47-0001	\$ 1,551	1,551
Community Development Block Grant	14.218	B-18-UC-47-0001	57,170	57,170
Community Development Block Grant	14.218	B-19-UC-47-0001	144,137	144,137
Community Development Block Grant - Coronavirus	14.218	B-20-UC-47-0001	473,524	507,710
Community Development Block Grant	14.218	B-21-UC-47-0001	261,917	476,539
Community Development Block Grant	14.218	B-20-UW-47-0001	<u>386,409</u>	<u>386,409</u>
Total CDBG - Entitlement Grants Cluster			<u>1,324,708</u>	<u>1,573,516</u>
HOME Investment Partnerships Programs	14.239	M-21-UC-47-0204		23,323
HOME Investment Partnerships Programs	14.239	M-18-UC-47-0204	<u>325,057</u>	<u>325,057</u>
Total HOME Investment Partnerships Programs			<u>325,057</u>	<u>348,380</u>
Total U.S. Department of Housing and Urban Development			<u>1,649,765</u>	<u>1,921,896</u>
U.S. Department of Justice:				
Bureau of Justice Assistance Grant Program:				
COVID - Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1870		389
COVID - Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0393		<u>100,000</u>
Total Bureau of Justice Assistance Grant Program				<u>100,389</u>
Federal Bureau of Investigation:				
Law Enforcement Assistance - FBI Field Police Training	16.302	N/A		2,785
Law Enforcement Assistance - FBI Field Police Training	16.302	N/A		<u>6,104</u>
Total Federal Bureau of Investigation				<u>8,889</u>
Office of Community Oriented Policing Services:				
Organized Crime Drug Enforcement Task Force	16.710	SI-SE-005-17		23,181
Organized Crime Drug Enforcement Task Force	16.710	SE-TNE-0308H		4,647
Organized Crime Drug Enforcement Task Force	16.710	M-22-D74-O-000064		5,520
TBI Dangerous Drugs Task Force (funding from COPS program)	16.710	M-21-D74-O-000069		<u>25,405</u>
Total Office of Community Oriented Policing Services:				<u>58,753</u>
Passed Through Tennessee Office of Criminal Justice Programs:				
Crime Victim Assistance	16.575	2015-VA-GX-0053		55,793
Bulletproof Vest Partnership Program	16.607	N/A		5,041
2021 OJJDP Enhancing Juvenile Indigent Defense Grant	16.836	15 PJDP-21-GG-02752-JIDX		26,311
Comprehensive Opioid Abuse Site	16.838	2019-AR-BX-K033		<u>78,780</u>
Total Passed Through Tennessee Office of Criminal Justice Programs				<u>165,925</u>
Criminal Division:				
Equitable Sharing Program	16.922	N/A		<u>4,166</u>
Total U.S. Department of Justice				<u>338,122</u>

The accompanying notes are an integral part of this schedule.

KNOX COUNTY, TENNESSEE (PRIMARY GOVERNMENT)
KNOX COUNTY BOARD OF EDUCATION (DISCRETELY PRESENTED COMPONENT UNIT)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Knox County, Tennessee (Primary Government) (Continued):				
U.S. Department of Transportation:				
Federal Highway Administration:				
Passed through Tennessee Department of Transportation:				
Highway Planning & Construction Cluster:				
Highway Planning and Construction - Traffic Signal Coordination Project	20.205	AGREEMENT: 140234 PIN 121587.00	\$ 732,483	732,483
Highway Planning and Construction - Traffic Signal Coordination Project	20.205	AGREEMENT: 190383 PIN 128833.00		<u>17,470</u>
Total Highway Planning & Construction Cluster				<u>749,953</u>
Hazardous Materials Emergency Planning	20.703	GG-02-18-21 FFATA		<u>9,500</u>
Total Federal Highway Administration				<u>759,453</u>
National Highway Traffic Safety Administration:				
Passed through Tennessee Department of Transportation:				
Alcohol Open Container Requirements	20.607	22-71189 (PT)		14,121
Alcohol Open Container Requirements	20.607	PT-21-056 / 42		<u>14,415</u>
Total National Highway Traffic Safety Administration				<u>28,536</u>
Total U.S. Department of Transportation				<u>787,989</u>
U.S. Treasury:				
COVID - Emergency Rental Assistance Program:				
Emergency Rental Assistance (ERA 2) Program	21.023			5,929,207
Emergency Rental Assistance (ERA 1) Program	21.023			<u>27,091,095</u>
Total Emergency Rental Assistance Program				<u>33,020,302</u>
COVID - Coronavirus State and Local Fiscal Recovery Funds:				
Knox County American Rescue Plan Act	21.027			1,889,063
ARPA - Engineering and Public Works Facility	21.027			51,765
ARPA - Knox County Parks and Recreation	21.027			4,634
ARPA - Fire and Rescue	21.027		\$ 125,000	125,000
ARPA - Urgent Care Psychiatric Hospital	21.027		893,109	893,109
ARPA - ChildHelp Tennessee	21.027		70,218	70,218
ARPA - Zoo Knoxville	21.027		1,348,962	1,348,962
ARPA - Plumb Creek Restoration	21.027			<u>3,980</u>
Total Coronavirus State and Local Fiscal Recovery Funds			<u>2,437,289</u>	<u>4,386,731</u>
Total U.S. Treasury			<u>2,437,289</u>	<u>37,407,033</u>
Institute of Museum and Library Services:				
Passed through Tennessee Secretary of State:				
Grants to States:				
Library Services - Materials for the Disadvantaged	45.310	LS-250238-OLS-21		48,328
LSTA - TN ST. Archives CARES Act Grant	45.310	LS-249989-OLS-21		<u>10,001</u>
Total Institute of Museum and Library Services				<u>58,329</u>

