Knox County Audit Committee

Matthew Warren, CPA, *Chairman*
Jim Morrison, CPA

Commissioner Larsen Jay
Commissioner Shane Jackson
Commissioner Angela Russell

AGENDA
Monday, March 10, 2025 @ 2:30 PM
Commission Conference Room, Room 640
City County Building

1. Meeting Opening - (5 minutes)
    a. Call to Order (Warren)
    b. Roll Call (Kim Ellis/Haley Evans)
    c. Pledge of Allegiance (Commissioner Russell)
    d. Approval of minutes of the prior meeting (Warren)

2. Recommendations regarding Pugh and Company State Audit Contract for FY 2025 (Chris Caldwell) - (5 minutes)

3. External Audit Update (Ted Hotz) - (15 minutes)
    a. Presentation of Single Audit Compliance Report for FY 2024

4. Presentation of Final Audit Report FY25-PA-03 PBA City-County Building Space Management (Zac Fullerton) - (15 minutes)

5. Internal Audit Update (Zac Fullerton) - (15 minutes)
    a. Internal Audit Update
    b. Hotline Summary
    c. Recommendations Summary

6. Future Audit Committee Meeting Planning (Warren) - (5 minutes)
    a. Monday, June 16, 2025 - 2:30pm
    b. Q4 meeting

7. Meeting Closing - (5 minutes)
    a. Other Business
    b. Vote for a confidential, nonpublic executive session under TN Code 9-3-405, subdivision (d)(1) through (d)(5), pursuant to discussion of confidential matters under investigation. (Warren)
    c. Adjournment

NOTE: ALL AGENDA ITEMS ARE SUBJECT TO VOTE

Audit Committee **1.**

Meeting Date: 03/10/2025

Requested By: Drucilla Stills, COUNTY COMMISSION

Department: COUNTY COMMISSION

Requires Expenditure of Funds: Funded in Current Budget:

Appropriation Required:

CAPTION

Meeting Opening - (5 minutes)

a. Call to Order (Warren)
b. Roll Call (Kim Ellis/Haley Evans)
c. Pledge of Allegiance (Commissioner Russell)
d. Approval of minutes of the prior meeting (Warren)

Audit Committee **2.**

Meeting Date: 03/10/2025

Requested By: Drucilla Stills, COUNTY COMMISSION

Department: COUNTY COMMISSION

Requires Expenditure of Funds: Funded in Current Budget:

Appropriation Required:

CAPTION

Recommendations regarding Pugh and Company State Audit Contract for FY 2025 (Chris Caldwell) - (5 minutes)

Audit Committee **3.**

Meeting Date: 03/10/2025

Requested By: Drucilla Stills, COUNTY COMMISSION

Department: COUNTY COMMISSION

Requires Expenditure of Funds: Funded in Current Budget:

Appropriation Required:

CAPTION

External Audit Update (Ted Hotz) - (15 minutes)

a. Presentation of Single Audit Compliance Report for FY 2024

Attachments

Single Audit Compliance Report

Governance Letter

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, 2024

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, 2024

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PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
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INDEPENDENT AUDITOR'S 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*

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 *(Government Auditing Standards)*, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, budgetary comparison statements of the general fund and Federal, State and Other Grants Fund, and the aggregate remaining fund information of Knox County, Tennessee (the "County") as of and for the year ended June 30, 2024, 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 16, 2025. 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.

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 2024-001 through 2024-004 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 16, 2025

PUGH CPAs

PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
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INDEPENDENT AUDITOR'S 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

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

Report on Compliance for Each Major Federal Program

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, 2024. 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, 2024.

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, 2024.

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 *(Government Auditing Standards);* 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.

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 a 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, 2024, and have issued our report thereon dated January 16, 2025, 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 16, 2025

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, 2024

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		$ 2,493,193
Women, Infants, and Children (WIC) - Peer	10.557	GG-22-72543-00		98,071
Total U.S. Department of Agriculture				2,591,264
U.S. Department of Housing and Urban Development:				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grant	14.218	B-20-UC-47-0001	$ 127,177	127,177
Community Development Block Grant - Coronavirus	14.218	B-21-UC-47-0001	219,501	219,053
Community Development Block Grant	14.218	B-21-UC-47-0001	437,269	706,036
Community Development Block Grant	14.218	B-20-UW-47-0001	174,667	239,752
Total CDBG - Entitlement Grants Cluster			958,614	1,292,018
Passed through the Tennessee Department of Economic Development:				
Community Development Block Grant	14.228	N/A		3,595
HOME Investment Partnerships Programs	14.239	M-22-UC-47-0204		45,249
HOME Investment Partnerships Programs	14.239	M-21-UP-47-0204		1,547
Total HOME Investment Partnerships Programs				46,796
Total U.S. Department of Housing and Urban Development			958,614	1,342,409
U.S. Department of Justice:				
2021 OJJDP Enhancing Juvenile Indigent Defense Grant	16.836	15 PJDP-21-GG-02752-JIDX		115,696
Edward Byrne Memorial Justice Assistance Grant Program:				
Edward Byrne Memorial Justice Assistance Grant	16.738	15PBJA-21-GG-01850-JAGX		46,595
Edward Byrne Memorial Justice Assistance Grant	16.738	2019-DJ-BX-0764		49,500
Edward Byrne Memorial Justice Assistance Grant	16.738	15PBJA-23-GG-02378-COAP		18,620
Total Edward Byrne Memorial Justice Assistance Grant Program				114,715
Federal Bureau of Investigation:				
Law Enforcement Assistance - FBI Field Police Training	16.302	N/A		2,047
Law Enforcement Assistance - FBI Field Police Training	16.302	N/A		11,362
Total Federal Bureau of Investigation				13,409
Office of Community Oriented Policing Services:				
Organized Crime Drug Enforcement Task Force	16.710	SI-SE-005-17		21,401
Organized Crime Drug Enforcement Task Force	16.710	SI-SE-005-17		188
Organized Crime Drug Enforcement Task Force	16.710	M-22-D74-O-000064		11,252
TBI Dangerous Drugs Task Force (funding from COPS program)	16.710	M-21-D74-O-000069		4,478
TBI Dangerous Drugs Task Force (funding from COPS program)	16.710	M-21-D74-O-000069		73,865
Total Office of Community Oriented Policing Services				111,184

The accompanying notes are an integral part of this schedule.

(continued)

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, 2024

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):				
Passed Through Tennessee Office of Criminal Justice Programs:				
Crime Victim Assistance	16.575	2020-V2-GX-0012		$ 61,203
Violent Crime Intervention Fund	16.525	DGA 77241-VCIF		9,990
Comprehensive Opioid Abuse Site	16.838	N/A		17,591
Total Passed Through Tennessee Office of Criminal Justice Programs				88,784
Criminal Division:				
Equitable Sharing Program	16.922	N/A		80,088
Total Criminal Division				80,088
Total U.S. Department of Justice				523,876
U.S. Department of Transportation:				
Federal Highway Administration:				
Passed through Tennessee Department of Transportation:				
Highway Planning and Construction - Traffic Signal Coordination Project	20.205	N/A		130,293
Highway Planning and Construction - Traffic Signal Coordination Project	20.205	N/A		18,535
Total Highway Planning and Construction				148,828
Total Federal Highway Administration				148,828
National Highway Traffic Safety Administration:				
Passed through Tennessee Department of Transportation:				
Alcohol Open Container Requirements	20.607	N/A		55,279
Alcohol Open Container Requirements	20.607	N/A		4,289
Total National Highway Traffic Safety Administration				59,568
Total U.S. Department of Transportation				208,396
U.S. Department of the Treasury:				
COVID - Emergency Rental Assistance Program:				
Emergency Rental Assistance (ERA 2) Program	21.023			704,605
Passed through the Tennessee Housing Development Agency (THDA):				
Tennessee Housing Development Agency Housing Stability Program	21.023			15,291,995
Total Emergency Rental Assistance Program				15,996,600

The accompanying notes are an integral part of this schedule.

(continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2024

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):				
COVID - Coronavirus State and Local Fiscal Recovery Funds:				
Knox County American Rescue Plan Act	21.027			$ 604,519
ARPA - Knox County Parks and Recreation	21.027			358,821
ARPA - Justice System Software Upgrade	21.027			506,216
ARPA - COOP Emergency Management	21.027			97,099
ARPA - Demolition of Rule High School	21.027			243,200
ARPA - Urgent Care Psychiatric Hospital	21.027			169,500
ARPA - ChildHelp Tennessee	21.027		$ 234,333	234,333
ARPA - Mend House Rehab	21.027		38,828	38,828
ARPA - Renew Clinic Rehab	21.027		27,011	27,011
ARPA - Metro Drug Prevention & Education	21.027		129,018	129,018
ARPA - Jellinek Rehab	21.027		34,800	34,800
ARPA - Zoo Knoxville	21.027		320,813	320,813
ARPA - Arts and Culture Alliance	21.027		436,526	436,526
ARPA - Vol Ministry Center Foyer	21.027		42,250	42,250
ARPA - Vol Ministry Center Mobile Hygiene	21.027		16,847	16,847
ARPA - Knox County Health Dept. Septic Repair Program	21.027			19,000
ARPA - Habitat for Humanity	21.027		1,000,000	1,000,000
ARPA - CAC Senior Health	21.027		350,067	350,067
ARPA - Beaver Creek Mapping	21.027			428,587
ARPA - Plumb Creek Restoration	21.027			101,497
ARPA - Mill Run Stream	21.027			6,650
ARPA - KUB Water-Sewer Utility project	21.027		7,033,840	7,033,840
ARPA - First Utility District (FUD) Turkey Creek	21.027		946,530	946,530
ARPA - First Utility District (FUD) Pumps	21.027		101,050	101,050
ARPA - Chapman - Kimberlin Heights	21.027		1,983,500	1,983,500
ARPA - Chapman - Martin Mill	21.027		136,000	136,000
ARPA - Chapman - Burnett Creek	21.027		40,000	40,000
ARPA - West Knox Utility Schaad Road	21.027		16,598	16,598

The accompanying notes are an integral part of this schedule.

(continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2024

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):				
ARPA - West Knox Utility Schaad Sewer	21.027		$ 15,555	$ 15,555
ARPA - Halls Powell (HPUD) Red Hawk/Brushy Ln	21.027		663,138	663,138
ARPA - Halls Powell Dry Gap Road	21.027		687,629	687,629
ARPA - Halls Powell MH Basin Upgrade	21.027		1,840,500	1,840,500
ARPA - Halls Powell Rehab	21.027		100,000	100,000
ARPA - Northeast Knox Utility - Edmonson Ln	21.027		59,644	59,644
ARPA - Northeast Knox Utility - Emory Road	21.027		148,382	148,382
ARPA - Luttrell-Blaine-Corryton Line Repair	21.027		1,358,476	1,358,476
ARPA - Bluegrass Lake	21.027			33,385
ARPA - Boys and Girls Club	21.027		325,000	325,000
ARPA - Bridge Refugee Services	21.027		54,324	54,324
ARPA - CAC Mobile Meals Kitchen	21.027		77,460	77,460
ARPA - Canvas can do Miracles	21.027		32,440	32,440
ARPA - Centro Hispano	21.027		47,693	47,693
ARPA - Cokesbury Fig Tree	21.027		62,929	62,929
ARPA - Connect Ministries	21.027		100,000	100,000
ARPA - East Tennessee Design Center	21.027		6,000	6,000
ARPA - East Tn Economic Development Corp	21.027		50,000	50,000
ARPA - Freedom Village of Hope	21.027		45,293	45,293
ARPA - SEEED Strong Workforce	21.027		40,606	40,606
ARPA - Second Harvest	21.027		68,688	68,688
ARPA - Susannah's House for Kids	21.027		6,225	6,225
ARPA - YWCA Keys of Hope	21.027		18,731	18,731
ARPA - Free Medical Clinic	21.027		33,333	33,333
ARPA - Roof Asset Management Plan	21.027			97,567
Passed through the Tennessee Department of Environment and Conservation:				
ARPA - KUB Water-Sewer Utility project	21.027		1,847,500	1,847,500
ARPA - First Utility District (FUD) Turkey Creek	21.027		900,000	900,000
ARPA - Chapman - Burnett Creek	21.027		241,684	241,684
ARPA - West Knox Utility Schaad Road	21.027		38,728	38,728
ARPA - Halls Powell Rehab	21.027		112,030	112,030
ARPA - Northeast Knox Utility - Edmonson Ln	21.027		59,643	59,643
ARPA - Northeast Knox Utility - Emory Road	21.027		275,500	275,500
ARPA - Bluegrass Lake	21.027			49,540
ARPA - TDEC Water-Sewer Admin.	21.027			90,672
Total Coronavirus State and Local Fiscal Recovery Funds			22,205,142	25,011,395
Total U.S. Department of the Treasury			22,205,142	41,007,995

The accompanying notes are an integral part of this schedule.

(continued)

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, 2024

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):				
National Foundation on the Arts and Humanities:				
Institute of Museum and Library Services:				
Passed through Tennessee Secretary of State:				
Grants to States:				
LSTA - TN ST. Archives Grant	45.310	LS-253654-OLS-23		$ 10,000
LSTA - TN ST. Archives Equipment Grant	45.310	LS-253654-OLS-23		12,433
Total LSTA				22,433
National Endowment for the Arts:				
Promotion of the Arts Grants to Organizations and Individuals Festival of Reading	45.024	AWARD 1910708-52-23		10,000
Total National Foundation on the Arts and Humanities				32,433
Environmental Protection Agency:				
Office of Air and Radiation:				
Air Pollution Control Program Support:				
Air Pollution Control Program Support - Section 105	66.001	A-00408320		316,051
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act Section 103	66.034	02D26522		34,740
Total Office of Air and Radiation				350,791
Office of Water:				
Passed through Tennessee Department of Agriculture:				
Nonpoint Source Implementation Grant	66.460	EDISON 69309		39,349
Total Office of Water				39,349
Total Environmental Protection Agency				390,140
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	CONTRACT# 79742-46194		26,545
Total U.S. Department of Energy				26,545
U.S. Election Assistance Commission:				
Passed through Tennessee Division of Elections:				
Help America Vote Act Grant	90.404	EACREQPY03TN		356,541
Total U.S. Election Assistance Commission				356,541

The accompanying notes are an integral part of this schedule.

(continued)

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, 2024

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:				
Centers for Disease Control and Prevention:				
Passed through Tennessee Department of Health:				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	GG-24-80031-00		$ 97,808
Immunization Cooperative Agreements Grants Program:				
COVID- Immunizations and Vaccines for Children Program	93.268	GG-22-75891-01		812,039
Immunizations and Vaccines for Children Program	93.268	GG-22-75891-01		222,806
Total Immunization Cooperative Agreements Grants Program				1,034,845
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements:				
Public Health Emergency Preparedness (HPP)	93.074	GG-18-54852-03		666,278
Healthcare Preparedness Activities (HPP)	93.074	GG-18-54852-03		70,100
Total Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreement				736,378
National State Based Tobacco Control Programs	93.387	GG-20-65195-01		55,549
HIV Prevention Activities Program:				
HIV Prevention - STD Grant	93.940	GG-22-77109-00		53,062
HIV Prevention - STD Grant	93.940	NU62PS924520-05		22,281
Total HIV Prevention Activities Program				75,343
Public Health Emergency Preparedness (PHEP) and Emergency Response (ELC)	93.323	GG-23-77111-00		1,567,869
Public Health Emergency Preparedness (PHEP) and Emergency Response (ELC)	93.323	Z-23-265313-01		29,983
Total Public Health Emergency Preparedness (PHEP) and Emergency Response (ELC)				1,597,852
Public Health Emergency Response and Public Health Crisis Response	93.354	GG-20-68340-02		83,191
Injury Prevention and Control Research and State and Community Based Programs:				
High Impact Area	93.136	GG-23-75648-00		36,579
Knox County Health Department OD2A Local	93.136	1NH28CE003566-01-00		689,365
Knox County Health Department OD2A Local	93.136	1NH28CE003566-01-00		19,854
Injury Prevention and Control Research	93.136	GG-24-82726-00		42,369
Total Injury Prevention and Control Research Programs				788,167
Preventative Health and Health Services Block Grant	93.758	GG-21-65617-01		97,100
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs:				
Child Fatality Review Services	93.946	GG-19-61166-01		16,128
Passed through Alzheimer's Disease & Related Disorders Association:				
The National Healthy Brain Initiative: Develop & Advance Implementation of Public Health Strategies	93.331	5NU58DP006711-03-00		44,671
Passed through Association of State & Territorial Health Officials:				
Improving Social Determinants of Health - Getting Further Faster project	93.421	NU38OT000290-03-01		2,437
Improving Social Determinants of Health - Getting Further Faster project	93.421	2022-111607		12,442
Improving Social Determinants of Health - Getting Further Faster project	93.421	2022-012601		149,709
Improving Social Determinants of Health - Getting Further Faster project	93.421	Agreement 2024-012304		27,000
Total Passed through Association of State and Territorial Health Officials				191,588
Total Centers for Disease Control and Prevention				4,818,620

The accompanying notes are an integral part of this schedule.

