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An Analysis and Digest of the Legal Accounting Requirements of the Officers of the State and County Governments of the State of Tennessee

Herman Darrell Carriger
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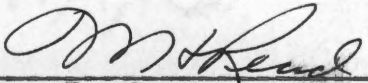
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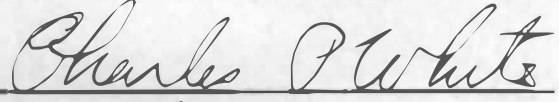

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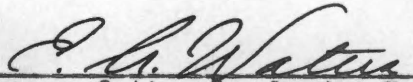
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Major Professor

We have read this thesis
and recommend its acceptance:

Accepted for the Committee


Dean of the Graduate School

AN ANALYSIS AND DIGEST
OF THE
LEGAL ACCOUNTING REQUIREMENTS
OF THE
OFFICERS OF THE STATE AND COUNTY GOVERNMENTS
OF THE
STATE OF TENNESSEE

A THESIS

Submitted to
The Committee on Graduate Study
of
The University of Tennessee
in
Partial Fulfillment of the Requirements
for the degree of
Master of Science

by

Herman Darell Carriger

August 1950

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CHAPTER I

INTRODUCTION

Governments, in devising their accounting systems, have commonly placed emphasis upon the function of enforcing fidelity with accounting being looked upon as a mechanical process of checking. The result is, the accounts of most governments are ill-adapted to meet the need of providing data for administration and policy determination.

Statement of the problem. The purpose of this study is to make a survey of the legal requirements relative to accounting methods and fiscal procedures, applicable to the different levels of government in the State of Tennessee and to ascertain the feasibility of controlling the accounting functions under one general legislative act.

Importance of the study. As of 1948 Tennessee was divided into 328 governmental units¹ ranging in size from the small school district up to the State government itself. Each governmental unit is divided into separate operating units which are under the control of some public official. Some of the officials are elected for a period of from one to eight years, some are appointed by the administration in power and generally serve until the administration

¹The Municipal Year Book 1948, (Chicago: The International City Managers' Association, 1948), p. 16.

changes, other officials are under the so called "civil service" provisions and are more or less free from the control of the administration. A majority of the public officials, regardless of method of obtaining office, must perform some transactions that involve accounting procedures. The accounting procedures applicable to each official are outlined in the constitution, general acts, private acts, municipal charters and administrative decisions dating from 1796 through the 1949 acts. Each official to insure himself of proper compliance with the legal requirements should make a search of the above mentioned sources. The rapid turnover of public officials and the lack of technical knowledge renders this virtually impossible. This study is designed to make an analysis of the above mentioned sources and to ascertain the feasibility of placing all of the accounting functions under one general act.

If one general act is feasible and provides the necessary legal and accounting requirements, the public official would be relieved of the uncertainty of his accounting responsibilities and could better perform the administrative duties required by his office.

There have been articles, too numerous to mention, written on accounting for local government, both municipal and county. The same holds true for the duties and responsibilities of the people who must administer the functions

required by the local units. The articles heretofore written have dealt with a more or less Utopia with little or no regard to the legal restrictions that have been imposed by state constitutions, general and private acts, and ordinances passed thereto.

It should not be forgotten that all counties, large and small, have practically the same officers and organization. County offices are created by constitutions, by general acts of the legislature applying to all counties, by general acts of the legislature applying only to those counties which elect to come under them, and by special acts applicable to only one county.

Scope and limitation of the problem. This study is limited to the state and county units of government in Tennessee. Legal sources used are the following: The 1870 Constitution, Williams' 1934 Annotated Code of Tennessee, Private Acts of Tennessee and Judicial decisions reported in the Tennessee Reports. This report is further limited to the accounting and financial procedures covered in the above named articles and should not be confused with a manual of accounts.

The limitations placed on this article are to insure a complete coverage of the legal accounting requirements pertaining to each official. Thus, the scope of this thesis confines the writer to accounting aspects of the

various units of government, and for all practical purposes avoids the evils of governmental units.

Definition of terms. The English language has grown to such complexity that it is necessary that the terms be defined so that the writer and reader are thinking in similar terms at all times. So far as possible the common usage is given to all words.

Accounting procedures are the recommended means by which accounting is placed in effect.