The accompanying notes are an integral part of this schedule.

**KNOX COUNTY, TENNESSEE (PRIMARY GOVERNMENT)
KNOX COUNTY BOARD OF EDUCATION (DISCRETELY PRESENTED COMPONENT UNIT)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Knox County, Tennessee (Primary Government) (Continued):				
Environmental Protection Agency:				
Office of Air and Radiation:				
Air Pollution Control Program Support:				
Air Pollution Control Program Support - Section 105	66.001	A-00408320	\$	279,492
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act Section 103	66.034	PM-96497608		<u>233,883</u>
Total Office of Air and Radiation				<u>513,375</u>
Office of Water:				
Passed through Tennessee Department of Agriculture:				
Nonpoint Source Implementation Grant	66.460	99467418		26,751
Nonpoint Source Implementation Grant	66.460	99467416		16,229
Nonpoint Source Implementation Grant	66.460	99467620		<u>19,280</u>
Total Office of Water				<u>62,260</u>
Total Environmental Protection Agency				<u>575,635</u>
U.S. Department of Energy:				
Passed Through Tennessee Emergency Management Agency:				
Environmental Monitoring/Cleanup, Cultural and Resource Management, Emergency Response Research, Outreach, Technical Analysis	81.214	DE-SC0019506		<u>15,943</u>
Total U.S. Department of Energy				<u>15,943</u>
U.S. Department of Health and Human Services:				
Passed through Tennessee Department of Health:				
Centers for Disease Control and Prevention:				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	GG-20-62637-00		<u>107,341</u>
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426	GG-20-62524-02		<u>98,010</u>
Immunization Cooperative Agreements Grants Program:				
COVID - Immunizations and Vaccines for Children Program	93.268	GG-22-75891-00		188,047
Immunizations and Vaccines for Children Program	93.268	GG-22-75891-00		<u>148,341</u>
Total Immunization Cooperative Agreements Grants Program				<u>336,388</u>
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements:				
Public Health Emergency Preparedness (HPP)	93.074	GG-18-54852-02		468,802
Healthcare Preparedness Activities (HPP)	93.074	GG-18-54852-02		<u>69,119</u>
Total Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreement				<u>537,921</u>
National State Based Tobacco Control Programs	93.387	GG-20-65195-01		<u>53,519</u>
HIV Prevention Activities Program:				
HIV Prevention - STD Grant	93.940	GG-21-69355-00		81,686
HIV Prevention - STD Grant	93.940	NU62PS924520-05		<u>764</u>
Total HIV Prevention Activities Program				<u>82,450</u>

The accompanying notes are an integral part of this schedule.