(continued)

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, 2024

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):				
Health Resources and Services Administration:				
Evidence Based Home Visitation Services	93.870	GG-22-72590		$ 763,253
HIV Care Formula Grant Program:				
HIV Care Formula Grant - RWPB Covid 19	93.917	GG-20-67823-00		
HIV Care Formula Grant - Elastography	93.917	GG-22-74693-01		602,403
HIV Care Formula Grant - Centers of Excellence	93.997	GG-22-77109-00		210,733
Total HIV Care Formula Grant Program				1,576,389
Maternal and Child Health Services Block Grants to the States:				
Maternal and Child Health Services Block Grant - Breast & Cervical Cancer	93.991	GG-23-75043-00		128,221
Maternal and Child Health Services Block Grant - Community Health Access and Navigation in Tennessee (CHANT) Program	93.994	GG-22-70985-01		514,658
Total Maternal and Child Health Services Grants				642,879
Total Health Resources and Services Administration Programs				2,219,268
Office of Population Affairs:				
Family Planning Services	93.217	GG-23-74639-00		687,981
U.S. Department of Health and Human Services (Continued):				
Passed through Tennessee Department of Human Services:				
Office of Administration for Children and Families:				
Child Support Enforcement	93.563	CONTRACT NV00066219		254,548
Child Support Enforcement	93.563	CONTRACT 57961		323,103
Total Child Support Enforcement				577,651
Child Care and Development Fund (CCDF) Cluster:				
Child Care and Development Block Grant	93.575	CONTRACT 71543		33,116
Total Passed through Tennessee Department of Human Services				610,767
Total U. S. Department of Health and Human Services				8,336,636
U.S. Department of Homeland Security:				
United States Secret Service:				
U.S. Secret Service Internet Crimes Electronic Task Force	97.015	N/A		9,118
U.S. Federal Emergency Management Agency:				
Passed through Tennessee Department of Military:				
FEMA Disaster Grant 4742 - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4742 DR TN		506,180
FEMA 4514 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4427 DR TN		951,864
Total FEMA Disaster Grants				1,458,044
Homeland Security Grant Program	97.067	EMW-2022-SS-00053-S01		85,686
Homeland Security Grant Program	97.067	EMW-2021-SS-00058-S01		298,911
Total Homeland Security Grant Program				384,597
Homeland Security 2023 Regional Catastrophic Preparedness-Project Costs	97.111	EMA-2023-CA-00004		13,271
Homeland Security 2023 Regional Catastrophic Preparedness-Admin Costs	97.111	EMA-2023-CA-00004		2,908
Total Homeland Security 2023 Regional Catastrophic Preparedness				16,179
Total Passed through Tennessee Department of Military				1,858,820
Total U.S. Department of Homeland Security				1,867,938

The accompanying notes are an integral part of this schedule.

(continued)

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, 2024

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):				
Executive Office of the President:				
Passed through Laurel County, Kentucky:				
High Intensity Drug Trafficking Areas Program	95.001	G23AP0001A		$ 54,775
High Intensity Drug Trafficking Areas Program	95.001	G22AP0001A		63,689
Total Executive Office of the President				118,464
Total Federal Awards-Knox County Primary Government			$ 23,163,756	56,802,637
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:				
School Breakfast Program	10.553	2024		4,539,539
National School Lunch Program (Included Snack Reimbursement)	10.555	2024		15,494,321
Supply Chain Assistance (SCA) Grant	10.555	2024		1,467,214
National School Lunch Program - Commodity Revenue	10.555	2024		1,045,716
National School Lunch Program - Commodity DOD	10.555	2024		1,283,828
State Contracted Warehouse Rebate	10.555	2024		57,984
Fresh Fruit and Vegetable Program	10.582	2024		410,729
Total Child Nutrition Cluster				24,299,331
COVID - Pandemic Admin Local Level Cost Grant (P-EBT)	10.649	2024		6,180
Total Food and Nutrition Service				24,305,511
Total U.S. Department of Agriculture				24,305,511
U.S. Department of Justice:				
Office of Community Oriented Policing Services:				
Public Safety Partnership and Community Policing Grants	16.710	C-21-0087		466,831
Total U.S. Department of Justice				466,831
National Science Foundation:				
Passed through the University of Tennessee:				
STEM Education	47.076	A21-0260-S001		8,236
Total National Science Foundation				8,236
National Endowment for the Arts:				
Promotion of the Arts Partnership Agreement:				
Arts 360	45.025	31625-19056		15,684
U.S. Department of Education:				
Office of Innovation and Improvement:				
Education Innovation and Research	84.411C	U-41-1C180052		851,211

The accompanying notes are an integral part of this schedule.

(continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2024

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):				
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		$ 13,401,673
Title I Part D Grants to Local Education Agencies	84.010A	S013A220042		92,471
Title I Neglected	84.010A	S013A220042		62,702
Additional Targeted Support and Improvement (ATSI)-22	84.010A	S010A210042		390,502
Turnaround Action Grant 3.0	84.010A	S010A210042		354,914
Title I- Part C Migrant Education-State Grant Program	84.010A	S013A220042		118,847
Total Title I Grants to Local Education Agencies				14,421,109
Education for Homeless Children and Youth Programs	84.196A	S196A220044		5,075
COVID - Education Stabilization Fund:				
Tennessee ALL Corps	84.425D	S425D210047		1,520,400
Tennessee ALL Corps	84.425D	N/A		212,375
Elementary & Secondary School Emergency Relief Fund 2.0	84.425D	S425D210047		11,598,069
Elementary & Secondary School Emergency Relief Fund 3.0	84.425D	S425D210047		46,002,650
Summer Literacy Training Stipend	84.425U	S425U210047-21A		189,000
Innovative School Models	84.425U	S425U210047-21A		967,300
ARP Homeless 1.0	84.425W	S425W210044		35,359
ARP Homeless 2.0	84.425W	S425W210044-21A		273,496
Total COVID - Education Stabilization Fund				60,798,649
Twenty-First Century Community Learning Centers:				
Twenty-First Century Community Learning Centers	84.287	S87C210043		97,233
Total Twenty-First Century Community Learning Centers				97,233
English Language Acquisition State Grants Program:				
English Language Acquisition State Grants Title III	84.365A	S365A220042		433,603
Title III - Immigrant	84.365A	S365A220042		15,846
Total English Language Acquisition States Grants Program				449,449
HQIM Literacy Implementation Networks	84.371C	S371C200013		102,245
Supporting Effective Instruction State Grant:				
Quality State Grants - Title II - Part A	84.367A	S010A210042		2,168,118
Student Support and Academic Enrichment Program:				
Stronger Connections	84.424F	SF424F220044		28,755
Title IV	84.424A	S424A220044		922,337
Total Student Support and Academic Enrichment Program				951,092
Total Office of Elementary and Secondary Education				78,992,970

The accompanying notes are an integral part of this schedule.

(continued)

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, 2024

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	H173A22095		$ 12,356,808
Individuals with Disabilities Education Act - Partnership for Systemic Change (Preschool)	84.027A	H27A200052		445,288
ARP IDEA Part B	84.027X	H027X210052		1,091,629
ARP IDEA Preschool	84.173X	H173X210095		200,120
Total Special Education Cluster (IDEA)				14,093,845
Office of Career, Technical, and Adult Education:				
Career and Technical Education - Basic Grants to States:				
Career and Technical Education - Carl Perkins	84.048A	V048A210042		852,215
Total Passed through Tennessee Department of Education				93,939,030
Passed through Tennessee Department of Human Services:				
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	34570-51323		114,879
Total Passed through Tennessee Department of Human Services				114,879
Total U.S. Department of Education				94,905,120
U.S. Department of Health and Human Services:				
Passed through Tennessee Department of Education:				
Model Preschool District	93.434	90TP0119-01-00		22,378
Resilient School Communities	93.354	NU90TP922180		93,931
Total U.S. Department of Health and Human Services				116,309
U.S. Department of Homeland Security:				
U.S. Federal Emergency Management Agency:				
Passed through Tennessee Emergency Management Agency:				
COVID - FEMA 4514 Public Assistance				
FEMA 4514-DR-TN	97.036	N/A		1,534,031
Total U.S. Federal Emergency Management Agency				1,534,031
Total Federal Awards--Knox County Board of Education Component Unit				121,351,722
Total Federal Awards - Knox County Primary Government and Board of Education Component Unit			$ 23,163,756	$ 178,154,359

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 STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2024

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 79452	$ 316,250
Tennessee Certified Juvenile Recovery Court Program	EDISON 74161	174,520
Tennessee Mental Health Substance Abuse Services	EDISON 79427	194,339
Total Tennessee Department of Mental Health and Substance Abuse Services		685,109
Tennessee Department of Corrections:		
Tennessee Corrections Institute	EDISON 79759	14,830
Total Tennessee Department of Corrections		14,830
Tennessee Secretary of State:		
General Library Services	LS-253654-OLS-23	420,500
Total Tennessee Secretary of State		420,500
State of Tennessee Department of Finance and Administration, Office of Criminal Justice Programs:		
Mental Health Transport Grant (SHERIFF) FY23	2023 Local Gov DA Grant	71,471
Mental Health Transport Grant (SHERIFF) FY24	2024 Local Gov DA Grant	619,324
Total State of Tennessee Department of Finance and Administration, Office of Criminal Justice Programs		690,795
Tennessee Commission on Children and Youth:		
Children Services - Youth Officer	EDISON 61478	9,000
Total Tennessee Commission on Children and Youth		9,000
Tennessee Department of State:		
HAVA Computer Election Equipment	EDISON 81319	18,765
Total Tennessee Department of State		18,765
Tennessee State Attorney General's Office:		
Opioid Settlement/Subdivision Funds	1020603-469810	155,244
Total Tennessee State Attorney General's Office		155,244
Tennessee Emergency Communications Board	EDISON 81291-51	28,262

The accompanying notes are an integral part of this schedule.

(continued)

KNOX COUNTY, TENNESSEE (PRIMARY GOVERNMENT)
KNOX COUNTY BOARD OF EDUCATION (DISCRETELY PRESENTED COMPONENT UNIT)

SCHEDULE OF STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2024

Program Title	Identifying Number	State Expenditures
Knox County, Tennessee (Primary Government) (Continued):		
Tennessee Department of Health:		
Project Diabetes	Z-23-258548	$ 147,373
Tuberculosis Nursing	GG-22-75182-00	435,677
Maternal and Child Health Services Block Grant - Breast & Cervical Cancer	GG-23-75043-00	55,463
Sexually Transmitted Disease - Hepatitis C	GG-22-77109-00	(2,286)
Sexually Transmitted Disease - Hepatitis C	GG-23-75821-00	74,531
Immunization	GG-22-75891-01	91,766
Family Planning	GG-23-74639-00	143,419
Oral Prevention - Schools	GG-23-76475-00	259,940
Adolescent Pregnancy	GG-23-73543-00	49,129
Tobacco Prevention Advertising	GG-19-59571-00	15,769
Fetal Infant Mortality	GG-21-65620-01	150,000
Adult Emergency Dental Services	Z-23-263688-00	76,961
Baby & Me - Tobacco Prevention	GG-62507-06	114,122
Community Health Access and Navigation in Tennessee	GG-24-78148-00	446,037
Total Tennessee Department of Health		2,057,901
Tennessee Department of Military:		
Statewide School Resource Officer - Direct Appropriation	EDISON 79157	750,796
FEMA 4742 DR-TN Emergency Disaster Grant	FEMA 4742 DR TN	82,397
FEMA 4514 DR-TN Emergency Disaster Grant	FEMA 4514 DR TN	7,162
Total Tennessee Department of Military		840,355
Tennessee Department of Human Services:		
Helen Ross McNabb InnerChange	56479-02	183,392
Total Tennessee Department of Human Services		183,392

The accompanying notes are an integral part of this schedule.

(continued)

KNOX COUNTY, TENNESSEE (PRIMARY GOVERNMENT)
KNOX COUNTY BOARD OF EDUCATION (DISCRETELY PRESENTED COMPONENT UNIT)

SCHEDULE OF STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2024

Program Title	Identifying Number	State Expenditures
Knox County, Tennessee (Primary Government) (Continued):		
Tennessee Commission on Aging and Disability		
Carter Senior Center	31602-24871	$ 7,997
Corryton Senior Center	31602-24872	7,979
Halls Senior Center	31602-24873	8,000
Karns Senior Center	31602-24874	7,187
Total Tennessee Commission on Aging and Disability		31,163
Tennessee Department of Transportation:		
Multimodal Access Grant for Halls Greenway	Agreement 210264 PIN 132052.00	87,153
Litter Grant	Z23LIT047	171,400
Rail Preservation Grant Program for Track, Rail, and Crossing Rehabilitation	Contract CRR070492 PIN 129722	49,630
Rail Preservation Grant Program for Track, Rail, and Crossing Rehabilitation	Contract CRR07451 PIN 128503	53,983
Rail Preservation Grant Program for Track, Rail, and Crossing Rehabilitation	Contract CRR07450 PIN 128504	14,938
Rail Preservation Grant Program for Track, Rail, and Crossing Rehabilitation	Contract CRR07493 PIN 129723	8,708
Rail Preservation Grant Program for Track, Rail, and Crossing Rehabilitation	Contract CRR070425 PIN 128508	54,982
Rail Preservation Grant Program for Track, Rail, and Crossing Rehabilitation	Contract CRR070449 PIN 128505	42,770
Rail Preservation Grant Program for Track, Rail, and Crossing Rehabilitation	Contract CRR070494 PIN 129724	88,229
Rail Preservation Grant Program for Track, Rail, and Crossing Rehabilitation	Contract CRR070448 PIN 128506	36,825
Total Tennessee Department of Transportation		608,618
Total State Financial Assistance - Knox County Primary Government		$ 5,743,934

The accompanying notes are an integral part of this schedule.

(continued)

KNOX COUNTY, TENNESSEE (PRIMARY GOVERNMENT)
KNOX COUNTY BOARD OF EDUCATION (DISCRETELY PRESENTED COMPONENT UNIT)

SCHEDULE OF STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2024

Program Title	Identifying Number		State Expenditures
Knox County Board of Education (Component Unit):			
Tennessee Department of Education:			
School Nutrition Program	2023-2024	$	240,081
Voluntary Pre-Kindergarten	23-470000		2,231,076
Safe Schools Act	23-470000		364,683
Middle School CTE Career Expansion	N/A		8,893
Middle School STEM Start-Up	N/A		1,263
Summer Learning Camps	22-470000		5,501,265
STEM School Designation Grant	N/A		8,065
Learning Camps Transportation	23-470000		770,949
Public School Security Grant	24-470000		251,024
State Special Education Preschool Grant	24-470000		5,101
Occupational Scholarship Program	80616		18,600
Healthy Students Stronger Learners	24-470000		1,698
Innovative School Models	24-470000		1,343,153
Total Tennessee Department of Education			10,745,851
Tennessee Higher Education Commission:			
Supporting Postsecondary Access in Rural Communities	33201-04923		49,803
Total Tennessee Higher Education Commission			49,803
Total State Financial Assistance - Knox County Board of Education (Component Unit)			10,795,654
Total State Financial Assistance		$	16,539,588

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, 2024

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, 2024. 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, 2024. 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:

Cluster / Program Title	AL Number	FY 2024 Loan Funding	Outstanding Balance
Community Development Block Grant	14.218	$ 0	$ 192,724
HOME Investment Partnerships Programs	14.239	0	417,242

NOTE 4 - SUBRECIPIENTS

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

	AL Number	Amounts Provided to Subrecipients
Community Development Block Grant	14.218	$ 958,614
Coronavirus State and Local Fiscal Recovery Funds	21.027	22,205,142
Total Subrecipient Awards		$ 23,163,756

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, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ____ yes __X__ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ____ yes __X__ no
- Significant deficiency(ies) identified? ____ yes __X__ 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 __X__ no

Major federal programs for Knox County, Tennessee for the year ended June 30, 2024 are as follows:

Program Name	AL#
COVID - Emergency Rental Assistance Program	21.023
COVID - Coronavirus State and Local Fiscal Recovery Funds	21.027
COVID - Disaster Grans Public Assistance	97.036

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

Auditee qualified as low-risk auditee? __X__ yes ____ no

Section II - Financial Statement Findings

2024-001 Bank and Liability Account Reconciliations

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 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 reconciliation differences of approximately $30,000 compared to the trial balance due to activity being posted after the reconciliations were performed. We also noted discrepancies that had been identified in prior years that were not resolved and still showing on the reconciliations. Lastly, we noted that some June 2024 reconciliations were not completed timely as there were changes being made through December 2024.

