

Sunset Public Hearing
TENNESSEE INTERAGENCY CASH FLOW COMMITTEE
Created by Section 9-4-610, *Tennessee Code Annotated*
(Sunset termination June2017)

1. Provide a brief introduction to the committee, including information about its purpose, statutory duties, staff, and administrative attachment.

Much like any business monitors the sources and uses of cash, the legislature saw a need to establish the committee for the purpose of establishing, compiling, and maintaining an eighteen-month forward rolling cash flow projection that will track all material sources and uses of cash. Administrative attachment is to the Treasurer, and the cash flow projection is posted to the Treasurer's web site each month. The committee has no staff with a sole responsibility of carrying out required duties, however the committee does receive assistance from fiscal officers from various state agencies and commissions in the coordination of the information that is used to produce the cash flow projection.

2. Provide a list of current committee members and describe how membership complies with Section 9-4-610, *Tennessee Code Annotated*. Who appoints members? Are there vacancies on the committee? If so, what steps have been taken to fill the vacancies?

*Tim McClure – Treasury
Mike Corricelli – Finance and Administration
Sandi Thompson – Comptroller
Jerry Durham – Comptroller
Amanda McGraw – Revenue*

Members are appointed by the corresponding department head. There is one vacancy that was created with the departure of Josh Stites, a former employee of the Treasury Department and a Treasurer's designee on the Committee.

3. Does the committee's membership include a female member? A member of a racial minority? A member who is 60 years of age or older?

There are currently 2 female committee members. No members of the committee are from a racial minority, and one member is 60 years of age or older.

4. How many times did the committee meet in fiscal years 2015 and to date in fiscal year 2016? How many members were present at each meeting?

There were no committee meetings during this period. But, see the discussion at Question 14 below regarding the meetings held in 2014, the reason for the hiatus in committee meetings, and the fact that discussions are underway regarding possible enhancements in the process.

5. What per diem or travel reimbursement do members receive? How much was paid to committee members during fiscal year 2015 and to date in fiscal year 2016?

There were no per diem or travel payments made during this period.

6. What policies does the committee have in place to address potential conflict of interest by committee members and staff?

The Treasury Department has a Standards of Professional Conduct Policy that covers all employees within the Department. Other agencies represented on the Committee would be covered by any policy specific to the State or the respective department.

7. Can the committee promulgate rules? If no, is rulemaking authority needed? If rules have been promulgated, please cite the reference.

The committee does not promulgate rules, and rulemaking authority is not necessary.

8. What reports does the committee prepare on its operations, activities, and accomplishments? Who receives these reports?

The only report is the cash flow projection that is posted to the Treasurer's website.

9. Is the committee subject to Sunshine law requirement (Section 8-44-101 et seq.) for public notice of meetings, prompt and full recording of minutes, and public access to minutes? If so, what procedures does the committee have for informing the public of its meetings and making its minutes available to the public?

The meeting notices are posted in multiple public places and the minutes are available upon request.

10. What were the committee's revenues (by source) and expenditures (by object) for fiscal year 2015 and to date for fiscal year 2016?

There are no revenues or expenditures associated with this committee.

11. Please detail the committee's activities in carrying out each of the duties assigned to it in Section 9-4-610, *Tennessee Code Annotated*.

The only responsibility of the committee is to establish, compile, and maintain an eighteen-month cash flow projection and post same to the Treasurer's web site. See also

the discussion in the answer to Question 14 below for additional information pertinent to this question. The report is on the web site and is updated on a regular basis.

12. Is the State Treasurer posting monthly on the Treasury Department's public web site "the latest version of the cash flow projection and any notes or explanatory statements accompanying such projection" as required by Section 9-4-610(f), *Tennessee Code Annotated*?

Updated information is posted to the Treasurer's web site every 6 months.

13. Describe any items related to the committee that require legislative attention and your proposed legislative changes.

See the response to question #14.

14. Should the committee be continued? To what extent and in what ways would the absence of the committee affect the public health, safety, or welfare?