KNOX COUNTY, TENNESSEE (PRIMARY GOVERNMENT)
KNOX COUNTY BOARD OF EDUCATION (DISCRETELY PRESENTED COMPONENT UNIT)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Knox County, Tennessee (Primary Government) (Continued):				
U.S. Department of Health and Human Services (Continued):				
Passed through Tennessee Department of Health (Continued):				
Centers for Disease Control and Prevention (Continued):				
COVID - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	GG-20-68340-02		\$ 4,486,718
Public Health Emergency Preparedness (PHEP) and Emergency Response	93.354	GG-20-68340-02		<u>37,202</u>
Injury Prevention and Control Research and State and Community Based Programs:				
High Impact Area	93.136	GG-22-72195-00		261,498
Injury Prevention and Control Research	93.136	GG-19-61955-00		<u>40,276</u>
Total Injury Prevention and Control Research Programs				<u>301,774</u>
Preventative Health and Health Services Block Grant	93.991	GG-21-65617-01		<u>77,100</u>
Total Centers for Disease Control and Prevention				<u>6,118,423</u>
Health Resources and Services Administration:				
Evidence Based Home Visitation Services	93.870	GG-22-72590		<u>555,619</u>
HIV Care Formula Grant Program:				
COVID - HIV Care Formula Grant - RWPB	93.917	GG-20-67823-00		577,826
HIV Care Formula Grant - Centers of Excellence	93.977	GG-21-69355-00		<u>200,924</u>
Total HIV Care Formula Grant Program				<u>778,750</u>
Maternal and Child Health Services Block Grants to the States:				
Maternal and Child Health Services Block Grant - Breast & Cervical Cancer	93.994	GG-21-65621-00		56,765
Maternal and Child Health Services Block Grant - Community Health Access and Navigation in Tennessee (CHANT) Program	93.994	GG-22-70985-01		<u>199,424</u>
Total Maternal and Child Health Services Grants				<u>256,189</u>
Total Health Resources and Services Administration Programs				<u>1,590,558</u>
Office of Population Affairs:				
Family Planning Services	93.217	GG-22-73283-00		131,542
Family Planning Services	93.217	GG-18-54442-01		<u>347,808</u>
Total Family Planning Services				<u>479,350</u>
Total Passed through Tennessee Department of Health				<u>8,188,331</u>
Passed through Association of State & Territorial Health Officials:				
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect Nation's Health	93.421	00-FE-2060-03		2,600
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect Nation's Health	93.421	2022-012601		<u>23,161</u>
Total Passed through Association of State and Territorial Health Officials				<u>25,761</u>
Passed through Tennessee Department of Human Services:				
Office of Administration for Children and Families:				
Child Support Enforcement	93.563	CONTRACT NV00066219		222,190
Child Support Enforcement	93.563	CONTRACT 57961		<u>309,674</u>
Total Child Support Enforcement				531,864
Child Care and Development Block Grant	93.575	CONTRACT 71543		<u>49,287</u>
Total Passed through TN Department of Human Services				<u>581,151</u>
Total U. S. Department of Health and Human Services				<u>8,795,243</u>

The accompanying notes are an integral part of this schedule.

KNOX COUNTY, TENNESSEE (PRIMARY GOVERNMENT)
KNOX COUNTY BOARD OF EDUCATION (DISCRETELY PRESENTED COMPONENT UNIT)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Knox County, Tennessee (Primary Government) (Continued):				
U.S. Department of Homeland Security:				
Federal Emergency Management Agency:				
Preparing for Emerging Threats and Hazards				
Program to Prepare Communities for Complex Coordinated Terrorist Attacks	97.133	EMW-2016-GR-00186		\$ 207,791
Passed through Tennessee Department of Military:				
COVID - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4514 DR TN		38,875
FEMA 4427 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4427 DR TN		204,872
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)				<u>243,747</u>
Homeland Security Grant Program	97.067	EMW-2020-SS-00007-S01		71,837
Homeland Security Grant Program	97.067	EMW-2019-SS-0029-S01		297,778
Total Homeland Security Grant Program				<u>369,615</u>
Total Passed through Tennessee Department of Military				<u>613,362</u>
Total U.S. Department of Homeland Security				<u>821,153</u>
Executive Office of the President:				
Passed through Laurel County, Kentucky:				
High Intensity Drug Trafficking Areas Program	95.001	G21AP0001A		31,402
High Intensity Drug Trafficking Areas Program	95.001	G22AP0001A		43,853
Total Executive Office of the President				<u>75,255</u>
Total Federal Awards-Knox County Primary Government			\$ 4,087,054	\$ <u>52,703,805</u>
Knox County Board of Education (Component Unit):				
U.S. Department of Agriculture:				
Passed through Tennessee Department of Agriculture:				
Food and Nutrition Service:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	2022		\$ 107,183
COVID - National School Lunch Program - Seamless Summer Feeding Option	10.555	2022		33,237,382
National School Lunch Program - Non-Cash Assistance - Commodities	10.555	2022		2,082,487
National School Lunch Program - State Contracted Warehouse Rebate	10.555	2022		62,158
Fresh Fruit and Vegetable Program	10.582	2022		418,688
Total Child Nutrition Cluster				<u>35,907,898</u>
Child & Adult Care Food Program	10.558	2022		119,158
COVID - Pandemic Admin Local Level Cost Grant (P-EBT)	10.649	2022		5,814
Child Nutrition Discretionary Grants	10.579	2022		60,000
Total Food and Nutrition Service				<u>36,092,870</u>
Total U.S. Department of Agriculture				<u>36,092,870</u>
U.S. Department of Justice:				
Office of Community Oriented Policing Services:				
Public Safety Partnership and Community Policing Grants	16.710	C-21-0087		77,473
Patrick Leahy Bulletproof Vest Partnership	16.607	N/A		6,082
Total U.S. Department of Justice				<u>83,555</u>
U.S. Department of Treasury:				
Passed through Tennessee Department of Education:				
COVID - Coronavirus Relief Fund:				
Technology Connectivity	21.019	SLT0039		2,776,734
Total U.S. Department of Treasury				<u>2,776,734</u>
National Science Foundation:				
Passed through the University of Tennessee:				
Education and Human Resources	47.076	A21-0260-S001		8,103
Total National Science Foundation				<u>8,103</u>