Cause and Effect - The Trustee's office utilizes a manual reconciliation process that is time consuming and subject to errors. In addition, activity is posted by Knox County Finance for several months following year end which delays the ability of the Trustee's office to complete their reconciliations timely. Lastly, the Trustee's office is not able to correct errors identified during the reconciliation process and must wait on Knox County Finance to correct these errors. The effect is that several liability accounts were not timely or properly reconciled at year-end.

Recommendations - We recommend the Trustee's office and Knox County Finance determine a solution to timely correct issues identified during the reconciliation process in order to timely and accurately complete bank and related liability reconciliations for all accounts on a monthly basis. In addition, we recommend the Trustee explore the option of using software to automate or improve the reconciliation process.

Management's Response -

Finance Department Response – We concur with the audit recommendations. We have implemented changes to the receipting function which includes re-assigning certain duties to streamline the workflow. This has helped identify errors more timely. The Finance Department will work with the Trustee's office to develop a schedule during the year-end close process to allow the Trustee's office to complete their reconciliations.

Knox County Trustee Response – We concur with the audit recommendations. Bank reconciliations are being dated and signed by the Trustee Team member that reviews them. Bank Account reconciliations have been sped up due to semi-merging MUNIS entries and Bank entries using excel. Our accounting Team is checking the recording system put in place by Finance for receipt posting, which should shorten the timeline to reconcile Finance Liability accounts. This should also shorten the time for year-end reconciliations of bank accounts. Another team member has been added to reconcile bank accounts. An outside source for reconciling is being pursued, starting with Tyler, our current accounting software program company. The $30,000 issue has been resolved. A new statement was issued by the Financial Institution reflecting the withdrawal.

Section II - Financial Statement Findings (Continued)

2024-002 Year End Accounting and Reconciliations in Clerk & Master's Office

Criteria or Specific Requirement - Key internal control procedures over cash accounts should include performing bank account reconciliations for all bank and trust accounts on a timely basis following the end of the month. In addition, TCA Section 9-2-102 requires official accounting records to be closed and available for audit no later than two months after the close of their fiscal year.

Condition - During the audit, the Clerk & Master's office year end financial information was not initially available until October 2024, and was then revised multiple times through December 2024. The December 2024 reports had several errors including cash reconciliations that were off by $100,000 compared to the Schedule of Net Assets and the net assets of the office did not roll forward from the prior year by $3,135,722. In addition, certain trust account balances did not agree to bank balances at year end by $18,243.

Cause and Effect - Personnel turnover in the Clerk & Master's office during the last two years caused monthly financial close and reporting to become significantly delayed. In addition, this turnover caused there to be a breakdown in training for current finance personnel.

Recommendation - We recommend that the Clerk & Master's office establish policies and procedures to ensure that bank account reconciliations and month end close are performed on a timely basis. In addition, training should be provided to all finance personnel to ensure accurate reconciliations and reports are being prepared.

Management's Response - We concur with the recommendations and note that we continue to work with Knox County Government to improve our financial reporting processes. We have addressed the errors identified in the findings, and we are implementing additional training requirements to mitigate against future reporting errors. Additionally, we have selected and are implementing a new integrated accounting and case management software system that will substantially improve the operations of our office and ensure timely reporting in accordance with Tennessee law.

Section II - Financial Statement Findings (Continued)

2024-003 Accounting for Paid Time Off in the Sheriff's Office

Criteria or Specific Requirement - Generally accepted accounting principles (GAAP) require accounting for paid time off (PTO) or annual leave liabilities by multiplying accumulated unused hours by an employee's pay rate. Sheriff and County employees earn PTO hours on established schedules based on years experience. Proper internal controls over the accumulation and usage of PTO hours include oversight of how hours are credited and taken off an employee's balance.

Condition - Officers and certain other personnel in the Sheriff's Office work on a scheduled 9.5 hour day. When these employees take a day off, their paid time off account is only charged 8.0 hours. As a result, the Sheriff's Office is over-reporting the remaining PTO balance of such employees by 1.5 hours per instance.

Cause and Effect - The current practice in the Sheriff's Office is to charge a standard 8-hour reduction in an employee's PTO account for a paid day off. As a result, leave balances are overstated for employees who work shifts longer than 8 hours.

Recommendations - We recommend that the Sheriff's Office begin to account for employees' PTO balances based on the number of hours taken off. We also recommend that Knox County review the paid time off recordkeeping practices of all departments and offices to determine proper reporting of paid time off balances.

Management's Response - Effective March 22, 2025, patrol officers will be charged 9 ½ hours against their sick and annual leave balance when they use a sick or annual day.

Section II - Financial Statement Findings (Continued)

2024-004 Equipment Quotations in Parks & Recreation Department

Criteria or Specific Requirement - Capital equipment purchases in excess of $10,000 are required by Knox County purchasing policies and budgeting practices to be included in the department's annual budget. In addition, the requisition to purchase an item over $10,000 should include multiple quotes obtained from different vendors and include documented justification of which vendor was selected. Lastly, a purchase order approved by Knox County Procurement is required prior to the County becoming obligated to purchase a piece of equipment including taking possession of equipment.

Condition - In January 2024, Parks & Recreation Department (Department) personnel began obtaining quotations for a new utility vehicle and trailer. The initial quotes from the selected vendor resulted in a total cost of approximately $17,700 with one of the items (the utility vehicle) costing greater than $10,000. Accordingly, the requisition for the utility vehicle was rejected by the County's budgeting and purchasing personnel due to procurement requirements related to the capitalization threshold. By April, quotes were ultimately re-worked between the Parks & Recreation department and the vendor resulting in the purchase of both pieces of equipment for $9,975 each (under the capitalization threshold).

The sequence of events resulted in purchasing issues which include that (1) purchase documentation was signed by Department personnel without proper review, (2) Department personnel took possession of equipment prior to having an approved and executed purchase order, and (3) invoices were altered to subvert County purchasing requirements regarding capital items.

Cause and Effect - The Department identified equipment to be purchased without regard for the County's purchasing regulations and budgetary restrictions. As a result, invoices were altered. The transactions were subsequently identified by budget personnel which led to a hotline investigation performed by Knox County Internal Audit. The results from that investigation were discussed with Knox County officials.

Recommendations - Knox County Internal Audit has made recommendations which we concur. We recommend that the Department develop a process whereby paperwork is maintained for quotes received and documentation is created and maintained to evidence supervisory approval of the quote selection. An additional approval layer should be added for the review of submitted requisitions to ensure that all purchase requests are compliant with Knox County policy. In addition, we recommend that Knox County Finance reinforce knowledge of finance policies and procedures including the purchasing policy regarding capital expenditures to all departments.

Management's Response - Knox County Parks and Recreation has made several internal control adjustments for the procurement process, starting with creating transparent flow charts to help train the department on capital purchases and more extensive training with division directors and supervisors on acceptable practices. The department developed a policy and a process centralizing all quotes to go through the department's finance division, where they are evaluated to determine the process needed for purchasing and ensure compliance with Knox County policy. This process includes open communication and guidance from Knox County Central Finance and Purchasing departments, paperwork being maintained for quotes received, and documentation being created and maintained to evidence supervisory approval of the quote selection. Lastly, purchasing roles were reevaluated and limited to streamline the process and put safeguards in place to protect the process including limiting credit cards access to the finance division personnel and remote head groundskeepers.

Section III - Federal Award Findings

Current Year Audit Findings: None

KNOX COUNTY, TENNESSEE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2024

PY Finding	2023-001
Finding Title	Bank and Liability Account Reconciliations and Timeliness of Receipting
Status/ Current Year Finding Number	Partially Corrected. See current year finding #2024-001.

PY Finding	2023-002
Finding Title	Oversight of Governmental Law Library
Status/ Current Year Finding Number	Corrected

PY Finding	2023-003
Finding Title	Capital Projects Budgeting
Status/ Current Year Finding Number	Corrected

PY Finding	2023-004
Finding Title	Bank Reconciliations in Clerk & Master’s Office
Status/ Current Year Finding Number	Partially Corrected. See current year finding #2024-002.

PY Finding	2023-005
Finding Title	Approval of Fraudulent Checks
Status/ Current Year Finding Number	Corrected

KNOX COUNTY, TENNESSEE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)

For the Year Ended June 30, 2024

PY Finding	2023-006
Finding Title	Improper Use of Equipment
Status/ Current Year Finding Number	Corrected

PY Finding	2023-007
Finding Title	Emergency Rental Assistance Payments Based on Fraudulent Applications Submitted to the Program
Status/ Current Year Finding Number	Corrected

OFFICE OF COUNTY MAYOR GLENN JACOBS

Department of Finance • 400 Main Street, Suite 630, Knoxville, TN 37902

Knox County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2024

Finding 2024-001: Bank and Liability Account Reconciliations

Person(s) Responsible for Implementing the Corrective Action:

Justin Biggs, Knox County Trustee
Chris Caldwell, CFO/Co-Chief of Staff, Finance Department

Corrective Action Planned:

Additional procedures have been implemented regarding the account reconciliation process. Changes have been implemented to improve workflow in the receipting function. A schedule will be developed to help in the year-end close process. An additional team member has been assigned to help with the reconciliation process.

Anticipated Completion Date of Corrective Action:

Management will implement the corrective actions during FY 2025.

Justin Biggs

Chris Caldwell

Chancery Court
J. Scott Griswold, Clerk & Master
Sixth Judicial District
Suite 125, City-County Building
400 Main Street
Knoxville, Tennessee 37902-2423
Phone: (865) 215-2555
Fax: (865) 215-2920

Knox County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2024

Finding 2024-002: Year End Accounting and Reconciliations in Clerk & Master's Office

Person Responsible for Implementing the Corrective Action:

J. Scott Griswold, Clerk & Master

Corrective Action Planned:

Management has corrected the errors identified in the audit. Management is implementing additional training requirements for deputy clerks with financial reporting responsibilities to mitigate against future reporting errors. In addition, Management has selected and is implementing a new integrated accounting and case management software system that will substantially improve the operations of the Clerk & Master's Office and ensure timely reporting in accordance with Tennessee law.

Anticipated Completion Date of Corrective Action:

Management will implement the corrective actions during FY 2025.

J. Scott Griswold, Clerk & Master

KNOX COUNTY SHERIFF'S OFFICE

Tom Spangler
Sheriff

Knox County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2024

Finding 2024-003: Accounting for Paid Time Off in the Sheriff's Office

Person(s) Responsible for Implementing the Corrective Action:

Tom Spangler, Sheriff

Corrective Action Planned:

Effective March 22, 2025, patrol officers will be charged 9 ½ hours against their sick and annual leave balance when they use a sick or annual day.

Anticipated Completion Date of Corrective Action:

Management will implement the corrective actions during FY 2025.

Tom Spangler

400 Main Street • Knoxville, Tennessee 37902 • 865-215-2243
www.knoxsheriff.org

Knox County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2024

Finding 2024-004: Equipment Quotations in Parks & Recreation Department

Person(s) Responsible for Implementing the Corrective Action:

Joseph Mack
Senior Director

Corrective Actions Planned:

The Parks & Recreation Department has created transparent flow charts to help train the department on capital purchases and more extensive training with division directors and supervisors on acceptable practices. The department has developed a policy and a process centralizing all quotes to go through the department's finance division, where they are evaluated to determine the process needed for purchasing and ensure compliance with Knox County policy. Purchasing roles were reevaluated and limited to streamline the process and put safeguards in place to protect the process including limiting credit card access to the finance division personnel and remote head groundskeepers.

Anticipated Completion Date of Corrective Actions:

Management has implemented the corrective actions during FY 2025.

Joseph Mack - Senior Director Park and Recreation

KNOX COUNTY, TENNESSEE

REPORT TO THE MAYOR, COUNTY COMMISSIONERS
AND AUDIT COMMITTEE

As of and for the Year Ended June 30, 2024

PUGH
CPAs

PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
Telephone: 865-769-0660
Fax: 865-769-1660

January 16, 2025

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

We are pleased to present this report related to our audit of the basic financial statements of Knox County, Tennessee (the "County") as of and for the year ended June 30, 2024. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Knox County, Tennessee's financial and compliance reporting process.

This report is intended solely for the information and use of the Mayor, County Commission, Audit Committee and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to Knox County, Tennessee.

Pugh & Company, P.C.
Certified Public Accountants
Knoxville, Tennessee

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REQUIRED COMMUNICATIONS

The following required communications summarize our responsibilities regarding the financial statement audit as well as observations from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

Our Responsibilities

We describe our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States to you in our state audit contract and addendum dated March 4, 2024. Our audit of the basic financial statements, contained in the annual comprehensive financial report (ACFR), does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

We did not audit 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. The TDC and KEF were audited by other auditors whose reports have been furnished to us, and in our audit opinion we refer to the work of the other auditors.

Planned Scope and Timing of the Audit

We have previously issued a separate communication dated March 4, 2024 regarding the planned scope and timing of our audit and identified significant risks. Since that letter, we have identified the following significant risks: pension and OPEB assets, liabilities, and deferred flows, and self-insurance liabilities.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices
Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies
Management has the ultimate responsibility for the appropriateness of the accounting policies used by the County. The County did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period. See Note IV.G. of the ACFR for insignificant new accounting standards adopted.

Significant Accounting Policies
We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Unusual Transactions
We did not identify any significant unusual transactions.

Management's Judgments and Accounting Estimates
Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.

Audit Adjustments and Uncorrected Misstatements

Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the County are shown in the attached list of Recorded Audit Adjustments. We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Other Information Included in Annual Reports

Our responsibility for other information included in annual reports is to read the information and consider whether its content or the manner of its presentation is materially inconsistent with the financial information covered by our auditor's report, whether it contains a material misstatement of fact or whether the other information is otherwise misleading. We read the County's introductory section and statistical section, as listed in the table of contents. We did not identify material inconsistencies with the audited basic financial statements.

Observations About the Audit Process

Disagreements With Management
We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the basic financial statements.

Consultations With Other Accountants
We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management
We discussed several accounting and financial reporting related issues with management during the year, none of which were considered significant to the audit.

Significant Difficulties Encountered in Performing the Audit
We did not encounter any significant difficulties in dealing with management during the audit.

Difficult or Contentious Matters That Required Consultation
We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Shared Responsibilities for Independence

Independence is a **joint responsibility** and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) and *Government Accountability Office* (GAO) independence rules. For Pugh & Company, P.C. (the "Firm") to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and the Firm each play an important role.

Our Responsibilities

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. Pugh & Company, P.C. is to ensure that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality control over compliance with independence rules and firm policies.

The County's Responsibilities

- Timely inform Pugh & Company, P.C., before the effective date of transactions or other business changes, of the following:
  - New commissioners or persons in financial reporting and compliance oversight roles.
  - Changes in the reporting entity impacting affiliates such as related entities, investments, joint ventures, component units, or jointly governed organizations.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the County and its related entities, commissioners, or persons in a decision-making capacity, engaging in business relationships with Pugh & Company, P.C.

- Not entering into arrangements of nonaudit services resulting in Pugh & Company, P.C. being involved in making management decisions on behalf of the County.
- Not entering into relationships resulting in close family members of Pugh & Company, P.C. covered persons, temporarily or permanently acting as a commissioner, or person in an accounting, financial reporting or compliance oversight role at the County.

Internal Control and Compliance Matters

We have separately communicated on internal control and compliance over financial reporting identified during our audit of the basic financial statements and major awards, as required by *Government Auditing Standards* and when applicable, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 (Uniform Guidance) or other Federal audit requirements. These communications are included in a separately bound document.

Significant Written Communications Between Management and Our Firm

A copy of significant written communications between our Firm and the management of the County, consisting of the letter of representation, is attached as Exhibit A. Similar letters of representation were also obtained from individuals in the County's elected fee offices.

SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in the County's June 30, 2024 financial statements.