Accounting is:

The art of recording, classifying, and summarizing in a significant manner and in the terms of money, transactions and events which are, in part at least, of a financial character, and interpreting the results thereof.²

Governmental units are:

Geographic subdivisions or population concentrations that maintain a distinct legal existence, are public corporations or at least quasi corporations, and are politically organized for the conduct of local affairs. Units may exist primarily to perform functions required of them by the state, as in the case of counties and townships; to conduct local government in the general municipal sense; to supply some specific local public service, like road maintenance or water distribution; to carry out any of the numerous possible combination of general or specific functions.³

²American Institute of Accounting, "Report of the Committee on Terminology," Accounting Research Bulletin No. 9 (New York: American Institute of Accountants, May 1941), p. 81.

³International City Managers' Association, The Municipal Year Book 1948 (Chicago: International City Managers' Association), p. 17.

Governmental units as used in this paper are limited to the state and county units of the State of Tennessee.

The State Constitution is the constitution, of the State of Tennessee, adopted in May 1870 and the annotations thereto.

General acts are acts of a general and public nature which have been codified into Williams' Tennessee Code of 1934⁴ and the annotations thereto.

Private acts are the acts passed by the Tennessee Legislature that are related to one or more but not all of the like sub-divisions of the state.

As far as possible the accounting terms used are those advocated by the National Municipal Finance Officers' Association and are listed in the glossary of Municipal Accounting Statements⁵ and Municipal and Governmental Accounting⁶ textbooks.

Elements of the problem.

1. The accounting procedures required by the state constitution.

⁴Samuel Williams, Code of Tennessee 1934 (Charlottesville: Michie Company, 1934).

⁵National Committee on Municipal Accounting, Municipal Accounting Statements (Chicago: National Committee on Municipal Accounting, 1947).

⁶Carl H. Chatters and Irving Tenner, Municipal and Governmental Accounting (New York: Prentice-Hall, Inc., 1947).

2. The accounting procedures required by the general and private acts.
3. Recognized accounting procedures for governmental accounting.
4. The legal requirements of local legislation.
5. Authoritative governmental accounting.
6. Conclusion and recommendations.

Review of related studies. The field of governmental accounting has been the subject of a considerable amount of research. The previous research, however, was based mostly on accounting procedures without regard to state and local legal restrictions. The author was unable to find a single report that involved an actual analysis of the legal restrictions in their relation to the prescribed accounting procedures.

The State of Virginia has recognized the involved problem facing governmental officials and has taken a step in making the necessary corrections. In 1931 and 1932, the Auditor of Public Accounts⁷ designed and installed a uniform system of accounting for the county officers of Virginia. The system though uniform, was made flexible to meet the particular needs of any one county. The same type manual

⁷Auditor of Public Accounts of the Commonwealth of Virginia, Manual of Uniform System of Accounting for County Accounts, 1935.

was written by Harold Read⁸ in 1938. Read's purpose was to provide procedures for a uniform system of accounting for the counties of Tennessee. The manual set up a hypothetical county, created all of the necessary officers, and established an acceptable accounting method. Neither of the manuals analyzed the local legislation affecting the accounting procedures.

Local-Government Accounting⁹ and Minimum Accounting Standards¹⁰ are a series of two bulletins on the subject of accounting for local-government units. The first bulletin defines local-government accounting and describes some of the advantages to be derived from its proper use. The second bulletin explains ten minimum standards to be used as a yardstick by the local officers.

In 1940 the Tennessee Valley Authority published a manual on county government of the Tennessee Valley States¹¹ (Alabama, Georgia, Kentucky, Mississippi, North Carolina,

⁸Willie Harold Read, Accounting Manual for Counties of Tennessee, Research Council of the University of Tennessee (Knoxville: University of Tennessee Extension, 1938).

⁹University of Tennessee Record, Local-Government Accounting (Knoxville: University of Tennessee Press, November 1940), 16:3.

¹⁰University of Tennessee Record, Minimum Accounting Standards (Knoxville: University of Tennessee Press, November 1940), 16:4.

¹¹Tennessee Valley Authority, County Government and Administration in the Tennessee Valley States (Washington, D. C.: United States Government Printing Office, 1940).