The accompanying notes are an integral part of this schedule.

KNOX COUNTY, TENNESSEE (PRIMARY GOVERNMENT)
KNOX COUNTY BOARD OF EDUCATION (DISCRETELY PRESENTED COMPONENT UNIT)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Knox County Board of Education (Component Unit) (Continued):				
U.S. Department of Education:				
Passed through Tennessee Department of Education:				
Office of Elementary and Secondary Education:				
Title I Grants to Local Education Agencies:				
Title I Grants to Local Education Agencies	84.010A	S010A200042	\$ 508,150	\$ 16,359,812
Title I Part D Grants to Local Education Agencies	84.010A	S010A200042		97,238
Title I Neglected	84.010A	S010A200042		101,521
District Priority School Improvement Grant	84.010A	S196A200044		43,673
Turnaround Action Grant	84.010A	S010A200042		112,461
Title I-C	84.010A	S011A210043		20,480
Total Title I Grants to Local Education Agencies			<u>508,150</u>	<u>16,735,185</u>
Education for Homeless Children and Youth Programs	84.196A	S196A210044		80,903
Experienced Professional in the Classroom	84.051D	33145-08519		87,004
Education Stabilization Fund:				
COVID - Tennessee ALL Corps	84.425D	S425D210047		335,488
COVID - Elementary & Secondary School Emergency Relief Fund	84.425D	S425D200047		1,494,564
COVID - Elementary & Secondary School Emergency Relief Fund 2.0	84.425D	S425D210047		24,347,183
COVID - Elementary & Secondary School Emergency Relief Fund 3.0	84.425U	S425D210047		3,402,342
COVID - Elementary & Secondary School Emergency Relief Fund Planning	84.425U	S425D210047		150,000
COVID - Best for All Districts	84.425D	S425D210047		70,642
Civics Seal	84.425C	S425C200027		6,998
COVID - ARP Homeless 1.0	84.425W	S425W210044		46,287
COVID - ARP Homeless 2.0	84.425W	S425W210044-21A		34,814
Total Education Stabilization Fund				<u>29,888,318</u>
Twenty-First Century Community Learning Centers:				
Twenty-First Century Community Learning Centers	84.287	N/A		339,115
Twenty-First Century Community Learning Centers	84.287	S87C210043		343,274
Twenty-First Century Community Learning Centers	84.287	S87C210043		130,860
Total Twenty-First Century Community Learning Centers				<u>813,249</u>
English Language Acquisition State Grants Program:				
English Language Acquisition State Grants Title III	84.365A	2022		655,754
HQIM Literacy Implementation Networks	84.371C	S371C200013		72,799
Supporting Effective Instruction State Grant				
Quality State Grants - Title II - Part A	84.367A	S367A2000040		2,090,077
Student Support and Academic Enrichment Program				
Title IV	84.424A	S424A200044		1,018,492
Total Office of Elementary and Secondary Education			<u>508,150</u>	<u>51,441,781</u>

The accompanying notes are an integral part of this schedule.