Significant Accounting Estimates

Fair Value of Investment Securities	
Accounting policy	Investments are reported at fair value, except for investments in the State of Tennessee's Local Government Investment Pool ("LGIP"), which are reported at amortized costs and guaranteed investment contracts, which are reported at contract value.
Management's estimation process	Fair values were provided by the broker-dealer. See Notes I-D and III-A of the annual comprehensive financial report (ACFR).
Basis for our conclusion on the reasonableness of the estimate	We tested a sample of the investment portfolio's fair values at year-end using an independent pricing service and found no significant differences.
Depreciation of Capital Assets	
Accounting policy	Depreciation expense is calculated based upon the straight-line method over the estimated useful life of the asset. Accumulated depreciation and the related expense are recorded in the Statement of Net Position and Statement of Activities.
Management's estimation process	Estimated useful lives of assets are determined by management based on historical experience. See Notes I-D and III-C of the ACFR.
Basis for our conclusion on the reasonableness of the estimate	We have reviewed the estimated useful lives used by management and compared them to the County's historical experience as well as industry standards for similar assets.
Self-Insurance Health Care and Worker's Compensation Claims and General Liabilities	
Accounting policy	Liabilities for reported claims and claims incurred but not reported (IBNR) are estimated and accrued as liabilities in the Statement of Net Position and the related Internal Service Funds Balance Sheet and in the Board of Education government-wide financial statements.
Management's estimation process	The estimated liabilities for claims incurred and incurred but not reported (IBNR) for health care, worker's compensation and general liability claims payable are based upon estimates provided by third party independent actuaries and the Knox County Law Department. See Notes I-D and IV-C of the ACFR.
Basis for our conclusion on the reasonableness of the estimate	We reviewed the third-party actuaries' calculations, including the underlying assumptions used, for reasonableness and information provided by the Knox County Law Department and determined that the claims liabilities have been adjusted properly at year-end.

Significant Accounting Estimates

Net Pension Liabilities (Assets) of the Defined Benefit Pension Plans	
Accounting policy	The net pension liabilities (assets) of the defined benefit pension plans are determined by an actuary and is that amount which results from applying actuarial assumptions to adjust the pension liabilities to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.
Management's estimation process	The amounts related to the three single employer defined benefit plans were determined by annual actuarial reports prepared by USI Consulting Group in accordance with generally accepted actuarial standards and procedures. The actuarial reports for the three multiple-employer TCRS defined benefit plans were prepared by an actuarial firm hired annually by the Tennessee State Treasurer. See Note VI and the Required Supplementary Information (RSI) section of the ACFR.
Basis for our conclusion on the reasonableness of the estimate	We reviewed the third-party actuaries' calculations, including the underlying assumptions used, for reasonableness.

Net Other Post-Employment Benefits (OPEB) Liabilities (Assets) of OPEB Plans	
Accounting policy	The net OPEB liabilities of the defined benefit OPEB plans are determined by an actuary and is that amount which results from applying actuarial assumptions to adjust the OPEB liabilities to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.
Management's estimation process	The amounts for the Retiree Healthcare and Employee Disability Plans were determined by annual actuarial reports prepared by USI Consulting Group in accordance with generally accepted actuarial standards and procedures. The actuarial reports for the State of Tennessee Closed Teacher Group OPEB Plan and Closed Tennessee Plan were prepared by an actuarial firm hired by the State of Tennessee. See Note V and the RSI section of the ACFR.
Basis for our conclusion on the reasonableness of the estimate	We reviewed the third-party actuaries' calculations, including the underlying assumptions used, for reasonableness.

Recorded Audit Adjustments

For the Year Ended June 30, 2024

Description	Effect — Increase (Decrease)				
	Assets and Deferred Outflows of Resources	Liabilities and Deferred Inflows of Resources	Fund Balance/ Net Position	Revenues	Expenses
FUND FINANCIAL STATEMENTS					
Knox County					
To Record Trustee's Commission Receivable on Constitutional Officer's Fund.	$ 4,582,093	$ 0	$ 4,582,093	$ 4,582,093	$ 0
To Correct Presentation of Unearned Revenue on the Capital Projects Fund for Decrease in Deferred Inflows and Increase in Liabilities.	0	987,500 (987,500)	0	0	0
Total Knox County	$ 4,582,093	$ 0	$ 4,582,093	$ 4582,093	$ 0
GOVERNMENT WIDE FINANCIAL STATEMENTS					
Knox County					
To Correct the Net OPEB Asset and Liability.	$ 1,003,208	$ 1,003,208	$ 0	$ 0	$ 0
Total Knox County	$ 1,003,208	$ 1,002,208	$ 0	$ 0	$ 0
Board of Education					
To Record the TCRS BOE Hybrid Plan with Cost Controls.	$ 44,489	$ 0	$ 0	$ 0	$ (44,489)
Total Board of Education	$ 44,489	$ 0	$ 0	$ 0	$ (44,489)

EXHIBIT A

Significant Written Communications Between Management and Our Firm

EXHIBIT A - Draft of Management Representation Letter

Pugh & Company, P.C.
315 N. Cedar Bluff Road
Suite 200
Knoxville, Tennessee 37923-4548

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, the business-type activities, the 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, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The discretely presented component units include the Knox County Board of Education and four nonmajor component units.

We confirm, to the best of our knowledge and belief, as of December 31, 2024:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the state audit contract and related addendums dated March 4, 2024, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. The methods, assumptions and data used to make accounting estimates have been consistently selected and applied in making the estimates and result in estimates that are appropriate for financial statement measurement and disclosure purposes. Significant judgments made in making the estimates have taken into account all relevant information of which we are aware. Appropriate specialized skills or expertise has been applied in making the estimates when necessary. The assumptions properly reflect our intent and ability to carry out the specific courses of actions previously communicated to you on behalf of the County. We have also appropriately considered alternative assumptions or outcomes. All disclosures related to estimates, including disclosures describing estimation uncertainty, are complete and reasonable in the context of U.S. GAAP. No subsequent events have occurred that would require adjustment to the estimates and related disclosures included in the financial statements.
6. Related-party transactions, including those with the Knox County Board of Education, Knox Railroad Authority, The Development Corporation of Knox County, Knox Education Foundation, and the Knox County Emergency Communications District, component units for which Knox County is accountable, other organizations for which the nature and significance of their relationship with Knox County are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, joint ventures in which Knox County has an interest, jointly governed organizations in which Knox County participates, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements, and guarantees have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S GAAP.
7. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.

8. The County followed either its established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or followed paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.

9. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.

10. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

11. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

12. Management has followed applicable laws and regulations in adopting, approving and amending budgets.

13. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.

14. Provisions for uncollectible receivables have been properly identified and recorded.

15. Capital assets, including infrastructure assets and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

16. The County properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88.

17. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

18. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

19. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

20. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

21. The County's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.

22. The County disclosed the names of entities with which it has a tax abatement agreement, the total gross amount of taxes abated during the period, the specific taxes that were abated and whether any commitments other than to reduce taxes were made as part of any tax abatement agreement as required by GASB Statement No. 77.

23. The County disclosed tax abatements entered into by other governments that affect its revenues, including the names of the governments that entered into the agreements, the specified taxes being abated, and the gross dollar amount of taxes abated during the period, as required by GASB Statement No. 77.

24. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.

25. The County has satisfactory title to all owned assets.

26. Net positions and fund balances are properly classified and, when applicable, approved.

27. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.

28. We have disclosed all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements whose effects should be considered by management when preparing the financial statements.

29. We believe the implementation of the GASB Statements listed below is appropriate:

    a. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA).*

30. We have no knowledge of any uncorrected misstatements in the financial statements, other than misstatements that are clearly trivial.

31. With respect to the non-audit services performed in the course of the audit, specifically the assistance in preparing the Single Audit reporting package:

    a. We have made all management decisions and performed all management functions;

    b. We assigned an appropriate individual to oversee the services;

    c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;

    d. We have accepted responsibility for the results of the services; and

    e. We have accepted responsibility for all significant judgments and decisions that were made.

32. We have requested an unsecured electronic copy of the auditor's report and agree that the auditor's report will not be modified in any manner.

Information Provided

33. We have provided you with:

    a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;

    b. Additional information that you have requested from us for the purpose of the audit;

    c. Unrestricted access to persons within the County from whom you determined it necessary to obtain audit evidence; and

    d. Minutes of the meetings of the County Commission and related committees, and the Board of Education or summaries of actions of recent meetings for which minutes have not yet been prepared.

34. All transactions have been recorded in the accounting records and are reflected in the financial statements.

35. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

36. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.

37. We have no knowledge of allegations of fraud or suspected fraud, affecting the entity's financial statements involving:

    a. Management.

    b. Employees who have significant roles in the internal control.

    c. Others where the fraud could have a material effect on the financial statements.

38. We have disclosed to you all information that we are aware of regarding any allegations of fraud or suspected fraud affecting the County's financial statements received in communications from employees, former employees, analysts, regulators, or others.

39. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations.

40. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

41. We have disclosed to you the identity of all of the County's related parties and all the related-party relationships and transactions of which we are aware.

42. We have informed you of all deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the County's ability to record, process, summarize, and report financial data.

43. We have informed you of all communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

44. We agree with the findings of specialists in evaluating the work of the County's actuary for pensions, OPEB, and worker's compensation as prepared by USI Consulting Group, Inc., Tennessee Consolidated Retirement System (TCRS), Tiller Consulting Group, Inc. and the derivative valuation performed by ECHO Group, LLC and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give instructions, or cause any instructions to be given, to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

45. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining the pension, OPEB, and self-insured liabilities are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan's actuary.

46. We believe that the information obtained from the audited financial statements of and other participant information provided by the Teacher Legacy Pension Plan of the TCRS and the Teacher Retirement Plan of the TCRS is appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the plan or its auditor in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan or its auditor.

47. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

48. We are aware of our responsibility to file our annual audited financial statements, continuing disclosures and other reporting requirements with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (EMMA).

Supplementary Information

49. With respect to supplementary information presented in relation to the financial statements as a whole:
    a. We acknowledge our responsibility for the presentation of such information.
    b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
    c. The methods of measurement or presentation have not changed from those used in the prior period.
    d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

50. With respect to Knox County Board of Education (Board) Combining and Individual Fund financial statements and the Statement of Net Position and Statement of Activities for the Board presented in relation to the financial statements as a whole:
    a. We acknowledge our responsibility for the presentation of such supplementary information.
    b. We believe such supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.

51. With respect to Management's Discussion and Analysis and the Required Supplementary Schedules of Pensions and Other Post Employment Benefit Plans which are presented as required by the Governmental Accounting Standards Board (GASB) to supplement the basic financial statements:
    a. We acknowledge our responsibility for the presentation of such required supplementary information.
    b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
    c. The methods of measurement or presentation have not changed from those used in the prior period, except as properly disclosed.

Compliance Considerations

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm that management:

52. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework (U.S. GAAP).
53. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the County and Board.
54. Has identified and disclosed to the auditor all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
55. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
56. Acknowledges its responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
57. Has taken timely and appropriate steps to remedy identified or suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that the auditor reports.
58. Has a process to track the status of audit findings and recommendations.
59. Has identified for the auditor previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
60. Has identified for the auditor any investigations or legal proceedings that have been initiated with respect to the period under audit.
61. Has provided views on the auditor's reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.
62. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

In connection with your audit of federal awards of Knox County and the Board, conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we confirm:

63. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.
64. Management is responsible for understanding and complying with federal statutes, regulations, and the terms and conditions of federal awards related to each of its federal programs.
65. Management is responsible for the design, implementation, and maintenance, and has designed, implemented and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal programs.
66. Management is responsible for the preparation of the schedule of expenditures of federal awards, acknowledges and understands its responsibility for the presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; asserts that methods of measurement or presentation have not changed from those used in the prior period, or if the methods of measurement or presentation have changed, the reasons for such changes have been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.
67. Management will make the audited financial statements readily available to the intended users of the schedule no later than the issuance date by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.
68. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.

69. Management has identified and disclosed to the auditor the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

70. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.

71. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal or state awards or stated that there was no such noncompliance.

72. Management believes that the auditee has complied with the direct and material compliance requirements (except for noncompliance it has disclosed to the auditor).

73. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

74. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.

75. Management has disclosed to the auditor any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

76. Management has disclosed to the auditor the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

77. Management is responsible for taking corrective action on audit findings of the compliance audit and has developed a corrective action plan that meets the requirements of the Uniform Guidance.

78. Management has provided the auditor with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

79. Management has disclosed the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

80. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stating that there were no such known instances.

81. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.

82. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

83. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.

84. If applicable, management has monitored subrecipients to determine that they have expended subawards in accordance with applicable laws and regulations and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.

85. If applicable, management has issued management decisions for audit findings that relate to federal awards it makes to sub-recipients and that such management decisions are issued within six months of acceptance of the audit report by the Federal Audit Clearing House (FAC). Additionally, management has followed up to ensure that the sub-recipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews and other means that pertain to the federal award provided to the sub-recipient from the pass-through entity.

86. If applicable, management has considered the results of subrecipient audits and has made any necessary adjustments to the auditee's own books and records.

87. Management has charged costs to federal awards in accordance with applicable cost principles.
88. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by Uniform Guidance.
89. The reporting package does not contain protected personally identifiable information.
90. Management has accurately completed the appropriate sections of the data collection form.
91. Management has disclosed all contracts or other agreements with service organizations.
92. If applicable, management has disclosed to the auditor all communications from service organizations relating to noncompliance at those organizations.

Glenn Jacobs, Mayor
of Knox County, Tennessee

Chris Caldwell, MBA, Finance Director
of Knox County, Tennessee

Perry Benshoof, CPA, Controller
of Knox County, Tennessee

Melanie Wilck, Knox County Finance

As these items pertain to Federal Grants in the Health Department:

Kevin Parton, Chief Administrative Officer
Knox County Health Department

As these items pertain to the Knox County Board of Education:

Jon Rysewyk, Superintendent of
Knox County Schools

Christopher Simons, CPA, Director of Accounting
Knox County Schools

Ron McPherson, CFO
Knox County Schools

Audit Committee **4.**

Meeting Date:	03/10/2025
Requested By:	Drucilla Stills, COUNTY COMMISSION
Department:	COUNTY COMMISSION
Requires Expenditure of Funds:	Funded in Current Budget:
Appropriation Required:	

CAPTION

Presentation of Final Audit Report FY25-PA-03 PBA City-County Building Space Management (Zac Fullerton) - (15 minutes)

Attachments

Building Space Management Report

February 18, 2025

Jayne Burritt, Administrator/CEO Knox County Public Building Authority

FINAL AUDIT REPORT – FY25-PA-03 Public Building Authority (PBA) City-County Building Space Management Audit

Attached is the subject audit final report for your review. Your management response to the audit is included as an Appendix in the report.

If you have any questions, or wish to further discuss the report, please contact me at (865) 215-3940 or richard.pugh@knoxcounty.org. Thank you for your courtesy, time, and attention provided during the course of the audit.

Richard Pugh

Richard Pugh

Knox County Internal Audit

cc:

Jim Arnette
David Buuck
Chris Caldwell
Commissioner Courtney Durrett
Commissioner Andy Fox
Commissioner Kim Frazier
Zac Fullerton
Commissioner Terry Hill
Ted Hotz
Commissioner Shane Jackson
Commissioner Larsen Jay
Commissioner Rhonda Lee
Gary Mitchell
Jim Morrison
Commissioner Gina Oster
Commissioner Damon Rawls
Commissioner Angela Russell
Commissioner Adam Thompson
Matt Warren

Public Building Authority

City-County Building
Space Management Audit

Final Audit Report

Knox County Internal Audit

File Number FY25-PA-03

TABLE OF CONTENTS

WHY WE DID THE AUDIT

This review was included in the Fiscal Year (FY) 2025 Internal Audit plan due to risk factors identified during our annual risk assessment related to the City-County Building's maintenance and operational capacity.

OBJECTIVE AND SCOPE

The objective of the audit was to determine whether the Public Building Authority is effectively allocating, managing, and tracking space in the City-County Building and assess if needed renovations are being identified/performed in an appropriate and timely manner.

The scope of the audit included all County-assigned office space and parking spaces in the City-County Building as of August 2024.

METHODOLOGY

To achieve our objective, we:

- Gained an understanding of applicable regulations, contracts, policies, procedures, internal controls, and current operational practices of the Public Building Authority;
- Selected County-assigned office spaces and parking permits for review and testing;
- Gathered and examined documentation supporting the oversight and execution of the Public Building Authority's management of the City-County Building; and
- Interviewed management personnel as needed.

WHAT WE FOUND

We found that the Public Building Authority (PBA) is actively and effectively managing Knox County's allocated space in the City-County Building; however, we identified three findings where improvements are warranted. First, we identified an issue regarding the contractual relationship between Knox County and PBA wherein the parties' operating and lease agreements for the City-County Building have not been updated since 1993. (See Finding 1). Second, we identified an issue regarding the accuracy of the office space allocations reported by PBA to Knox County, which impacts Knox County leadership's ability to appropriately allocate space cost to Knox County departments. (See Finding 2). Third, we identified issues regarding the management of City-County Building parking permits, including inadequate parking permit documentation and access management inaccuracies allowing separated employees to still have access to the parking garage. (See Finding 3). Lastly, we identified a significant risk area related to the need for funding of City-County Building renovations and capital improvements. (See Significant Risk Area).