Tennessee, and Virginia). There was a special study made with an attempt to describe the most important developments in the county government of the seven Valley States. The study was not intended for a detail or technical account of the local administrative system but was designed to show how the local units of administration must share in the increasingly important service and welfare responsibilities of modern governments. The report devotes one chapter to county financial administration covering revenue, budgets, purchasing, accounts and audits, reports, and state supervision. The entire chapter is a comparison of the county functions and does not purport to convey any general understanding pertaining to any one county transaction. The topics above listed are in line with the subject of this thesis, but due to their brevity and generality they are of little use from a technical viewpoint.

Catherine Fox¹² in her Masters Thesis goes into great detail in presenting material on how the local government is ruled by the public and private acts passed by the state legislature. Emphasis is placed more on the methods of procedure and the underlying background rather than the full interpretation of the acts themselves. Several phases of local government are noted, with some comment on their

¹²Catherine J. Fox, Special Legislation for Tennessee Municipalities (Masters Thesis, University of Tennessee, 1948).

outstanding characteristics, good and bad. The method of bond issuance and retirement is criticised from the point of one private act and a few other peculiar financial matters are mentioned due to their oddity. The book itself was written from a Political Science viewpoint with the aim of better systems of government for local units, rather than an interpretation of the laws of the existing units.

Carlton Sims¹³, in his Doctorate Dissertation, gives a vivid history of the development of the counties from the date of the Magna Carta down to the early 1930's. The county development is carried through the Colonial Period in North Carolina highlighted by its effects on the early Tennessee Counties. The Tennessee development is traced from 1777 to 1930, and is useful in the analysis of the provisions applicable to the accounting financial procedures.

Chapter II of Sims' Dissertation is a brief description of the present county organization. In this chapter he uses the following breakdown of the county officials: Those invested with county authority, those dealing chiefly with law enforcement, those dealing with county finance and taxation, those dealing with public works

¹³Carlton Sims, County Government in Tennessee (Chicago: The University of Chicago Libraries, 1932).

and institutions and miscellaneous officers. Under each breakdown there is summarized the most important duties of each related official. The duties are stated in a general manner with no analysis given.

Sims discusses in his third chapter the relation of the state legislature to the county and the relation of state administration to county administration. Chapter V, "Financial Administration and Budget," is a closely related topic, but is of little or no value from the accounting aspect. Sims was rather general and used this chapter to show some of the evils of our system of government.

Abbott and Greene¹⁴, in their pamphlet, wrote on a few selected aspects of the Tennessee municipal government and its administration. The study was designed to answer various questions in relation to municipal government. The authors discuss how a municipality received its powers, types of charter available, state control over the municipal units and how cities control personnel, finance administration and ownership of utilities. The article covers a few of the general functions of municipal administration and its relation to other units of government, both county and state. Chapter VII titled "Revenues, Property Tax Administration, and Expenditure Control," is a well written article

¹⁴Lyndon Abbott and Lee Greene, Municipal Government and Administration in Tennessee (Knoxville: University of Tennessee Division of University Extension, 1939).

and has some basic relations with the topic under discussion in this thesis. The chapter, however, is too general and is of little value other than as a possible starting point on the procedures there stated.

Organization of the study by chapters. Chapters II and III are a compilation of the legal accounting duties found in Williams' Tennessee Code that are applicable to state officials.

Chapters IV and V cover the same material but are applicable to county officials.

Chapter VI is a compilation of the legal accounting duties found in the Private Acts of Tennessee, 1935-1939 that are applicable to county officials.

Chapter VII contains the comments, conclusions, and recommendations of the report.

CHAPTER II

PRINCIPAL ACCOUNTING OFFICERS AND DEPARTMENTS OF THE STATE LEVEL OF GOVERNMENT

The departments and functions of the State are broken down into three main divisions; legislative, executive and judicial. The legislative division is composed of the General Assembly and has control over the Board of Supervisors of Elections, Comptroller of the Treasury, Secretary of State and the State Treasurer.

The executive division is headed by the Governor and includes all of those offices, departments, and agencies concerned with the administration of the many varied functions of the State government necessary for the execution of laws and the rendering of public services.

The judicial division is composed of the Supreme Court and works in conjunction with the inferior courts of the State.

For purposes of this study the departments and agencies have been further divided into those that are primarily accounting offices and those that are secondary accounting offices. The latter group of offices are discussed in Chapter III.

The duties of the officers and departments listed in this chapter are limited to those accounting duties

listed in Williams' Code¹.

This chapter is in two major divisions. One covers the General Assembly and the two principal accounting officers responsible thereto, and the other division covers the chief executive and the seven principal accounting agencies under his control.