**KNOX COUNTY, TENNESSEE (PRIMARY GOVERNMENT)
KNOX COUNTY BOARD OF EDUCATION (DISCRETELY PRESENTED COMPONENT UNIT)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Knox County Board of Education (Component Unit) (Continued):				
Office of Special Education and Rehabilitative Services:				
Special Education Cluster (IDEA):				
Special Education - Grants to States (IDEA, Part B)	84.027A	H027A200052	\$ 83,828	\$ 12,646,238
Individuals with Disabilities Education Act - Partnership for Systemic Change (K-12)	84.027A	H27A200052		100,805
Individuals with Disabilities Education Act - Partnership for Systemic Change (Preschool)	84.027A	H27A200052		1,258
COVID - ARP IDEA Part B	84.027X	H027X210052		1,020,081
COVID - ARP IDEA Preschool	84.173X	H173X210095		27,196
Special Education - Preschool Grants (IDEA Preschool)	84.173A	H173A200095		551,767
Total Special Education Cluster (IDEA)			<u>83,828</u>	<u>14,347,345</u>
Office of Career, Technical, and Adult Education:				
Career and Technical Education - Basic Grants to States:				
Career and Technical Education - Carl Perkins	84.048A	V048A210042		866,516
Office of Innovation and Improvement:				
Education Innovation and Research	84.411C	U-41-1C180052		346,209
Total Passed through Tennessee Department of Education				<u>67,001,851</u>
Passed through Tennessee Department of Human Services:				
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	H126A22063		80,145
Total U.S. Department of Education			<u>591,978</u>	<u>67,081,996</u>
U.S. Department of Health and Human Services:				
Passed through Tennessee Department of Education:				
Child Care and Development Fund (CCDF) Cluster:				
Child Care and Development Block Grant	93.575	2022		107,990
Total U.S. Department of Health and Human Services				<u>107,990</u>
Total Federal Awards--Knox County Board of Education Component Unit			<u>591,978</u>	<u>106,151,248</u>
Total Federal Awards - Knox County Primary Government and Board of Education Component Unit			<u>\$ 4,679,032</u>	<u>\$ 158,855,053</u>

The accompanying notes are an integral part of this schedule.

KNOX COUNTY, TENNESSEE (PRIMARY GOVERNMENT)
KNOX COUNTY BOARD OF EDUCATION (DISCRETELY PRESENTED COMPONENT UNIT)
STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2022

Program Title	Identifying Number	State Expenditures
Knox County, Tennessee (Primary Government):		
Tennessee Department of Mental Health and Substance Abuse Services:		
Tennessee Certified Recovery Court Program	Edison 71354	\$ 255,000
Tennessee Certified Juvenile Recovery Court Program	Edison 70880	<u>136,774</u>
Total Tennessee Department of Mental Health and Substance Abuse Services		<u>391,774</u>
Tennessee Department of Corrections:		
Community Corrections (CAPP)	EDISON 67273	463,104
Tennessee Department of Corrections (TDOC) Offender Re-Entry	EDISON 61795	3,165
Tennessee Department of Corrections (TDOC) Offender Re-Entry	EDISON 61795	<u>52,097</u>
Total Tennessee Department of Corrections		<u>518,366</u>
Tennessee Secretary of State:		
General Library Services	LS-249989-OLS-21	<u>696,499</u>
Total Tennessee Secretary of State		<u>696,499</u>
State of Tennessee Department of Finance and Administration, Office of Criminal Justice Programs:		
Mental Health Transport Grant (SHERIFF) FY21	EDISON 42199	287,100
Mental Health Transport Grant (SHERIFF) FY22	JAG DTF 92101500	<u>150,403</u>
Total State of Tennessee Department of Finance and Administration, Office of Criminal Justice Programs		<u>437,503</u>
Tennessee Commission on Children and Youth:		
Children Services - Youth Officer	EDISON 61478	<u>9,000</u>
Total Tennessee Commission on Children and Youth		<u>9,000</u>
Tennessee Department of Health:		
Project Diabetes	Z-19-198617	148,249
Tuberculosis Nursing	GG-21-67691-00	429,362
Maternal and Child Health Services Block Grant - Breast & Cervical Cancer	GG-21-65621-00	26,713
Sexually Transmitted Disease - Hepatitis C	GG-21-69355-00	30,448
Sexually Transmitted Disease - Hepatitis C	GG-20-65207-00	53,352

The accompanying notes are an integral part of this schedule.

KNOX COUNTY, TENNESSEE (PRIMARY GOVERNMENT)
KNOX COUNTY BOARD OF EDUCATION (DISCRETELY PRESENTED COMPONENT UNIT)
STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2022