WHAT WE RECOMMEND

First, we recommend that PBA, Knox County, and the City of Knoxville's leadership meet to determine (1) whether the parties' operating agreement should be updated to incorporate current needs, financial arrangements, and operational responsibilities, and (2) whether the parties should commence the process of terminating the current lease agreement and formally transferring title of the City-County Building to Knox County and the City of Knoxville. Second, we recommend PBA establish a dedicated procedure to formally update the City-County Building space allocation map and provide the information to Knox County Finance on an annual basis, and (2) we recommend Knox County's executive management provide a documented method by which Knox County departments are expected to notify PBA when office space assignments are altered internally among County departments or between Knox County and the City of Knoxville. Third, we recommend PBA formalize a parking garage policy requiring all County stakeholders to submit a standardized parking permit application that includes a supervisory approval signature and establish a formal process to routinely audit the accuracy of PBA's parking database records to ensure personnel changes are accurately reflected and terminated employees have access promptly revoked.

MANAGEMENT RESPONSE

PBA and Knox County's executive management both generally concurred with each organization's respective recommendations related to this engagement. The complete management responses can be viewed in Appendix A.

BACKGROUND

In 1971 the State of Tennessee adopted the Public Building Authorities Act, which authorized local governments throughout Tennessee to create public building authorities. Thereafter, Knox County and the City of Knoxville acted jointly to create the Public Building Authority ("PBA") of the County of Knox and the City of Knoxville. According to PBA's website, "PBA manages over 2 million square feet of building for the City and County… With a staff of 200 employees, PBA oversees maintenance, grounds, security, life safety and custodial activities for most locations under their management."[1] In general, PBA is responsible for three key areas: the management of construction projects requested by Knox County or the City of Knoxville, the management of existing municipal facilities and grounds, and the management of telecom systems at those facilities. With PBA operating as a dedicated resource in these three functional areas, the City and County are able to share costs, leading to taxpayer savings.

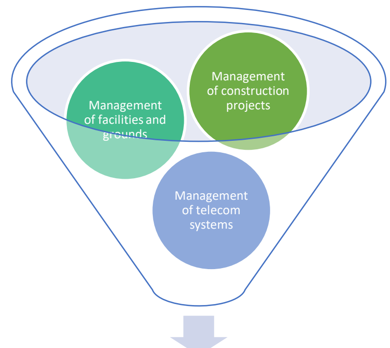


Figure 1: PBA key responsibilities

PBA is governed by an eleven-member Board of Directors, with six of the directors appointed by the Knox County Mayor and the other five directors appointed by the City of Knoxville Mayor. Generally, PBA's annual budgets are a result of discussions regarding the scope and level of services desired by each municipality. Budgeted funds which are not expended during any fiscal year are returned to the respective clients.

For Knox County, PBA oversees the management of several facilities, including the Old Knox County Courthouse, various County Senior Centers, and the Knox County Health Department, among others. Additionally, PBA was tasked with the original development and construction of the City-County Building, and the organization continues to manage the facility to this day. The City-County Building is the main municipal building for Knoxville's local government, providing vital space for County and City operations and community resources. Through a collaborative and shared partnership, PBA, Knox County, and the City of Knoxville ensure the City-County Building is appropriately maintained and remains in alignment with the needs of its stakeholders.

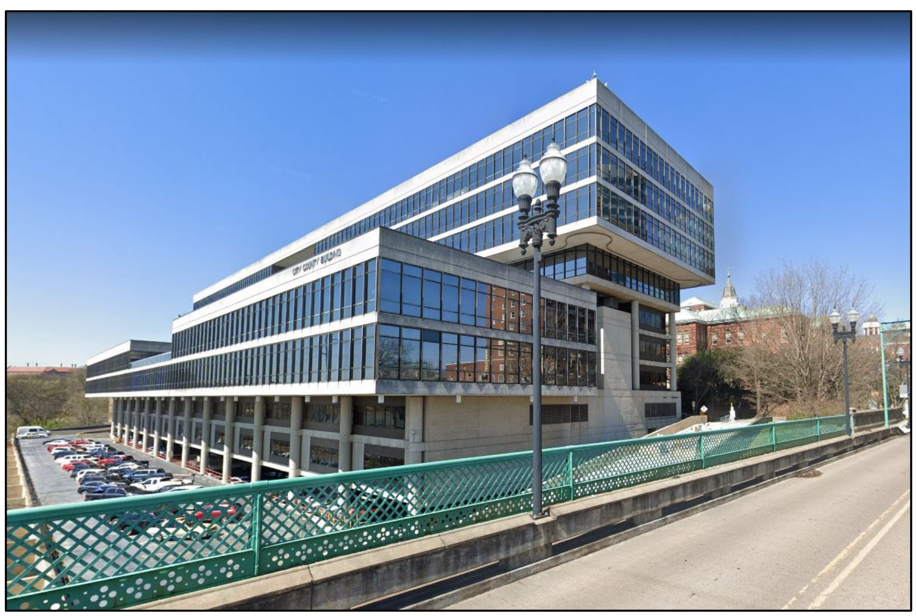


Figure 2: City-County Building

[1]See PBA's website: *https://www.ktnpba.org/pba/departments-staff-2*.

CONCLUSIONS

Do Knox County and the Public Building Authority have up-to-date contractual agreements delineating responsibilities for the operation and maintenance of the City-County Building?

Generally, no. Although the parties do have executed agreements which are being extended on a year-to-year basis, our audit found that Knox County and the Public Building Authority have not updated their operating agreement or lease agreement since 1993. (See Finding 1).

Is office space in the City-County Building adequate to the needs of County stakeholders and are records appropriately maintained regarding space utilization?

Generally, yes. Office space in the City-County Building is mostly meeting the needs of County stakeholders; however, we identified an issue pertaining to the accuracy of the Public Building Authority's office space allocation map provided annually to Knox County management. (See Finding 2).

Is space in the City-County Building's parking garage being used by current Knox County employees?

Generally, yes. Available parking spaces in the garage are being used for current Knox County employees; however, our audit identified instances where parking permits were still active for individuals no longer employed by Knox County and instances where parking permit documentation was incomplete or inaccurate. (See Finding 3).

Are necessary building renovations being communicated to Knox County and performed timely, in accordance with approved and budgeted funds?

Generally, yes. Renovations to the City-County Building are being performed, but not at the scale or pace required to address all identified needs. The Public Building Authority has made progress via projects funded by their CARP (Capital Asset Recovery Program) fund, such as elevator upgrades and ceiling system replacements on certain floors. However, larger-scale renovations including window replacements, HVAC updates, and restroom renovations, have not been fully addressed due to a lack of consistent funding from the Public Building Authority's municipal partners. (See Significant Risk Area).

WHAT WE TESTED

During our assessment of the City-County Building's operations and facilities management, we focused on four key testing areas: the contractual relationship between PBA and Knox County, office space assignment and allocation, management of the parking garage and permitting process, and building renovations and capital improvements. Proficient management of these areas is essential to the City-County Building's functionality, security, and safety, and our testing aimed to confirm that best practices in facility management are being consistently followed.

PBA - Knox County Contractual Relationship

- Reviewed historical operating and lease agreements.
- Assessed whether existing agreements are up-to-date and reflective of current operational needs.
- Conducted interviews with Knox County management, PBA executive leadership, and legal counsel to understand historical context and next steps needed.

City-County Building Office Space

- Evaluated accuracy of space allocation documentation.
- Evaluated the frequency and timeliness of updates to the office space allocation maps provided to Knox County management.
- Cross-referenced different versions of office space maps to identify inconsistencies in departmental assignments.
- Distributed surveys to 32 department heads and analyzed results.

City-County Building Parking

- Reviewed 77 employees (42 statistical sample and 35 judgemental sample) to verify parking documentation.
- Assessed eligibility of permit holders from sample.
- Evaluated whether access restrictions were properly implemented for parking permits.
- Observed PBA's garage security measures.

City-County Building Maintenance

- Assessed PBA's process to identify and prioritize necessary renovations and improvements for the City-County Building.
- Interviewed PBA leadership to discuss the most significant issues present at the City-County Building.
- Evaluated communication between PBA and Knox County management regarding renovation needs, project status updates, and budgetary impacts.

Figure 3: Testing Areas

FINDINGS

Finding 1: Outdated Operating and Lease Agreements

During our review of the contractual relationship between Knox County and PBA, Internal Audit identified issues regarding 1) the need for an updated operating agreement between the parties and 2) the potential need for termination of the current lease agreement between the parties in order to facilitate conveyance of the City-County Building's title to Knox County and the City of Knoxville. The historical context underlying the contractual relationship between Knox County and PBA involves multiple operating and lease agreements over the prior 40 years; however, existing agreements have not been updated since 1993.

The construction of the City-County Building was originally financed through municipal bonds issued by PBA in 1975. At that time, PBA entered into a lease agreement with Knox County and the City of Knoxville dated July 1, 1975, allowing the County and City to occupy space in the City-County Building. Additionally, the parties executed an initial operating agreement, which laid out responsibilities for the construction, operation, and maintenance of the building, with PBA assigned as the managing entity. The 1975 bonds were eventually refunded with the issuance of 1977 bonds alongside execution of the First Supplemental Lease Agreement between PBA, Knox County, and the City of Knoxville, dated October 1, 1977. At that same time, the original operating agreement was amended and restated. The supplemental lease agreement and restated operating agreement reflected adjustments to the original lease terms as necessitated by the building's evolving operational needs.

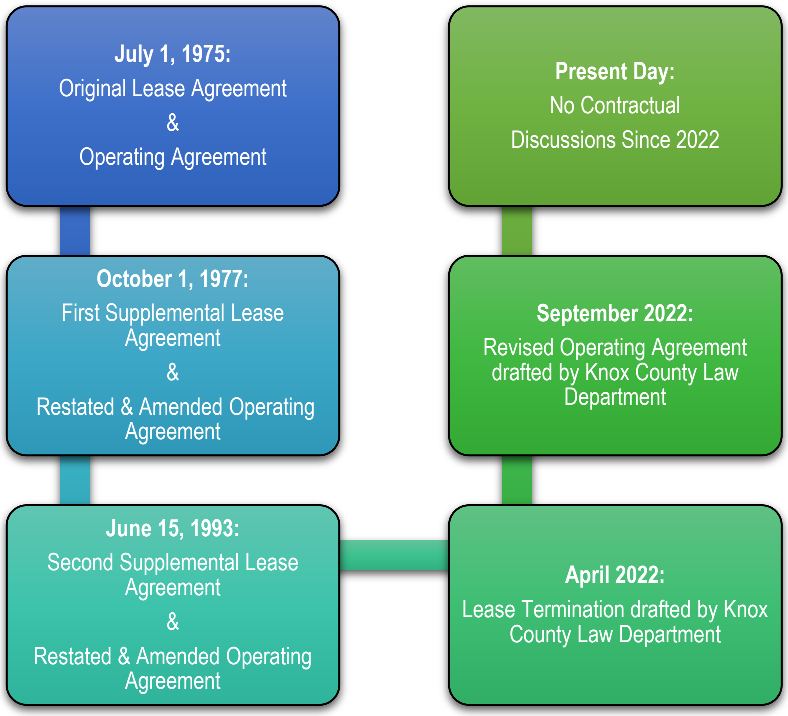


Figure 4: PBA – Knox County Contract History

The bonds issued in 1977 were eventually refunded with bonds issued in 1993, when additional improvements to the City-County Building were deemed necessary and approved by both municipalities. In accordance with these new bonds, a Second Supplemental Lease Agreement was executed between the parties, as well as another amended and restated operating agreement, on June 15, 1993. The Second Supplemental Lease Agreement noted that the lease would expire on July 1, 2001, in accordance with the 1993 bonds being fully paid. Thereafter, the agreement would continue year-to-year until terminated by agreement of the parties. Based on discussions with Knox County Finance, the 1993 bonds were paid in full on July 1, 2001. There have been no contractual agreements or updates related to management of the City-County Building since the 1993 agreements[2].

There are two primary concerns arising from the contractual history as described herein. First, the Original Operating Agreement stated, in part:

> *As to any project which is no longer subject to debt issued or other legal liability incurred by the Authority, the Lessee(s) of said project by resolution may terminate any lease with respect to said project and direct the Authority to what person(s) the property on which said project has been accomplished is to be conveyed.*[3]

As such, when the 1993 bonds were paid in full on July 1, 2001, Knox County and the City of Knoxville had the option to terminate the outstanding lease agreement with PBA and direct the title for the City-County Building to convey to Knox County and the City of Knoxville. However, no action was taken at that time, and as of now, the City-County Building's title remains with PBA. In the absence of a termination, the Second Supplemental Lease Agreement from 1993 is automatically being extended on a year-to-year basis.

The second concern related to the PBA contracts is the lack of an updated operating agreement, creating undue risk in the governance of maintenance and operational procedures administered by PBA on behalf of Knox County and the City of Knoxville. Although the operating agreement from 1993 is still technically active, numerous operational changes over the last two decades necessitate the creation of an updated agreement.

In early 2022, discussions regarding the PBA contracts were held between Knox County Finance and the Knox County Law Department. At that time, it was determined among the parties that a new operating agreement was needed and that the lease agreement between Knox County and PBA could and should be terminated, allowing the City-County Building's title to be conveyed to the County and City. An initial draft of the lease termination was created by the Knox County Law Department in April of 2022, and in September of 2022, the Law Department also created a draft of a new Operating Agreement between the County, City, and PBA, updating and overriding the agreement from 1993. According to personnel in the Law Department and Knox County Finance, both documents were transferred to the City of Knoxville's Law Department for review; however, the City of Knoxville never acted on either of the agreements. It appears without a formal response from the City, conversations regarding the contract updates largely stalled.

The process of finalizing a new operating agreement and transferring the City-County Building's title via termination of the current lease agreement will require active collaboration between PBA, the City of Knoxville, and Knox County. Additionally, if the parties determine that the lease agreement should be terminated, and title should revert to the City and County, County Commission and the City Council will need to pass resolutions to that effect within the same fiscal year. Coordination between multiple entities with differing priorities and varying schedules presents challenges, which has contributed to the delay in updating the operating agreement and deciding whether the lease agreement should be terminated. Furthermore, as PBA leadership and Knox County leadership have historically maintained a strong working relationship, the need to formalize updates to the operating and lease agreements has not been viewed as a top priority. Regardless, good governance practices and the efficient management of public assets require that ownership and operational responsibilities be clearly defined and periodically updated to reflect current practices. Outdated agreements can lead to a misalignment of responsibilities, inefficiencies in managing the City-County Building's future improvements, and potential legal disputes between the parties.

Knox County and PBA should work together to reestablish lines of communication regarding the current state of the operating and lease agreements. It appears the next step would be to engage the City of Knoxville's Law Department

[2] A new operating contract was agreed upon between Knox County and PBA in June of 2003; however, this agreement explicitly applied only to properties "owned by the County or leased to the County by owners other than PBA." As such, this agreement did not apply to the City-County Building.

[3] See Original Operating Agreement, Article VIII, page 4.

to determine their concerns regarding the contract revisions. If updates are agreed upon by management for all three parties, the Knox County Commission and the City Council will need to pass resolutions approving both the new operating agreement and the lease termination. Lastly, the parties will need to facilitate an update to the City-County Building's title documents to transfer ownership of the building, which will move the asset's depreciation from PBA's financial statements to the statements of Knox County and the City of Knoxville.

Criteria:

COSO – Risk Assessment – Principle 9: *The organization identifies and assesses changes that could significantly affect the system of internal control.*

Recommendation:

The Public Building Authority's leadership should participate in discussions with Knox County and the City of Knoxville's leadership to determine (1) whether the parties' operating agreement should be updated to incorporate current needs, financial arrangements, and operational responsibilities to reflect best practices in public asset management, and (2) whether the parties should commence the process of terminating the current lease agreement and formally transferring title of the City-County Building to Knox County and the City of Knoxville.

Finding 2: Inconsistent/Outdated Office Space Allocation Records

During our review of office space located in the City-County Building, Internal Audit identified an issue regarding outdated office space allocations reported by PBA to Knox County Finance. As part of our testing, Internal Audit sought to confirm that PBA has accurate records regarding space usage and space allocation within the City-County Building. PBA maintains a space assignment blueprint which outlines all available space in the building alongside the current custodian of each space (see blueprint example in *Figure 5*). This space allocation map is then provided to Knox County Finance, which utilizes the map on an annual basis to properly allocate space costs to various County departments.