General Assembly. In our state government we select representatives, called legislators, who are responsible for the operation of the government. The legislators authorize appropriations of state funds and they are vested with the authority to levy and collect the funds necessary to meet the appropriations.

Under the provisions of the constitution, the legislative authority of Tennessee is vested in the General Assembly, which consists of a senate and a house of representatives. Members of both houses are elected by the people of the State and hold office for two years from the date of the general election...

In general, the functions of the legislature are to make and repeal the laws of Tennessee... Some of the specific powers granted to the General Assembly include: the appropriation of all moneys to be paid out of the State Treasury; the levy and collection of taxes; and the right to authorize counties and incorporated towns to levy taxes.²

¹Samuel Williams, Code of Tennessee 1934
(Charlottesville: Michie Company 1934).

²A. B. Broadbent, Tennessee Blue Book 1939-1940
(Nashville: Baird-Ward Printing Company 1940) p. 15.

ORGANIZATION OF TENNESSEE STATE GOVERNMENT

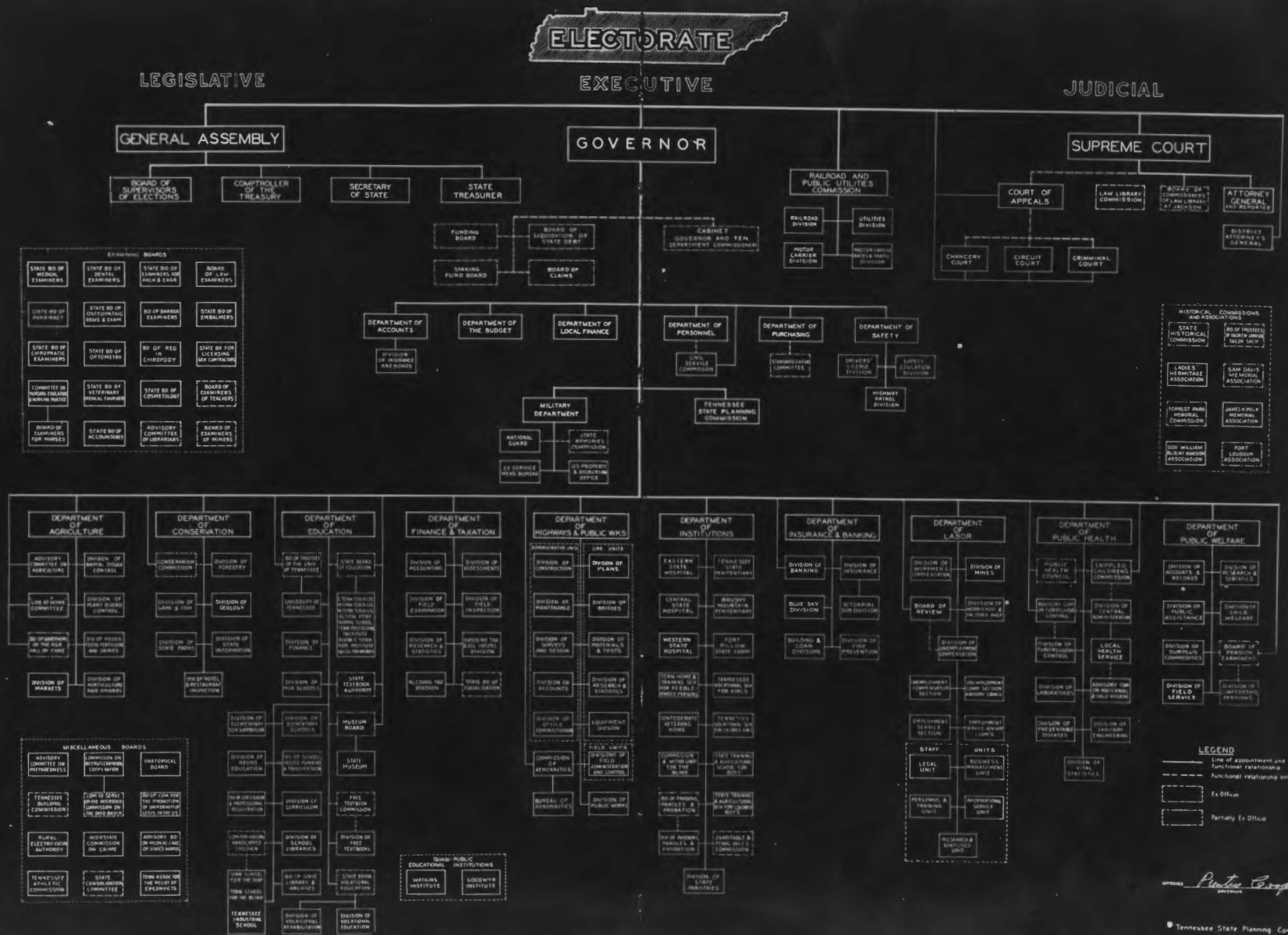


Figure 1. Organization of Tennessee State Government
Source: Tennessee Blue Book, 1939-1940

The legal accounting duties of the General Assembly are found in the State Constitution rather than in the General Acts.

The General Assembly is given the power to control expenditures because all money to be drawn from the State treasury must be made by legislative appropriations,³ and the money is raised by the legislative authority to levy taxes, charge a privilege tax on doing of business and tax on income from stocks and bonds.⁴

The General Assembly is required to maintain a "common school fund" as a perpetual fund, the principal of which shall never be diminished by legislative appropriation.⁵ The constitutional provision is still in force. However, there is no indication that the fund is still maintained.

Accounting wise the chief duties of the General Assembly are the raising of funds and the allocation of the funds by appropriations.

The General Assembly, by means of appointment, has indirect control over two important accounting officers, the Comptroller and the Treasurer. The former is the chief auditor of the State and the latter is the State's banker.

³Constitution of the State of Tennessee 1870, Article 2 Section 24.

⁴Ibid., Article 2, Section 28.

⁵Ibid., Article 11, Section 12.

Comptroller. The Comptroller is provided for by the constitution. He is appointed for a term of two years by the joint vote of both houses of the General Assembly. The Comptroller has been assigned various duties by legislative enactments. Under existing laws his office is organized as the Department of Audit and he is given the powers and duties to perform currently a post-audit of all accounts and other financial records of the State government, to report on such post-audit to the General Assembly, to make an annual audit of the records of the counties of the State.