Program Title	Identifying Number	State Expenditures
Knox County, Tennessee (Primary Government) (Continued):		
Tennessee Department of Health (Continued):		
Immunization	EDISON 63183	\$ 86,483
Family Planning	GG-18-54442-00	115,936
Oral Prevention - Schools	GG-21-67872-00	206,693
Adolescent Pregnancy	GG-22-69502-00	48,729
Tobacco Prevention Advertising	GG-19-59571-00	6,781
Fetal Infant Mortality	GG-21-65620-01	145,346
Adult Emergency Dental Services	Z-22-247900-0	125,004
Baby & Me - Tobacco Prevention	GG-62507-04	74,033
Community Health Access and Navigation in Tennessee	GG-22-70985-01	<u>654,274</u>
Total Tennessee Department of Health		<u>2,151,403</u>
Tennessee Department of Children's Services:		
Office of Child Safety - Safe Baby Court	EDISON 56272	<u>53,085</u>
Total Tennessee Department of Children's Services		<u>53,085</u>
Tennessee Department of Military:		
FEMA 4427 DR-TN Emergency Disaster Grant	FEMA 4427 DR TN	<u>33,035</u>
Total Tennessee Department of Military		<u>33,035</u>
Tennessee Department of Human Services:		
Helen Ross McNabb InnerChange	56479-02	<u>183,392</u>
Tennessee Department of Human Services:		<u>183,392</u>
Tennessee Department of Transportation:		
Litter Grant	Z22LIT047	168,542
Rail Preservation Grant Program for Track, Rail, and Crossing Rehabilitation	Z-20-RR20-30A	<u>147,875</u>
Total Tennessee Department of Transportation		<u>316,417</u>
Total State Financial Assistance - Knox County Primary Government		<u>\$ 4,790,474</u>

The accompanying notes are an integral part of this schedule.

KNOX COUNTY, TENNESSEE (PRIMARY GOVERNMENT)
KNOX COUNTY BOARD OF EDUCATION (DISCRETELY PRESENTED COMPONENT UNIT)
STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2022

Program Title	Identifying Number	State Expenditures
Knox County Board of Education (Component Unit):		
Tennessee Department of Education:		
School Nutrition Program	2021-2022	\$ 229,543
Coordinated School Health	22-470000	185,000
Voluntary Pre-Kindergarten	22-470000	2,087,532
Safe Schools Act	22-470000	601,929
Middle School CTE Career Expansion	N/A	19,996
Middle School STEM Start-Up	N/A	30,156
Summer Learning Camps	22-470000	4,233,660
Bridge Camp	22-470000	190,815
STREAM Mini-Camps	22-470000	613,783
Learning Camps Transportation	22-470000	798,430
School Bus Seat Restraint	N/A	<u>4,220</u>
Total Tennessee Department of Education		<u>8,995,064</u>
Total State Financial Assistance - Knox County Board of Education (Component Unit)		<u>8,995,064</u>
Total State Financial Assistance		<u>\$ 13,785,538</u>

The accompanying notes are an integral part of this schedule.

KNOX COUNTY, TENNESSEE

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

For the Year Ended June 30, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and of state financial assistance (the "Schedules") include the federal award and state grant activity of Knox County, Tennessee (the "County"), and its discretely presented component unit, Knox County Board of Education, (the "Board"), for the year ended June 30, 2022. The information in these Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Tennessee Comptroller of the Treasury. Because the Schedules present only a selected portion of the operations of Knox County, Tennessee, they are not intended to and do not present the financial position, changes in net position, or cash flows of Knox County, Tennessee.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedules are reported on the modified-accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown in the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in the prior years.

NOTE 3 - LOANS OUTSTANDING

The County had the following loan funding balances outstanding at June 30, 2022. All of the loan additions are represented by program expenditures, but only a portion comes from the federal grant with the remainder from program income:

<u>Cluster / Program Title</u>	<u>AL Number</u>	<u>FY 2022 Loan Funding</u>	<u>Outstanding Balance</u>
Community Development Block Grant	14.218	\$ 0	\$ 5,136
HOME Investment Partnerships Programs	14.239	0	440,169

NOTE 4 - SUBRECIPIENTS

Regarding expenditures presented in the schedule of expenditures of federal awards, the County provided federal awards to subrecipients as follows:

	<u>AL Number</u>	<u>Amounts Provided to Subrecipients</u>
Community Development Block Grant	14.218	\$ 1,324,708
HOME Investment Partnerships Programs	14.239	325,057
Coronavirus State and Local Fiscal Recovery Funds	21.027	2,437,289
Title I Grants to Local Education Agencies	84.010A	508,150
Special Education Cluster (IDEA)	84.027A	83,828
Total Subrecipient Awards		<u>\$ 4,679,032</u>

NOTE 5 - NON-CASH ASSISTANCE

The Board is the recipient of certain federal awards that do not result in cash receipts or disbursements, including distributions of U.S. Department of Agriculture (USDA) Food Commodities, which are valued based on a USDA price list obtained from the Tennessee Department of Agriculture.

NOTE 6 - INDIRECT COSTS

A number of the County's and Board's federal and state funded programs allow indirect costs to be charged and include them as a line item in the grant budget. However, if the grant budget does not specifically provide for indirect costs to be charged, none of the indirect costs are reported as costs to the grantor nor are the costs included or presented in the schedules of expenditures of federal awards and of state financial assistance. The County and Board have elected not to use the ten percent de minimis indirect rate as allowed under the Uniform Guidance.