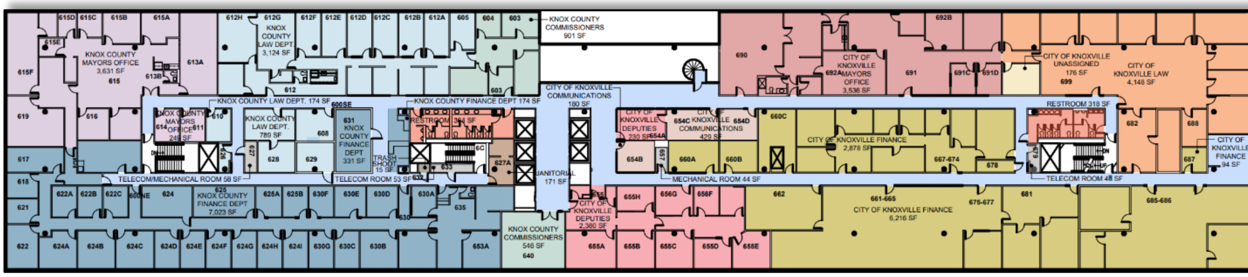


Figure 5: Space Allocation Map, City-County Building 6th Floor

In discussions with Finance personnel we discovered that Knox County has experienced difficulty in receiving updated space allocation maps from PBA in recent years. Accordingly, Internal Audit requested an updated map[4] from PBA and sought to verify that all office space was accounted for and assigned to the appropriate County departments. In order to verify the accuracy of the map, Internal Audit distributed surveys to County department heads, requesting confirmation of the space assignments as recorded on the space allocation map.

Ultimately, Internal Audit found that PBA does not maintain consistent and up-to-date office space records for the City-County Building. Based on our review of the space allocation map, we identified 32 departments with assigned space in the building. Of the 32 departments, Internal Audit was able to confirm the accuracy of the space represented on the map for only 18 total departments.[5] For the other 14 departments, department heads either indicated the information on the map was outdated or inaccurate or Internal Audit noted a discrepancy which the department head themselves did not note in the survey.

It appears the cause of this issue is two-fold. First, there is a lack of a formalized process or set schedule by which PBA updates the space allocation map and then provides the results to Knox County management. Second, there is not a standardized manner in which Knox County executive management or County departments are expected to notify PBA of space changes. For instance, if two executive department offices swap spaces, they may get informal approval from executive management, but the change may never be reported to PBA.

The lack of documented communication between Knox County and PBA regarding space changes and the lack of a formalized process to update the space allocation map has created undue burden on PBA's change management controls, leading to inconsistent space allocation records, hindering Knox County's ability to allocate space costs effectively and accurately. As Knox County relies on the office space assignment map to equitably allocate annual

[4] Internal Audit received multiple versions of the space allocation map from PBA personnel following our initial request, with each map containing slight differences. Ultimately, we utilized the map provided to us most recently at the time of testing.

[5] Internal Audit also inquired if assigned space was considered adequate to meet each department's current operational needs. Only six departments indicated they needed additional space.

space costs to Knox County departments, PBA should endeavor to provide an updated, accurate map to Knox County Finance each fiscal year.

Criteria:

COSO – Control Activities – Principle 12: *The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.*

COSO – Information & Communication – Principle 13: *The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.*

Recommendations:

The Public Building Authority should establish a dedicated procedure to formally update the City-County Building space allocation map via a review process that incorporates input from County department heads to confirm allocated spaces are accurate and provide the information to Knox County Finance on an annual basis.

Knox County's executive management should provide a documented method by which Knox County departments are expected to notify the Public Building Authority when office space assignments are altered internally among County departments or between Knox County and the City of Knoxville.

Finding 3: Inadequate Parking Permit Documentation and Access Management Controls

During our review of space in the City-County Building's parking garage, Internal Audit examined the processes and controls surrounding the issuance, documentation, and monitoring of parking passes for Knox County employees. Pursuant to our review, we identified an issue regarding inadequate parking permit documentation and access management inaccuracies whereby separated employees still retained access to the garage. According to the Second Supplemental Lease Agreement (1993), the City-County Building's parking garage accommodates 818 cars (totaling 278,410 sq. ft.) split between Knox County and the City of Knoxville.[6] In general, the allocation and assignment of vehicle spaces for the parties is determined by PBA through consultation with executive management for both the County and the City.

As part of our testing, Internal Audit selected a statistical sample of 42 parking permits and a judgmental sample of 35 parking permits to determine if 1) the permits were tied to active employees or authorized users, 2) access to the City-County Building garage aligned with the original parking permit application, and 3) each permit application was complete, accurate, and properly authorized. Ultimately, Internal Audit found that improvements are warranted regarding parking permit documentation, authorization, and access management as several exceptions were identified. Specifically, we identified the following deficiencies:

Tested Attribute	Statistical Sample	Judgmental Sample
Separated Employees Active in PBA's Parking Database	1/42	4/35
Missing PBA Parking Form	24/42	25/35
Minor Errors (Incorrect Garage Listed; Wrong Boxes Checked; Missing Signature)	5/42	2/35

Figure 6: Parking Test Results

PBA's parking database is a fluid system, with County and City personnel being added and removed from the system in accordance with personnel actions (new hire, transfers, terminations, etc.). As such, PBA management receives a near-constant stream of personnel information from Knox County government, the Knox County Sherriff's Office, Knox County elected officials, and the City of Knoxville. Ultimately, the likely cause of the five instances of terminated employees remaining active in PBA's parking database is a breakdown in communication between County stakeholders and PBA. PBA relies on timely and accurate information from County stakeholders, but when an employee with parking access leaves and the change is not properly communicated, it is difficult for PBA to maintain an accurate parking permit list. Internal Audit discussed this issue with Knox County Finance and explained PBA's difficulty in obtaining quality information from County stakeholders regarding personnel actions. Pursuant to that discussion, Knox County Finance initiated a new process whereby the Payroll department sends a monthly report to PBA's access control team regarding processed personnel actions. In this manner, PBA should receive more comprehensive, quality information regarding terminated employees who need to have their parking garage access revoked.

As to the issue of documentation accuracy and completeness, new employees are often unaware of the garage they will be assigned to park in, contributing to inaccuracies on the parking forms. PBA's parking form is included in Knox County's new hire paperwork, but without specific instructions from a new hire's supervisor, the form is often completed incorrectly. As evidenced by our testing, new hires may not sign the form, or they may select the incorrect garage or payment options. Additionally, PBA is often required to facilitate parking permits even when the permit application documentation is missing. As an example, we noted several instances wherein KCSO informally requested access to

[6] See Second Supplemental Lease Agreement (1993), Exhibit C-1.

the parking garage for officers via an email request to access management. In these situations, PBA operates under the assumption that they must adhere to the requests of elected officials or department heads, despite not actually receiving the formal permit application.

During testing, we also noted the lack of a standardized parking permit form, with multiple variations identified, contributing to the documentation inconsistencies. Furthermore, none of the reviewed parking permit forms require supervisory approval. If supervisors were required to review and authorize the parking form, PBA may receive more accurate and consistent information. Implementing a single standardized form that includes a designated line for supervisor sign-off could potentially reduce the risk of inaccuracies.

Overall, the lack of a standardized form and the lack of supervisor authorization increases the risk of unauthorized access. Additionally, inaccurate or incomplete documentation complicates PBA's ability to manage parking assignments effectively, potentially resulting in underutilized space or the misallocation of permits to ineligible individuals. PBA should formalize a parking garage policy requiring County stakeholders to submit a standardized parking permit form and should also establish a process whereby the organization can routinely examine the accuracy of their parking database records.

Criteria:

COSO – Control Activities – Principle 12: *The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.*

COSO – Monitoring Activities – Principle 16: *The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.*

Recommendation:

The Public Building Authority should formalize a parking garage policy requiring all County stakeholders to submit a standardized parking permit application that includes a supervisory approval signature. Additionally, PBA should establish a process to routinely audit the accuracy of their parking database records to help ensure personnel changes are accurately reflected in the database and terminated employees have access promptly revoked.

SIGNIFICANT RISK AREA: CITY-COUNTY BUILDING RENOVATIONS & CAPITAL IMPROVEMENTS

Internal Audit identified an additional risk area regarding the need for significant renovations and capital improvements in the City-County Building. Based on our review, necessary renovations (window replacements, electrical system upgrades, plumbing improvements, etc.) have not been consistently budgeted by PBA's municipal partners. As part of our engagement, Internal Audit reviewed available documentation associated with proposed renovations and capital improvements needed for the City-County Building. In 2018, PBA created a *Facility Master Plan* detailing renovations and capital improvements needed at that time. This plan was developed based on the building's aging infrastructure and was presented to Knox County and the City of Knoxville for consideration. As stated in the plan:

> *The majority of the infrastructure associated with the facility has vastly outlived the anticipated lifecycles…There are multiple building components that have aged out of their useful, maintainable life which will require replacement in the upcoming years.*

The plan itself included infrastructure projects such as a total facility window replacement, updating outdated electrical components and plumbing, replacing HVAC, lighting, and ceiling systems, total facility elevator upgrades, and restroom renovations (see *Figure 7* for proposed projects and estimated project costs). The total cost of the plan as of February 2018 was estimated to be $25.89 million. Although the plan was discussed among Knox County leadership, it was ultimately determined that completing all the proposed projects in the plan would be too costly.

Building	Section	Project Description	Life (Years)	Last FY	Next FY	Yrs to Expense	Project Cost	Cost/Year	Priority
CCB	Main Office Tower	Main Office Tower	Main Office T		FY13	1	$ 5,000,000	$ 5,000,000	4
CCB	CARP	CARP Scheduled Annual Cost (Current)	0		FY18	1			
CCB	CARP	CARP Scheduled Annual Cost (Until Renovated)	0		FY19	5		$ 400,000	
CCB	Main Office Tower	HVAC/Lighting/Ceiling Replacement Floors 3-6	20		FY19	2	$ 3,200,000	$ 1,600,000	1
CCB	Main Office Tower	Total Window Repair Option A (15-20 Life Cycle)	15		FY19	2	$ 6,000,000	$ 3,000,000	1
CCB	Bridge & Assembly Bldg	Restroom Renovations	20		FY21	1	$ 50,000	$ 50,000	3
CCB	Main Office Tower	Atruim Skylight Replacement	30		FY21	1	$ 2,000,000	$ 2,000,000	2
CCB	Main Office Tower	Elevator Upgrades (all)	20		FY21	3	$ 1,000,000	$ 333,333	2
CCB	Main Office Tower	Generators & Transformer	30		FY21	1	$ 750,000	$ 750,000	2
CCB	Main Office Tower	HVAC/Lighting/Ceiling Replacement Floors 2 - LL1	20		FY21	3	$ 2,000,000	$ 666,667	2
CCB	Main Office Tower	Pressure Wash Exterior	20		FY21	1	$ 500,000	$ 500,000	2
CCB	Main Office Tower	Secure Entrance Upgrades	5		FY21	1	$ 45,000	$ 45,000	2
CCB	Main Office Tower	Trash compactor	20		FY21	1	$ 45,000	$ 45,000	2
CCB	Bridge & Assembly Bldg	HVAC/ Lighting/Ceiling Replacement	20		FY22	1	$ 1,000,000	$ 1,000,000	2
CCB	Bridge & Assembly Bldg	Seating Refurbishment and Interior Renovations	15		FY22	1	$ 400,000	$ 400,000	3
CCB	Bridge & Assembly Bldg	Skylight replacement	30		FY22	1	$ 100,000	$ 100,000	2
CCB	Parking Garage	ADA Upgrades	30		FY22	1	$ 500,000	$ 500,000	3
CCB	Parking Garage	Deck Resurfacing	30		FY22	1	$ 500,000	$ 500,000	3
CCB	Parking Garage	Security Barrier/Gates	20		FY22	1	$ 1,000,000	$ 1,000,000	3
CCB	Exterior Grounds	Landscaping Upgrade	20		FY23	1	$ 100,000	$ 100,000	3
CCB	Main Office Tower	Coffee Shop Renovation	10		FY23	1	$ 250,000	$ 250,000	3
CCB	Main Office Tower	Public Space Furniture Replacement	10		FY23	1	$ 200,000	$ 200,000	3
CCB	Main Office Tower	Restroom Renovations (all public)	20		FY23	1	$ 1,000,000	$ 1,000,000	3
CCB	Main Office Tower	Wayfinding	10		FY23	1	$ 250,000	$ 250,000	3
CCB	CARP (After Renovation)	Building Improvements	0		FY24	20		$ 25,000	
CCB	CARP (After Renovation)	Flooring	0		FY24	20		$ 125,000	
CCB	CARP (After Renovation)	Painting	0		FY24	20		$ 10,000	
CCB	CARP (After Renovation)	Telecom	0		FY24	20		$ 25,000	
CCB	CARP (After Renovation)	Window Shading	0		FY24	20		$ 50,000	
CCB	Bridge & Assembly Bldg	Roof Replacement	20	FY13	FY33	1	$ 1	$ 1	
Total							**$ 25,890,001**		

Figure 7: 2018 *Facility Master Plan*

An updated *Facility Master Plan* has not been created since 2018 and project costs have dramatically increased over the prior six years. That said, selected projects from the 2018 *Facility Master Plan* have been funded through PBA's Capital Asset Recovery Program (CARP). This fund is budgeted annually and presented to Knox County for approval, though its primary focus is on lower-scale maintenance efforts such as painting, carpeting, blind installation, and lighting replacements. Through the use of this fund, PBA has successfully completed elevator upgrades and ceiling system replacements throughout the City-County Building. However, while the CARP fund allows PBA to address some maintenance needs, it does not provide enough funding for major capital renovations which will require dedicated funding from Knox County and the City of Knoxville.

There have been other efforts to quantify costs for some of the needed renovations over the preceding years. In 2022, PBA obtained an evaluation from Trane Energy Services regarding improvements to the City-County Building's HVAC and electrical systems. This evaluation provided updated project costs and reaffirmed the critical need for the HVAC and electrical system capital improvements highlighted in the 2018 *Facility Master Plan*. Similar to the 2018 *Facility Master Plan*, the *Trane Report* was presented to Knox County and the City of Knoxville leadership, but the decision was made to not fund the recommended improvements due to financial concerns.

Ultimately, PBA has proactively analyzed the maintenance concerns within the City-County Building and those concerns have been adequately communicated to Knox County management. As PBA cannot unilaterally complete renovations or capital improvements without specific direction and funding provided by its municipal partners, there is no specific finding related to this risk area. That said, Internal Audit suggests that PBA management, Knox County management, and the Knox County Commission continue to engage in discussions regarding the City-County Building's operational status, future needs, and how to maintain the asset's value and functionality through budgeting for renovations and/or capital improvements. Knox County's governance team should consider funding an account specifically for long-term building needs, as without strategic planning, these infrastructure challenges will persist and become increasingly costly to address the longer they are delayed.

GOVERNMENT AUDITING STANDARDS COMPLIANCE

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

SCOPE

The scope of this audit included all County-assigned office spaces and parking spaces in the City-County Building as of August 2024.

METHODOLOGY

To achieve our objective, we:

- Gained an understanding of applicable laws, regulations, contracts, policies, procedures, internal controls, and current operational practices of the Public Building Authority,
- Selected County-assigned offices spaces and parking permits for review and testing,
- Gathered and examined documentation supporting the oversight and execution of the Public Building Authority's property management of the City-County Building; and
- Interviewed management personnel as needed.

DEFINITION OF SIGNIFICANCE

According to the Generally Accepted Government Auditing Standards, auditors should evaluate significance in terms of qualitative and quantitative measures.

Qualitative considerations for this audit would be:

- Non-compliance with contractual agreements between Knox County and the Public Building Authority and/or non-compliance with any additional significant policies and procedures as deemed applicable.
- Non-compliance with Tennessee or Federal statutes related to public building authorities and/or property management.
- Any fraud, misuse, or abuse related to the Public Building Authority's management of the City-County Building.

Quantitative considerations would be:

- In general, a financial error rate exceeding five percent (5%) is considered to be significant. For this audit, testing was performed regarding the performance of the Public Building Authority in managing the City-County Building. Specific significance values related to management compliance requirements were calculated at the appropriate sampling methodology workpapers.

AUDIT TEAM

Richard Pugh, Audit Manager

Zac Fullerton, Audit Director

APPENDIX A – MANAGEMENT RESPONSE

PBA
Public Building Authority

City County Building
400 Main Street, M-22
Knoxville, TN 37902
Phone: (865) 215-2121
Fax: (865) 215-2662
www.ktnpba.org

MEMORANDUM

TO: Zac Fullerton
Knox County Audit Department

FROM: Jayne Burritt
Administrator/CEO
The Public Building Authority

DATE: February 10, 2025

RE: Public Building Authority – Internal Audit Response

__Finding 1__ – Whether the parties' operating agreement should be updated to incorporate current needs, financial arrangements, and operational responsibilities to reflect best practices in public asset management and internal control, and whether the parties should commence the process of terminating the current lease agreement and formally transferring title of the City-County Building to Knox County and the City of Knoxville:

__Response to Finding 1__ - The Public Building Authority would be happy to meet and review these items with both Knox County and the City of Knoxville if they choose. PBA does realize some challenges with the oversight and costs of the building when it is a shared asset. There are many items to consider with respect to this recommendation and we feel it would be in the best interest of all parties to meet and discuss them if they choose.

