

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 2116 - HB 2731**

February 24, 2020

**SUMMARY OF BILL:** Makes various changes to audit requirements of certain entities.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- Pursuant to Tenn. Code Ann. § 10-7-503, associations or nonprofit corporations that were established for the benefit of local governments which receive at least 30 percent of their total annual income from local governments and who participate in the Tennessee Consolidated Retirement System:
  - Are required to undergo an annual audit, conducted in accordance with standards established by the Comptroller of the Treasury (COT); and
  - The audit must contain specific information relative to compensation, fees, and other remuneration paid by the association or nonprofit, but not including certain amounts paid to contractors, professional advisors, or other personal service providers.
- The proposed language requires such entities:
  - To undergo an annual audit conducted by the COT or the COT's designee; and
  - Provide specific amounts of fees paid to each contractor, professional advisor, and other personal service provider.
- According to the COT, firms are hired to perform audits of local governmental entities via a three-party contract between the specific entity, the firm, and the COT. Firms auditing such associations or nonprofit corporations currently fall under this three-party contract system; therefore any increase in expenditures associated with audits or disclosure of information relative to fees paid to contractors, professional advisors, or other personal service providers is considered not significant.

**CERTIFICATION:**

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

Handwritten signature of Krista Lee Carsner in black ink.

Krista Lee Carsner, Executive Director

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