KNOX COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?

yes no

Major federal programs for Knox County, Tennessee for the year ended June 30, 2022 are as follows:

<u>Program Name</u>	<u>CFDA#</u>
COVID - Emergency Rental Assistance Program	21.023
COVID - Coronavirus State and Local Fiscal Recovery Funds	21.027
Title 1 Grants to Local Educational Agencies	84.010A
Special Education Cluster (IDEA)	84.027A, 84.173A
COVID – Elementary & Secondary School Emergency Relief Fund	84.425D, 84.425U
COVID – Coronavirus Relief Fund	21.019

Dollar threshold used to distinguish between Type A & Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? yes no

KNOX COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2022

Section II - Financial Statement Findings

2022-001 Bank and Liability Account Reconciliations in the Trustee's Office

Criteria or Specific Requirement - Key internal control procedures over cash accounts should include performing accurate bank and related liability account reconciliations on a timely basis following the end of the month.

Condition - During our audit of the Trustee's bank accounts and related liability accounts, we became aware that several liability accounts were not properly reconciled. Some of the liability account reconciliations contained listings of transactions for the year but did not identify the reconciling items at year end. In addition, we noted one reconciliation had an approximately \$25,000 difference compared to the trial balance due to activity being posted after the reconciliation was performed. We also noted errors that had been identified in prior years that were not resolved and still showing on the reconciliations. Lastly, three new liability accounts were not reconciled in the current year due to a misunderstanding between the Trustee's office and the Finance Department regarding who was responsible to reconcile the accounts.

Cause and Effect - The primary cause of the issues noted above is the Trustee's office utilizes a manual reconciliation process that is time consuming and prone to errors. In addition, activity is posted to the liability accounts for several months following year end. The effect is several liability accounts were not properly reconciled at year-end.

Recommendations - We recommend the Trustee's office complete bank and related liability reconciliations for all accounts on a monthly basis and cutoff transactions following the reconciliations. We also recommend that proper review procedures be implemented to ensure that reconciliations are done timely and accurately. Lastly, we recommend the Trustee explore the option of using software to automate or improve the reconciliation process.

Management's Response – We concur with the recommendations and have implemented additional procedures regarding the account reconciliation process. FirstBank, our contracted financial institution, has an account reconciliation software option which we will explore.

KNOX COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2022

Section II - Financial Statement Findings (Continued)

2022-002 Department Oversight

Criteria or Specific Requirement - Internal controls should be established which provide appropriate supervision and management of County employees.

Condition - During the audit management brought to our attention that a salaried employee in a small County department was not properly supervised. As a result, the employee was paid without fully performing their duties.

Cause and Effect - The job responsibilities for this position are required to be performed in person at the County office. In addition, the employee was only subject to oversight by a committee which is no longer in place. A complaint was filed through the County Hotline which led to an investigation where it was determined that the employee was consistently not present to perform their duties. This matter has been referred to the Division of Investigations at the Tennessee Comptroller of the Treasury's office.

Recommendation - We recommend that the County establish a supervisor or active committee to supervise this position. We also recommend that management evaluate all positions in the County for appropriate supervisory control.

Management's Response - A committee has been established to act as supervisor over this department and position. We will also evaluate other positions for appropriate supervisory control.

KNOX COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2022

Section II - Financial Statement Findings (Continued)

2022-003 Capital Projects Budgeting

Criteria or Specific Requirement - Tennessee Code Annotated (T.C.A) 5-9-401 requires that all expenditures of county governments must be appropriated for such use by the County Commission.

Condition - The School Construction Capital Projects Fund contains one project, Trane Phase III Lighting Upgrade Project, that is reporting expenditures without a budgeted funding source. As a result, the Trane project reflects a negative project balance in the School Construction Capital Projects Fund.

Cause and Effect - The Trane Phase III project was properly approved by both County Commission and the Board of Education and is part of the existing Energy Conservation and Infrastructure Improvement contract that Trane contractually guarantees to be self-funded through utility cost savings. For all previous Trane energy efficient agreements, projects were financed through leasing arrangements because initial upgrade costs (cost of equipment, installation, and work) were incurred prior to any savings being realized (through future utility usage). In this instance, project expenditures were paid from existing resources within the School Construction Fund rather than through financing resulting in a negative project balance.

Recommendation - We recommend that a funding source be identified for the project (e.g. a financing arrangement such as leasing, general obligation bonds, etc.) The funding source would establish a project budget to eliminate the negative balance and to replenish School Construction Fund reserves. Utility savings over time would be used to fund associated future debt costs allowing the project to remain self-funded like other energy efficient initiatives in the past.