__Finding 2__ – PBA should establish a dedicated procedure to formally update the City-County Building space allocation map via a review process that incorporates input from County department heads to confirm allocated spaces are accurate and provide that information to Knox County and the City of Knoxville on an annual basis:

__Response to Finding 2 – We__ concur that the Public Building Authority should ensure going forward that department heads of both Knox County and the City of Knoxville are involved when confirming the accuracy of our annual space allocation audits. For this annual audit of the City County Building, we visit each space to verify its use and ownership, but may not be speaking directly with leadership with regard to our findings if they are not present. We can certainly try to make this change going forward by sharing the information to department heads before finalized.

APPENDIX A – MANAGEMENT RESPONSE

The Public Building Authority
Internal Audit Response
Page Two

Finding 3 – The Public Building Authority formalize a parking garage policy requiring all County stakeholders to submit a standardized parking permit application that includes a supervisory approval signature and establish a formal process to routinely audit the accuracy of PBA's parking database records to ensure personnel changes are accurately reflected in the database and terminated employees have access promptly revoked:

Response to Finding 3 – We concur that the parking form needs modification to better outline approvals as well as to outline parking spaces are available as requested. In a follow-up meeting with Knox County payroll, it was stated that they would be fine with the Public Building Authority altering the current form by adding a supervisory signature line in addition to a signature line by the Public Building Authority to verify that the request for a specific space was available and approved. We are currently performing annual audits on the parking garage today but will be happy to provide a sample to Knox County HR to ensure records are complete and kept up to date. The PBA records can only be accountable when provided with the appropriate information. We will need to work together to find a quick solution to obtain the supervisor's signature, so we do not delay parking rights to the new hire.

APPENDIX A – MANAGEMENT RESPONSE

OFFICE OF COUNTY MAYOR GLENN JACOBS

Department of Finance • 400 Main Street, Suite 630, Knoxville, TN 37902

Finding 2: Inconsistent/Outdated Office Space Allocation Records

Management's Response

We concur with the audit recommendation and will develop a form to be distributed to the Knox County departments within the City-County Building on an annual basis. Any changes in departmental space allocations will be communicated to the Public Building Authority.

Knox County Finance Department

phone 865.215.3033

Audit Committee **5.**

Meeting Date: 03/10/2025

Requested By: Drucilla Stills, COUNTY COMMISSION

Department: COUNTY COMMISSION

Requires Expenditure of Funds: Funded in Current Budget:

Appropriation Required:

CAPTION

Internal Audit Update (Zac Fullerton) - (15 minutes)

a. Internal Audit Update
b. Hotline Summary
c. Recommendations Summary

Attachments

Board Packet

Knox County Commission

Audit Committee Update

March 2025

Zac Fullerton
JD, CIA, CFE
Knox County Internal Auditor
KNOX COUNTY | 400 W Main St.
Knoxville, TN 37902

KNOX COUNTY
TENNESSEE

TABLE OF CONTENTS

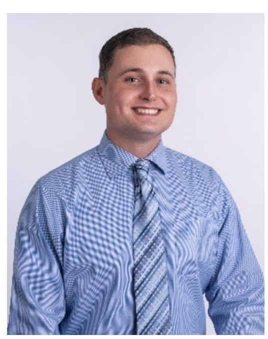
DIRECTORY

Zac Fullerton
JD, CIA, CFE
Audit Director

Richard Pugh
CCFO
Audit Manager

Phillip Vincent
CIA, CFE
Lead Auditor

Harrison Lewis
Staff Auditor



Nathan Wallace
JD
Staff Auditor

Shelby Davis
JD
Staff Auditor

INTERNAL AUDIT UPDATE

CLOSED PROJECTS

PBA CCB SPACE MANAGEMENT AUDIT (Richard Pugh; Zac Fullerton) – *Final Issued*

- ***Objective***: To determine whether the Public Building Authority (PBA) is effectively allocating, managing, and tracking space in the City-County Building and assess if needed renovations are being identified/performed in an appropriate and timely manner.
- ***Risk***: Operational/Financial
- ***Status***: Final Report Issued 2/18/25

ONGOING PROJECTS

KCSO FLEET MANAGEMENT AUDIT (Harrison Lewis; Nathan Wallace) – *Ongoing*

- ***Objective****:* To assess whether program participants, including drivers, those charged with oversight of vehicles and drivers, and applicable maintenance and administrative personnel, are adhering to relevant KCSO General Orders and internal controls.
- ***Risk****:* Operational
- ***Status****:* Fieldwork

KCS Payroll Audit (Phillip Vincent) – *Ongoing*

- ***Objective***: To review the internal controls over the Knox County Schools payroll process and
  1) determine that payroll disbursements were made for authorized work by valid Knox County Schools employees;
  2) verify that payroll, including withholdings and deductions, is computed using rates and other factors in accordance with salary schedules and applicable laws; and
  3) determine if the conclusions from the recent Knox County Schools compensation study were implemented appropriately.
- ***Risk***: Operational/Financial
- ***Status***: Fieldwork

INTERNAL AUDIT INITIATIVES – *Ongoing*

- Peer Review Checklist & Internal Operating Manual Updates
- FY26 Risk Assessment
- Continuous Auditing

GENERAL UPDATES

STAFF NEWS

- Shelby Davis joined Knox County Internal Audit on February 24, 2025. Shelby received her Juris Doctorate from the Lincoln Memorial University Duncan School of Law in 2022 and was employed with the Knox County General Sessions Court as part of the Eviction Prevention Program. She has also previously worked in the District Attorney's Office and as a solo practitioner.

DYNETICS – EXTERNAL IT ENGAGEMENT

- Internal Audit finalized a purchase order on February 27, 2025, to officially engage with Dynetics for their team to perform a review of the IT controls over the Knox County Schools' version of Munis. A kick-off meeting occurred on March 5, 2025, and the project will be completed in the coming weeks. Ultimately, this project will be utilized as assistance in creating our understanding of controls for the Knox County Schools Payroll Audit.

OTHER ITEMS

- The approved Audit Committee Charter and County Code changes were submitted to the Law Department for assistance in creating the appropriate resolutions. Both items will appear on the Commission agenda for March 2025.

- Zac Fullerton and Richard Pugh will be attending the Association of Local Government Auditors' annual conference in Minneapolis May 3 – May 7, 2025. Phillip Vincent will be attending the Reid Technique of Investigative Interviewing training in Knoxville April 8 – April 11, 2025. Harrison Lewis has been studying to take the Certified Fraud Examiner's exam and will begin testing soon.

- Harrison, Phillip, Nathan, and Shelby are registered to be included in the 2025-2026 CCFO cohort starting in July 2025. Zac Fullerton completed the final CCFO class on March 4, 2025.

- Association of Local Government Auditors released the 2024 Benchmarking Survey Results, which provides a range of quantitative and qualitative insights into various performance measures across local government audit organizations.

FY26 RISK ASSESSMENT PARTICIPANTS

Governance Team		
	Stakeholder	**Office**
1	Gina Oster	Commission
2	Betsy Henderson	BOE
3	Dwight Van De Vate	Mayor's Office
4	Sheriff Spangler	KCSO
5	Jon Rysewyk	KCS

Knox County Sheriff's Office		
	Stakeholder	**Office**
1	Allison Rogers	KCSO - Finance
2	Mike Ruble	KCSO - Legal
3	Greg Stinnett	KCSO – Pro. Standards
4	Chris Manning	KCSO - Merit Board
5	Matt Evans	KCSO - Operations
6	William Purvis	KCSO - Corrections

County Government		
	Stakeholder	**Office**
1	Joe Mack	Parks & Recreation
2	Chris Davis	Election Commission
3	Jim Snowden	EPW
4	Kevin Parton	Health Department
5	Zack Webb	Info Tech
6	Jeff Bills	Records Mgmt.
7	Randy Smith	Risk Management

Knox County Schools		
	Stakeholder	**Office**
1	Shelley Maddux	KCS Region One
2	Nathan Langlois	KCS Region Two
3	Megan O'Dell	KCS Region Three
4	Cindy White	KCS Region Four
5	Dexter Murphy	KCS Region Five
6	Steve Rudder	KCS Research & Eval

County-Adjacent Organizations		
	Stakeholder	**Office**
1	Barbara Kelly	CAC
2	Brad Anders	E-911
3	Amy Brooks	Metro Planning
4	Charme Allen	Attorney General
5	Heidi Garrett	Juvenile Court
6	Chris Thomas	Regional Forensic

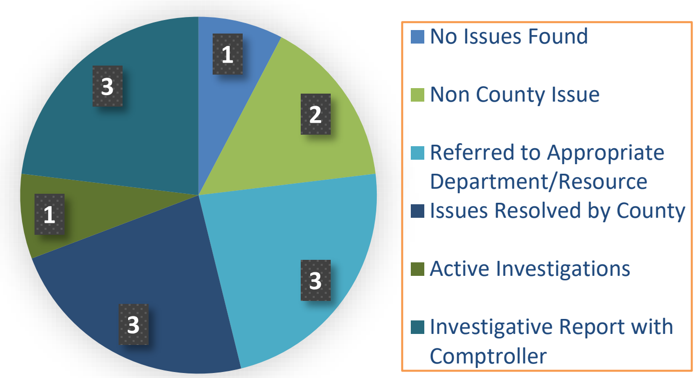
HOTLINE SUMMARY

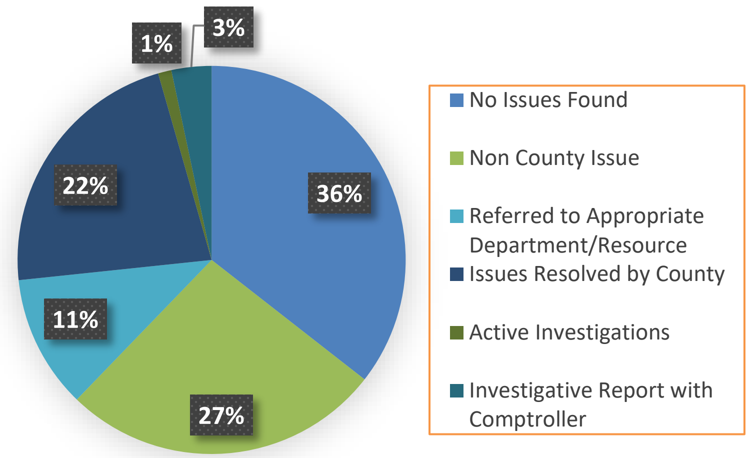
Recent Case Outcomes (2024/2025)

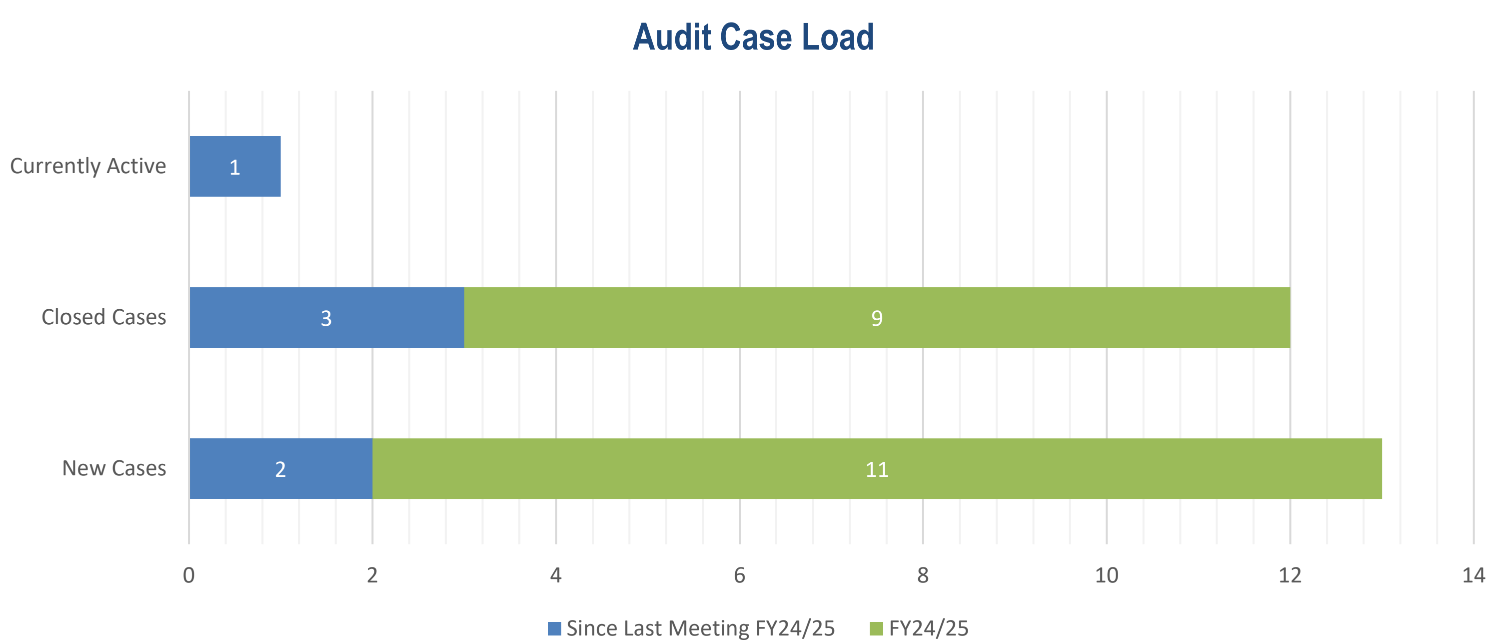
- No Issues Found: 1
- Non-County Issue: 2
- Referred to Appropriate Department/Resource: 3
- Issues Resolved by County: 3
- Active Investigations: 1
- Investigative Report with Comptroller: 3

Overall Case Outcomes (2019 – 2025)

- No Issues Found: 32
- Non-County Issue: 24
- Referred to Appropriate Department/Resource: 10
- Issues Resolved by County: 20
- Active Investigations: 1
- Investigative Report with Comptroller: 3







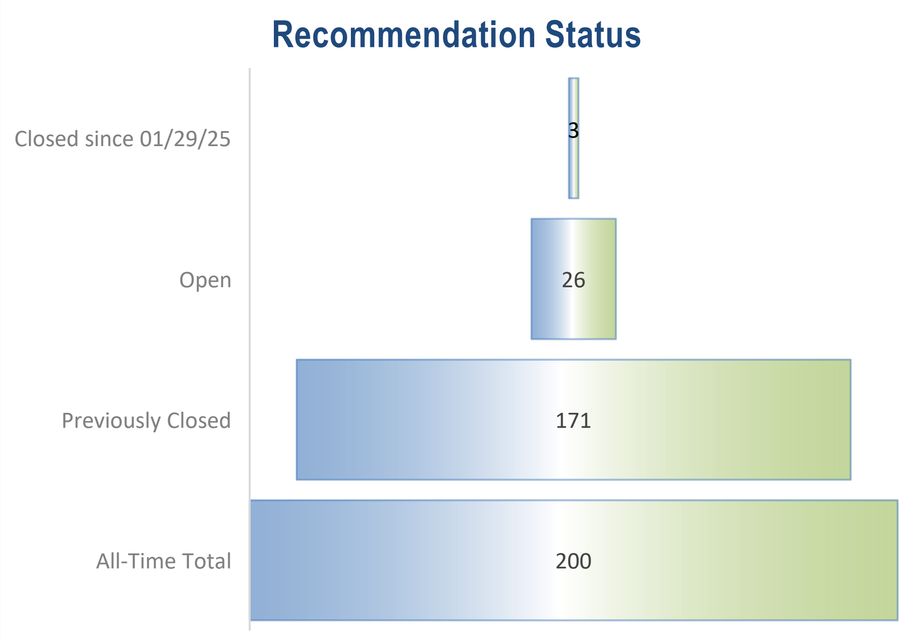
Since Audit Committee in March of 2025:

