



February 15, 2020

**SUMMARY OF BILL:** Requires the Chief Procurement Officer (CPO) to define grant recipient and sub-recipient information sufficient to determine which entities are subject to audit under the United States Single Audit Act of 1984 and under the Comptroller of the Treasury (Comptroller) in a central database before January 1, 2021. Requires the database to be sufficient for entities to prepare the schedule of expenditures of federal awards required by the United States Office of Management and Budget's guidance.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$2,075,000/FY20-21  
\$150,000/FY21-22 and Subsequent Years**

Assumptions:

- Public Act 1098 of 2010 created the Procurement Office and the Chief Procurement Officer position. The Public Act further required a central grant management process to assist agencies in identifying grant opportunities and provide for a central database of information regarding grant recipients and sub-recipients for monitoring purposes. At the time of passage, \$80,000 was appropriated to create such database.
- Due to the current requirement for the CPO to monitor grant recipients and sub-recipients, it is assumed any additional work can be accomplished within existing resources and personnel.
- Tenn. Code Ann. § 4-3-304(8) gives the Comptroller general audit authority over entities receiving grants and state agency grant agreements.
- These entities are further required to undergo an audit by the Comptroller or an independent Certified Public Accountant if they receive a combined total of \$750,000 or more.
- Currently, the CPO is unable to identify these recipients and sub-recipients appropriately or identify the amount of state or federal funding that they are receiving.
- Based on information provided by the CPO and the Department of Finance and Administration (F&A), the Edison program does not currently provide access to grant information in a manner such that the CPO can adequately monitor grant sub-recipient spending.
- Further information from F&A indicates the Edison vendor will create a Grant Sub-Recipient System within Edison and convert all grants to the system resulting in a one-time increase in expenditures of \$2,000,000 in FY20-21.

- There will also be recurring licensure expenditures for the system of \$150,000 beginning in FY21-22 and subsequent years.
- Licensure will begin by January 1, 2021; therefore, licensure will be \$75,000 (\$150,000 x 50.0%) in FY20-21.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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