Originally the Comptroller was the chief accounting officer of the State; however, subsequent legislation has vested, many of the original duties, in the Department of Accounts. The most obvious changes are those duties listed in Code sections 192⁶ through 213 which were transferred to the Department of Accounts by Code section 255.24(8). The transfer of these duties should be noted because they were not expressly repealed by the latter act.

The duties of the Comptroller imply most of his legal accounting duties. Code section 201 gives the following

⁶Williams, op. cit., (All Code section numbers and all reference numbers enclosed in parentheses are section numbers of the Code of Tennessee 1934).

accounting duties: Examine and adjust all claims and accounts against the State; draw warrants for the above claims; keep a record of the warrants so issued; make and preserve in his office fair and accurate records of all public accounts as may be made returnable to his office; keep in order all receipts and vouchers relative to the business of his office; keep with the Treasurer a regular account charging him with all money received and crediting him with all warrants redeemed and deposited in the office of the Comptroller; settle Treasurer's account on change of office by the Treasurer; keep books that check on every county that collects and receives any state revenue; report to the Governor a statement showing disbursements of the treasury, the unexpended balances of the several appropriations, amount remaining in the treasury, and warrants issued and not redeemed; submit his books, accounts and vouchers to the inspection of the General Assembly; furnish forms to County Court Clerks to secure uniformity in assessing, charging, collecting and accounting for the public revenue; require the County Courts to furnish duplicate tax levies, verify the tax levies and correct any errors thereto; make a report of delinquent revenue collected; certify to County Judge the amount of school warrants transmitted to the County Trustee; collect and pay into the State treasury certain privilege taxes. However, Code sections 255.53(2) and 255.54 specifies

cases where this duty may belong to the Department of Finance and Taxation.

The Comptroller is charged with the duty of issuing warrants (242) for the payment of printing bills (36), expenses of State Planning Commission (552.8), freight on borrowed books (81), for salaries of the Department of Institutions (378), expenditures of the Historical Commission (1024), expenses of the Supreme Court and the Court of Appeals (153, 10103), payment of coupons on bonds (203), expenses of Department of Agriculture (442), payroll of the Highway Department (3196.3), and payment of any sum authorized by the General Assembly (206). The permission to issue warrants, however, is not permission to borrow cash (184). Before the Comptroller issues warrants he must first check to ascertain whether or not the fees charged are correct and whether or not there is sufficient sums to pay the warrant (68, 401, 370.4). It is questionable whether or not the Comptroller is still empowered to issue warrants. Code section 255.29 says, "no money can be drawn from the treasury except on warrants drawn by the Director of Accounts."