Management's Response - We concur. Since energy efficient initiatives have been either cost neutral or have resulted in even net savings, the process for implementation has differed somewhat from other capital initiatives. In the future, we will address negative balances for energy efficient project initiatives like we do for all other capital projects. However, it should be noted that the school system reviews and reconciles all payments for energy upgrades on a monthly basis, including this project, to verify savings. It is estimated that Trane energy efficient initiatives have saved the school system over \$50 million during the last 15 years, so this partnership has proven to be very beneficial from both an energy management and cost perspective.

KNOX COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2022

Section III - Federal Award Findings

2022-004 Emergency Rental Assistance Payments Based on Fraudulent Applications Submitted to the Program

Program(s): Emergency Rental Assistance Program (AL# 21.023)

Criteria or Specific Requirement - Uniform Guidance requires that program expenditures be allowable based on program legislation, federal awarding agency regulations, and/or the terms and conditions of the award.

Condition and Context - During the course of our audit, program management made us aware that payments were issued from the Emergency Rental Assistance Program to an applicant who submitted fraudulent applications to the program. This situation was discovered by the Community Development Office through a whistleblower.

Cause and Effect - Due to the nature of the Emergency Rental Assistance Program, applicants are able to self-certify that they meet a large portion of the program's eligibility requirements. The applicant falsified documentation to appear eligible to receive funding from the program. Program management had established adequate internal controls over the program and properly processed the application under the guidance of the Federal Program. However, self-certification makes it difficult to detect fraudulent applications. The result was the program made unallowable payments.

Questioned Costs and Prevalence - An investigation is currently ongoing, but management believes that fraudulent disbursements to the applicant are between \$25,000 and \$160,000. Management has not identified any additional fraudulent payments and believes this to be an isolated incident.

Recommendations - We recommend that management establish a process to identify applicants who have received a high level of funding from the program and determine their reasonableness prior to issuing future payments.

Management's Response - We concur with the recommendations and have implemented additional steps in the fraud prevention procedures previously implemented for this program.



OFFICE OF COUNTY MAYOR GLENN JACOBS

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KNOX COUNTY, TENNESSEE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2022

PY Finding	Finding Title	Status/ Current Year Finding Number
2021-001	Health Department Supplies and Inventory	Corrected
2021-002	Bank Reconciliations in Criminal Court Clerk's Office	Corrected
2021-003	Timely Deposit of Receipts	Corrected
2021-004	Reviewing Voids in Knox County General Sessions Court Clerk's Office	Corrected
2021-005	Preparation of the Schedule of Expenditures of Federal Awards	Corrected

Justin Biggs

**Knox County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2022**

Finding 2022-001: Bank and Liability Account Reconciliations in the Trustee's Office

Person(s) Responsible for Implementing the Corrective Action:

Justin Biggs
Knox County Trustee

Corrective Action Planned:

Additional procedures have been implemented regarding the account reconciliation process. We will explore reconciliation software to better help with this process.

Anticipated Completion Date of Corrective Action:

Management will implement the corrective actions during FY 2023.


Justin Biggs



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Knox County, Tennessee Management's Corrective Action Plan For the Year Ended June 30, 2022

Finding 2022-002: Department Oversight

Person Responsible for Implementing the Corrective Action:

Courtney Durrett

Chair of Personnel Committee of the Knox County Commission

Corrective Action Planned:

A committee has been established to act as supervisor over this department and position. We will evaluate other positions for appropriate supervisory control.

Anticipated Completion Date of Corrective Action:

Management will implement the corrective actions during FY 2023.

A handwritten signature in blue ink that reads "Courtney Durrett".

Courtney Durrett



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Knox County, Tennessee Management's Corrective Action Plan For the Year Ended June 30, 2022

Finding 2022-003: Capital Projects Budgeting

Person(s) Responsible for Implementing the Corrective Action:

Chris Caldwell
CFO/Co-Chief of Staff, Finance Department


Ron McPherson
Chief Financial Officer, Knox County Schools

Corrective Action Planned:


Management will explore possible funding sources to address negative balances in the School Construction Trane capital project.

Anticipated Completion Date of Corrective Action:

Management will implement the corrective actions during FY 2023.



Chris Caldwell



Ron McPherson



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Knox County, Tennessee Management's Corrective Action Plan For the Year Ended June 30, 2022

Finding 2022-004: Emergency Rental Assistance Payments

Person(s) Responsible for Implementing the Corrective Action:

Jenny Holden
Senior Director, Grants and Community Development

Corrective Action Planned:

Management has implemented additional steps in the fraud prevention procedures previously implemented.

Anticipated Completion Date of Corrective Action:

Management has implemented the corrective actions during FY 2023.



Jenny Holden