Any organization can benefit from a cash flow projection. The General Assembly recognized the need for the State of Tennessee to develop a cash flow projection, and created the Interagency Cash Flow Committee through enactment of TCA 9-4-610, and placed administrative responsibility of the committee with the State Treasurer. As per the statute, committee members were appointed by the Treasurer, the Comptroller, the Commissioner of F&A, and the Commissioner of Revenue. The committee met 5 times between January 2014 and June 2014. There were meetings with individual fiscal officers of certain agencies, and a presentation to fiscal officers from all state agencies and commissions during this time. The purpose of the meetings was to determine an efficient method to gather all of the relevant information necessary to create a cash flow projection that would meet the needs of State officials, as well as provide additional transparency to the operations of State government to the taxpayers.

The committee meetings were very productive. Best practices from peers were reviewed and a format was developed that would ensure useful information is presented on the Treasurer's web site. Deficiencies that existed in certain areas were identified which resulted in system improvements and additional training of personnel. However, the most obvious thing that the committee recognized was that all of the necessary information to create the cash flow projection was either already being gathered by F&A or resided within the Edison system. Additionally, gathering all of the necessary information to meet the July 1, 2014, deadline imposed by the statutes put a strain on the staff and other resources of F&A.

In June 2014, the Treasurer met with Treasury and F&A staff to discuss the status of the project. F&A stated that additional time would be needed to accumulate the necessary resources required to maintain publicly available information that is reasonably accurate. The plan that was agreed to by the parties was to post a cash flow projection

on the Treasurer's web site that utilized balance and activity information acquired from records maintained for the State Pooled Investment Fund in order to meet the original deadline of July 2014. Balances would be updated monthly. Beginning in October 2015, the cash flow projection was posted to the Treasurer's web site with the more robust information obtained by F&A staff from participating agencies. The data was refreshed in April 2016, and continue the pattern of updating in April and October each year thereafter.

Since the referenced meetings took place, the 18-month cash flow projection has been consistently posted to the Treasurer's web site in accordance with the agreed upon schedule. The cash flow projection should be updated more often in order to assure that the state, including the Treasury Department, has the ability to manage appropriately the State Pooled Investment Fund (SPIF), and the Local Government Investment Pool (LGIP) both of which are comingled for investment purposes, but are accounted for separately. In the view of the Treasury Department, should times arise when cash flows are at lower levels than the state and local governments are currently experiencing, cash flow information which is updated more often would be important. Consideration should be given to updating the statutory language to reflect the fact that the 18-month cash flow projection be updated more often each year after agency data is gathered.

In the view of the Treasury Department, the hiatus in the meetings of the Committee were necessary in order to allow implementation of the process to take hold and to assess the results before next steps were taken to enhance this important process. Discussions about this are currently underway. Accordingly, the Treasury Department believes that the Committee should be continued.

Performance Measurement Questions

15. Has the committee developed and implemented quantitative performance measures for ensuring it is meeting its goals? (Please answer either yes or no). If the committee has developed and implemented quantitative performance measures, answer questions 16 through 23.

No.

16. What are your key performance measures for ensuring the committee is meeting its goals? Describe so that someone unfamiliar with the program can understand what you are trying to measure and why it is important to the operation of your program.
17. What aspect[s] of the program are you measuring?
18. Who collects relevant data and how is this data collected (e.g., what types information systems and/or software programs are used) and how often is the data collected? List the specific resources (e.g., report, other document, database, customer survey) of the raw data used for the performance measure.

19. How is the actual performance measure calculated? If a specific mathematical formula is used, provide it. If possible, provide the calculations and supporting documentation detailing your process for arriving at the actual performance measure.
20. Is the reported performance measure result a real number or an estimate? If an estimate, explain why it is necessary to use an estimate. If an estimate, is the performance measure result recalculated, revised, and formally reported once the data for an actual calculation is available?
21. Who reviews the performance measures and associated data/calculations? Describe any process to verify that the measure and calculations are appropriate and accurate.
22. Are there written procedures related to collecting the data or calculating and reviewing/verifying the performance measure? Provide copies of any procedures.
23. Describe any concerns about the committee's performance measures and any changes or improvements you think need to be made in the process.