Expense vouchers are to be audited and approved by the Comptroller. In this connection Code section 255.24 assigns this same type of duty to the Department of Accounts. He is expressly charged with the duty of approving expense vouchers for the Inspector of Mines (5565) and cost

bills of the State (12221), and the settling of accounts from various sources (202).

Generally the Comptroller is not charged with the duty of collecting fees; however, the Code expressly states the Comptroller shall collect taxes assessed by the Public Utilities Commission (5464) and funds collected by the counties for the state (210). In connection with the taxes collected the Comptroller is required to keep two separate funds designated as the "tax administration fund" (1811.1) and the "public utilities account" (5464). Code section 255.54(4) seems to place the duties pertaining to the Public Utilities under the control of the Department of Finance and Taxation. Funds collected by the Comptroller are paid by him to the State Treasurer (211).

For control over interest payments the Comptroller is required to keep an "interest account," showing the amount of interest due semiannually, on the bonds of the state issued for any purpose (212).

The Comptroller is the head of the Department of Audit (255.5) and is charged with the duty of organizing the department as he may deem best suited to accomplish its functions (255.76). The department under the Auditor is required to (255.77): perform currently a post-audit of all accounts and other financial records of all state departments and agencies (such audit shall check all receipts, expenditures, and all fund and debt transactions of the state);

make a complete report on the post-audit annually and at such other time as may be required by the General Assembly; certify the balance sheet, operating and other statements, covering the condition of the State's finances, as prepared by Departments of Account, or by the State Treasurer; make an annual audit of all of the records of the several counties of the State including the offices of the County Trustee, Circuit Court Clerks, Criminal Court Clerks, County Court Clerks, Clerk and Masters, County Judges and Justices of the Peace, specifically including all "trust funds" of the officials; devise a modern, effective and uniform system of bookkeeping and accounting; make an audit of the expenditure of federal funds allotted to this state for library purposes (2305.13); and audit civil service payrolls when certified by the Director of Civil Service (423.24cc).

The Comptroller is not required to keep accounts for the state departments or agencies, but he shall perform a continuous post-audit of the accounts, books, records and other evidence of financial transactions kept by the departments. The audit is to be published within two months with the improper practices being reported to the Governor (255.78).

The Comptroller is required to compile monthly reports showing for each unit of State government (370.5): the amount of income, estimated and received; expenditures, amounts appropriated, monthly or quarterly allotments, amounts

actually expended and the amount of encumbrances; and balances available for further expenditures during the quarter and/or fiscal year.

He is required to make such revisions and additions to annual reports as will clearly reflect the result of each years operation. The report should include summary statements showing in parallel columns for each fund (370.6): the official estimated revenue, actual receipts including any balances from previous years, total appropriations to each fund, actual expenditures charged against each fund, unexpended balance of each fund, and a comparative statement of bonded indebtedness showing bonds outstanding at the beginning of the fiscal year and the corresponding bonds for the close of the fiscal year.

The Comptroller is also charged with the duties of the Funding Board (255.48) and Board of Equalization (255.55).

Closely related to the Comptroller is the Treasurer who is responsible for the handling of the State's revenue.

Treasurer. The State Treasurer is a constitutional officer appointed for a term of two years by the joint vote of both houses of the General Assembly. His chief duties are the receiving, depositing and paying out state revenues.

The statutory duties of the Treasurer are noted in the paragraphs which follow.

The Treasurer receives from the several

collectors of public revenue all taxes and other public money accruing to the state, but only after a warrant has been made out by the Comptroller (221, 255.28). Said money is to be deposited within three days to the credit of the State (222). The deposit must be made on triplicate slips, one each for the Treasurer, Comptroller and Governor (223). As a safety factor the deposits in any one bank may not exceed one-fourth of the capital stock of such bank (225). On the fifth day of December and the fifth day of June, of each year, the Treasurer is required to publish an official statement of the amount of public money or State funds on deposit in each and every depository bank on the first day of the related month. The statement is to be alphabetical giving the names of all said banks, amount then on deposit, and the amount of interest at the rate of three per cent paid on the deposits in the preceding six months (240). The three per cent interest charge on daily balance is a must under Code section 237. However, Code section 254.12 specifies that the interest rates may be set between one and one-half per cent and three per cent.