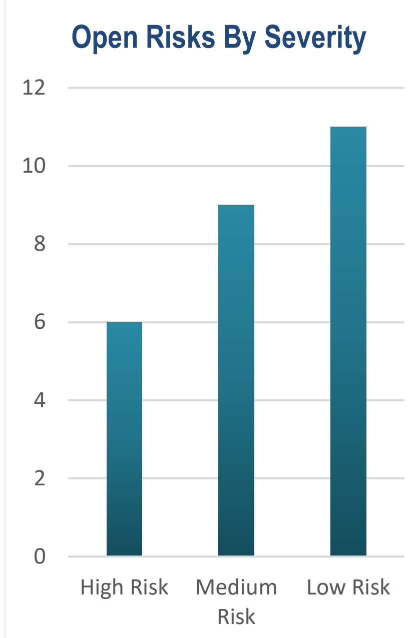
- New Cases: 2
- Closed: 3
- Active: 1

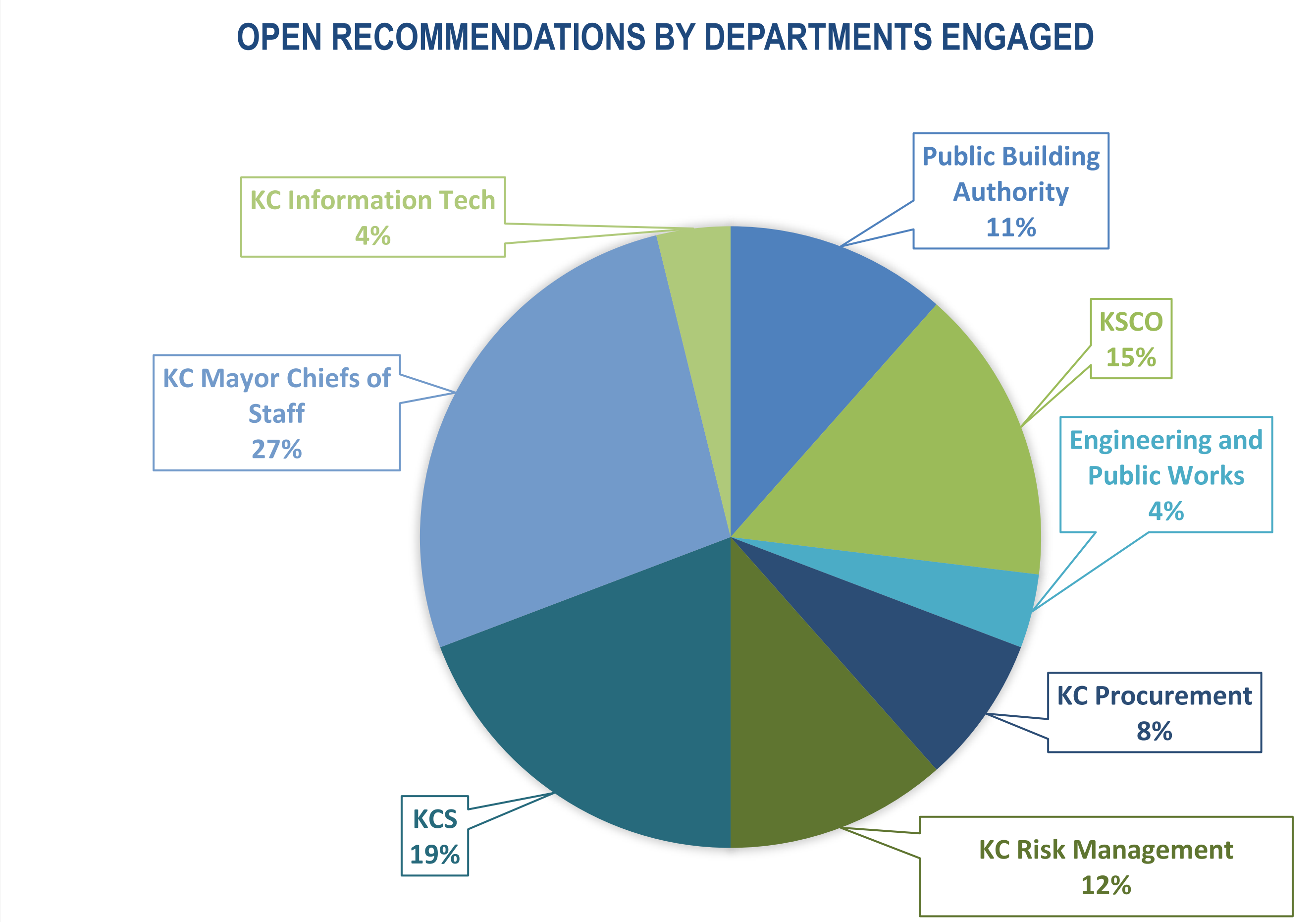
Total Case Load for 2024/2025:

- Closed: 12
- Active: 1
- Total: 13

RISK/RECOMMENDATIONS SUMMARY







Closed Recommendations:

Audit	Recommendation	Responsible Organization	Assigned Risk	Due Date	Closed Date	Actions Taken
FY25-PA-02 Petty Cash Audit	Knox County Finance should work with County departments to facilitate the closure or update of petty cash accounts which are either missing or inaccurate/non-existent in Munis. Additionally, Knox County Finance should develop and document procedures to ensure cash accounts are appropriately reconciled to the financial records on an annual basis.	Knox County Finance	Medium	11/20/25	3/3/2025	Knox County Finance performed journal entries in Munis to write-off or adjust the inaccurate petty cash accounts identified in the audit. Finance documented their actions in Excel, then ran a Munis report to show those changes had been made. These changes were consistent with Internal Audit's recommendations. Finance also made changes to the Internal Control Manual, adding a section specific to Petty Cash. Internal Audit reviewed the changes in Munis and in the Internal Control Manual and notified Finance that we agreed.
FY25-PA-02 Petty Cash Audit	Knox County Finance should re-classify the eight misclassified accounts to ensure the financial records in Munis accurately match each account’s use case. Additionally, Knox County Finance should update the Knox County Internal Control Manual to include instructions for departments to request the establishment or reclassification of balance sheet accounts to ensure future changes are appropriately recorded.	Knox County Finance	Medium	11/20/25	3/3/2025	There were 8 accounts listed as "petty cash" that really being used as "change fund," including one comingled account. Knox County Finance made changes to the account descriptions in Munis and documented their actions in Excel, then ran a Munis report to show those changes had been made. These changes were consistent with Internal Audit's recommendations. Finance also made changes to the Internal Control Manual, adding a section specific to Petty Cash. Internal Audit reviewed the changes in Munis and in the Internal Control Manual and notified Finance that we agreed.
FY25-PA-02 Petty Cash Audit	Knox County Finance should codify internal controls for managing petty cash in the Knox County Internal Control Manual, to include guidance regarding the application of Knox County’s tax-exempt status and guidance regarding the appropriateness of petty cash transactions, in order to ensure petty cash is used solely for authorized and legitimate incidental expenses.	Knox County Finance	Medium	11/20/25	3/3/2025	Knox County Finance made changes to the Internal Control Manual, adding a section specific to Petty Cash. Internal Audit reviewed the changes and notified Finance that we agreed. The changes made to the Internal Control Manual cover the inappropriate transactions identified in the audit: non-incidentals and sales tax. The Internal Control Manual states these are not allowed.

Open Recommendations with Revised Dates:

Audit	Recommendation	Responsible Organization	Assigned Risk	Due Date	Revised Due Date	Notes
2023-PA-01-KCSO Non-Seized Inventory	Implement written directives relative to management's expected inventory standards.	Knox County Sheriff's Office	Low	9/13/2024	3/31/2025	Additional time needed to implement written SOPs based on new inventory system implementation.
2020-PA-03-KCIT VPN	Disaster Recovery (details considered confidential/exempt from public disclosure)	Knox County Information Tech	Medium	6/21/2022	3/31/2025	Large scale project budgeted and resourced in FY 2023/2024.
2021-PA-01-COOP Audit	COOP Execution (details considered confidential/exempt from public disclosure)	COOP Coordinator, Knox County Mayor Chiefs of Staff	High	1/15/2023	6/30/2025	Large scale project budgeted and resourced in FY 2023. Practice exercise and after-action report upcoming.
2021-PA-01-COOP Audit	Essential Function Inclusion (details considered confidential/exempt from public disclosure)	COOP Coordinator, Knox County Mayor Chiefs of Staff	High	1/15/2023	6/30/2025	Large scale project budgeted and resourced in FY 2023. Practice exercise and after-action report upcoming.
2021-PA-01-COOP Audit	Budgeting (details considered confidential/exempt from public disclosure)	COOP Coordinator, Knox County Mayor Chiefs of Staff	Medium	1/15/2023	6/30/2025	Large scale project budgeted and resourced in FY 2023. Practice exercise and after-action report upcoming.
2021-PA-01-COOP Audit	Planning Tools (details considered confidential/exempt from public disclosure)	COOP Coordinator, Knox County Mayor Chiefs of Staff	Medium	1/15/2023	6/30/2025	Large scale project budgeted and resourced in FY 2023. Practice exercise and after-action report upcoming.
2021-PA-01-COOP Audit	Mitigation Contingencies (details considered confidential/exempt from public disclosure)	COOP Coordinator, Knox County Mayor Chiefs of Staff	Medium	1/15/2023	6/30/2025	Large scale project budgeted and resourced in FY 2023. Practice exercise and after-action report upcoming.
2021-PA-01-COOP Audit	Go-Kits (details considered confidential/exempt from public disclosure)	COOP Coordinator, Knox County Mayor Chiefs of Staff	Medium	1/15/2023	6/30/2025	Large scale project budgeted and resourced in FY 2023. Practice exercise and after-action report upcoming.
2021-PA-01-COOP Audit	Continuity Metrics (details considered confidential/exempt from public disclosure)	COOP Coordinator, Knox County Mayor Chiefs of Staff	Medium	1/15/2023	6/30/2025	Large scale project budgeted and resourced in FY 2023. Practice exercise and after-action report upcoming.

2023-PA-03-Knox County Contract Management	Knox County Procurement personnel should work with Knox County Finance and Knox County Law Department personnel to determine and formally document responsibility over contract storage, organization, and creation in Munis and the acceptable levels of supporting documentation contracts should include.	Knox County Procurement	Low	2/13/2025	9/1/2025	Meetings between Knox County Procurement, Knox County Finance, and the Knox County Law Department have occurred to discuss the contract issues. Additional conversations are necessary to determine the appropriate path forward. Standalone software may be considered. In the interim, select contracts have been uploaded to the Purchasing Munis Contract portal.
2023-PA-03-Knox County Contract Management	Knox County Procurement should provide training to Knox County contract owners regarding their roles and responsibilities within the contract management process.	Knox County Procurement	Low	2/13/2025	9/1/2025	Additional time was requested to finalize the creation of video trainings. In the interim, Knox County Procurement has held meetings with a variety of departments that frequently utilize contracts (Parks, KCSO, Health Dept., etc.).

Open Recommendations:

Audit	Recommendation	Responsible Organization	Assigned Risk	Due Date
FY25-PA-01 KCS Fleet Management	Knox County Schools should either implement a comprehensive driver and vehicle safety and education program which verifies driver qualifications, proof of insurance, MVR checks, and provides safe driver training or commit resources to Knox County Risk Management to allow Risk Management to handle driver safety and eligibility programmatic requirements.	Knox County Schools	High	9/16/2025
FY25-PA-01 KCS Fleet Management	The Knox County Schools Property Manager should coordinate with the Knox County Schools Payroll Department to (1) evaluate each drive home driver exempt from taxable benefits to ensure compliance with IRS regulations and (2) develop a procedure whereby the Payroll Department is notified regarding the addition of new drive home drivers so that taxable benefits can be applied appropriately.	Knox County Schools	Medium	9/16/2025
FY25-PA-01 KCS Fleet Management	The Knox County Schools Property Manager should ensure all Knox County Schools drive home drivers consistently complete the *Take Home Vehicle Odometer Tracking Sheet* or update the *KCS Fleet Management & Vehicle Operations Guidelines* to more accurately reflect the current process environment.	Knox County Schools	Low	9/16/2025
FY25-PA-01 KCS Fleet Management	The Knox County Schools Property Manager should develop a formal procedure designed to ensure all required documentation for vehicular accidents is obtained and submitted to Knox County Risk Management per the *KCS Fleet Management & Vehicle Operations Guidelines*, regardless of accident severity.	Knox County Schools	Low	9/16/2025
FY25-PA-01 KCS Fleet Management	The Knox County Schools Property Manager, in coordination with the Knox County Schools Director of Maintenance and Operations, should develop a standardized policy and procedure manual related to preventative maintenance service standards and service documentation requirements.	Knox County Schools	Low	9/16/2025
2024-PA-02 KCSO IT Inventory Audit	The Knox County Sheriff's Office Technology Division should conduct a comprehensive inventory audit of all IT equipment to ensure the accuracy of Endpoint and MaaS 360. Additionally, the KCSO Technology Division should develop and document a formal inventory tracking mechanism for mobile devices without cellular data and laptops that are removed from Endpoint due to lack of utilization.	KCSO Technology Division	High	6/16/2025
2024-PA-02 KCSO IT Inventory Audit	The Knox County Sheriff's Office Technology Division should maintain independent printer inventory records and routinely reconcile these records to Thermocopy's database to ensure accuracy and reliability.	KCSO Technology Division	Medium	6/16/2025
2024-PA-02 KCSO IT Inventory Audit	The Knox County Sheriff's Office Technology Division should develop a documented destruction and disposal process for memory devices to include an appropriate segregation of duties and evidence of device destruction.	KCSO Technology Division	Low	6/16/2025
2024-PA-01-Knox County Fleet Management	Knox County Risk Management should facilitate amendments to the Knox County Fleet Safety Program and Knox County Municipal Code Chapter 2, Section 2-2 to more accurately guide and reflect the current processes of Knox County Government. Additionally, Risk Management should determine who shall be responsible for the implementation and compliance of the GPS and take-home requirements of the updated regulations.	Knox County Risk Management	High	5/01/2025
2024-PA-01-Knox County Fleet Management	Knox County Risk Management should ensure all required documentation for vehicular accidents is obtained and maintained per the guidelines established in the Fleet Safety Program and escalate any issues to executive management.	Knox County Risk Management	High	5/01/2025

2024-PA-01-Knox County Fleet Management	Knox County Risk Management should update the Fleet Safety Program to formalize a process whereby Department Heads and Elected Officials are required to report the utilization of take-home vehicles to both the Fleet Service Center and Knox County Payroll. Additionally, an updated and comprehensive list of current take-home vehicles should be developed and actively tracked and monitored.	Knox County Risk Management	Low	5/01/2025
2024-PA-01-Knox County Fleet Management	The Fleet Service Center should provide more frequent and regular reminders to Department Heads and Elected Officials regarding the maintenance schedule, to include sufficient notice of upcoming maintenance due dates.	Engineering & Public Works – Fleet Service Center	Low	5/01/2025
FY25-PA-03 PBA City-County Building Space Management Audit	The Public Building Authority's leadership should participate in discussions with Knox County and the City of Knoxville's leadership to determine (1) whether the parties' operating agreement should be updated to incorporate current needs, financial arrangements, and operational responsibilities to reflect best practices in public asset management, and (2) whether the parties should commence the process of terminating the current lease agreement and formally transferring title of the City-County Building to Knox County and the City of Knoxville.	Public Building Authority	Medium	2/18/2026
FY25-PA-03 PBA City-County Building Space Management Audit	The Public Building Authority should establish a dedicated procedure to formally update the City-County Building space allocation map via a review process that incorporates input from County department heads to confirm allocated spaces are accurate and provide the information to Knox County Finance on an annual basis. Knox County's executive management should provide a documented method by which Knox County departments are expected to notify the Public Building Authority when office space assignments are altered internally among County departments or between Knox County and the City of Knoxville.	Public Building Authority	Low	2/18/2026
FY25-PA-03 PBA City-County Building Space Management Audit	The Public Building Authority should formalize a parking garage policy requiring all County stakeholders to submit a standardized parking permit application that includes a supervisory approval signature. Additionally, PBA should establish a process to routinely audit the accuracy of their parking database records to help ensure personnel changes are accurately reflected in the database and terminated employees have access promptly revoked.	Public Building Authority	Low	2/18/2026

Audit Committee **6.**

Meeting Date: 03/10/2025

Requested By: Drucilla Stills, COUNTY COMMISSION

Department: COUNTY COMMISSION

Requires Expenditure of Funds: Funded in Current Budget:

Appropriation Required:

CAPTION

Future Audit Committee Meeting Planning (Warren) - (5 minutes)

a. Monday, June 16, 2025 - 2:30pm

b. Q4 meeting

Audit Committee 7.

Meeting Date: 03/10/2025

Requested By: Drucilla Stills, COUNTY COMMISSION

Department: COUNTY COMMISSION

Requires Expenditure of Funds: Funded in Current Budget:

Appropriation Required:

CAPTION

Meeting Closing - (5 minutes)

a. Other Business

b. Vote for a confidential, nonpublic executive session under TN Code 9-3-405, subdivision (d)(1) through (d)(5), pursuant to discussion of confidential matters under investigation. (Warren)

c. Adjournment