Money payable from the depositories is made by check subscribed by the Treasurer and countersigned by the Comptroller (227), but see Code section 255.29 where this duty is assigned to the Director of Accounts. The check shall show both the account and for what purpose it

was drawn (228). Payments on account of the public are to be made on warrants from the Comptroller, except for the salary of the Comptroller (242). In this connection Code section 255.29 states that, "no money shall be drawn from the State treasury except in accordance with appropriations authorized by law, presented in a form of a warrant drawn by the Director of Accounts." Funds from federal, local and extra-state sources are exceptions to the general law if exceptions are necessary in order to comply with the gift (255.30).

The Treasurer, "shall keep books, under distinct heads, true, faithful, and just accounts of all the money received by him from time to time by virtue of his office, and also... payments out of the treasury on warrants" (245). He is the keeper of a general ledger in which is posted all receipts and disbursements of his office. Said accounts of receipts and disbursements are to be compared, with the accounts kept by the Comptroller (Director of Accounts), the last day of each quarter of the fiscal year. When the accounts are in agreement he is required to strike the balance of the old account, and carry said balance forward on the books of the general account for the next quarter (246). The Treasurer is also the keeper of the records of deposits with each bank having State funds and the account is to be balanced each quarter as provided above (247). The same general provisions are applicable to the general cash account kept by the Treasurer

(249).

The Treasurer has charge of the following funds, each to be accounted for as a separate fund: funds of the Department of Institutions (405), tolls collected from toll bridges (3268, 3269, 3277), funds provided by tax laws (1811.1, 1811.2), aeronautic funds regardless of source (2726.38, 2726.44a), funds of the Department of Agriculture (427), medical care funds of the Department of Health (255.68b), funds of the Forest Department (630.16), unemployment compensation funds (6901.33), library funds allotted by the federal government (1152.19), oil inspection funds (6843) and motor vehicle registration funds (1152.19).

He is also the custodian of the following funds: Vocational education and vocational rehabilitation funds (2477), retirement funds (1034.55), teachers retirement funds (2524.7), child welfare fund (4765.5), chiropodist fund (7182.14), barber inspector fund (7138), cosmetology fund (7139.20), old age assistance fund (4765.30), aid to dependent children fund (4765.50), assistance to the blind fund (4765.67), game and fish fund (5176.10), public utilities account (5465), basic science fund (6917.5), chiropractic fund (7023), and architecture and engineers fund (7104).

Outstanding bonds of the State are to be purchased and retired out of the funds held by the Funding Board. However, the bonds are to be cancelled and held by the Treasurer until they are ordered destroyed by the General Assembly (1806).

As a general rule the Treasurer is to pay vouchers after they are approved by the Director of Accounts. However, a unique provision is made for the vouchers of the mine inspectors. The vouchers of the mine inspectors are to be approved by the Treasurer (5566). Other payments are to be made on request of the various departments with an attached warrant drawn by the Comptroller or the Director of Accounts (255.68b, 405, 428).

To aid the Governor in his speech to the General Assembly the Treasurer exhibits to the Governor an exact statement of the balance in the treasury to the credit of the State, with a summary of the receipts and payments of the treasury during the two preceding years. The statement is to be rendered at least ten days before the General Assembly meets.

The Treasurer is also a member of the State Funding Board (1811, 255.48), Board of Equalization (255.55), Department of Audit (255.5), Board of Claims (255.51), Committee to Purchase Government Property (1032.1), Retirement Board (1034.39), and Board of Trustees of the Teachers Retirement System (2524.6).

The Treasurer is the banking agent for the state. He receives state revenue, collected by others, acts as a custodian of the funds received, pays the funds out on proper request and publishes statements on all of his transactions.

The second major division of this chapter covers the chief executive and the six major accounting agencies under his control.

Governor. The Governor is the chief executive of the State and, is chosen by the voters of the State on the first Tuesday after the first Monday in November of the even numbered years.

The constitution designates as one of the chief duties of the Governor that he 'shall take care that the laws be faithfully executed.' The Governor is designated by the constitution as Commander in Chief of the Army, Navy and Militia of the State. The constitution gives him power ...to require information in writing from officers in the executive department; to convene the General Assembly in extraordinary sessions...

The Governor has a wide variety of statutory powers and duties which give him a high degree of control over the functioning of the State Government. One of his most important powers is the right to appoint the heads of the executive department, with the exception of the constitutional officers, and to control through his appointees the vast army of State employees.⁷

The Governor as chief executive is charged with the duty of preparing a budget to be submitted to the General Assembly. The Governor is assisted in this duty by the Director of the Budget who shall review the budget estimates and alter, revise, increase, or decrease the items of said estimates as may be deemed necessary (255.20). Every Governor is charged with the duty of running a state

⁷Broadbent, op. cit., p. 26.

including the allocation of moneys to the various departments. The allocations, in this State, are made in the budget message made to the General Assembly not later than four weeks after the inauguration of the Governor (275). The budget should embrace the amount in detail to be appropriated to all departments, offices and agencies of the state for each of the years of the next ensuing biennium and the estimated revenues from taxation and other sources (255.17).

The Governor is not required to make the budget from memory nor is he required to make an estimate of the sums needed. He is aided, in the preparation of the budget by the head of each department, office, and agency of the state government who submits to the Director of the Budget a work program for the ensuing year (255.22). The program will include all appropriation requests for operations, maintenance and capital projects by quarters for the entire fiscal year. For flexibility, to meet emergencies, the Governor may require each department to set aside a reserve out of the original allotment. Reserves so created may be transferred to other departments at any time during the fiscal year.

In addition to being the chief executive, the Governor is also a member of the Board of Agriculture (442.2), Planning Commission (552.7), Board of Education

(2315), Board of Equalization (255.55), Funding Board (1811, 255.48), Conservation Commission (255.75a), Commission of Public Printing (28), Consolidation Committee (136.2), Standardization Committee (255.35), and Committee to Purchase Government Property (1032.1).

Looking back over the legal accounting duties of the Governor we find only one major duty, which is, the preparation and the presentation of the State budget to the General Assembly.

The Governor has, at his disposal, an administrative staff to aid in the administration of the State. Seven departments of the staff, Department of Accounts, Department of the Budget, Funding and Sinking Fund Board, Board of Claims, Department of Local Finance, Department of Purchasing and Department of Finance and Taxation, are major departments in the accounting transactions of the State.

Department of Accounts. The Department of Accounts is a relatively new department in state administration. The functions and duties now performed by this department were originally performed by the Comptroller of the Treasury and the Commissioner of Finance and Taxation.

The primary functions of the Department of Accounts are to prescribe and maintain a system of general accounts, to record properly all of the financial transactions of the State government, to designate the accounting forms and records

to be used by any and all State agencies, to examine and approve all transactions which will result in financial obligations against the State, to audit and approve all accounts before payment is made, and to issue warrants in payment of all claims against the State.⁸

The Department of Accounts is administered by a Director of Accounts who is given a wide variety of powers including,

...the preparation and application of plans for housing all State departments and offices; the promulgation of travel regulations and regulations governing the use of State-owned automobiles; the formulation of certain rules and regulations relative to State purchasing; the provision of such centralized departmental services as mimeographing, duplicating, addressographing, photostating and punch card tabulating; the provision of central messenger, telephone switchboard, and mailing facilities; and the analysis of the work of all State departments.⁹

The more specific legal accounting duties of this department are mentioned in the statements which follow.

The Department of Accounts is required to (255.24): maintain a system of general accounts embracing all the financial transactions of the state government; examine and approve all financial documents payable by the state; audit and approve all bills, invoices, accounts, payrolls, claims, demands or charges made against the state; inspect articles

⁸Ibid., p. 32.

⁹Ibid., p. 33.

and materials for the purpose of checking price, quality and quantity; make monthly reports on all receipts, expenditures, appropriations, allotments, encumbrances and authorized payments to the Governor, Director of the Budget, Department of Audit, and head of each department; prescribe the forms of receipts, vouchers, bills or claims to be used by any department of the State government (Code section 394 assigns this duty to the Commissioner of Finance and Taxation); examine at any time the accounts of every department of the State; and report to the Attorney General any misappropriations of State funds (a prior Code section, section 269, listed many of the above duties under the duties of the Department of Finance and Taxation).

The department also makes the rules used by the Department of Purchasing in the purchasing of supplies, materials and equipment (255.33).

The Director of Accounts draws all warrants for money to be spent out of the State treasury (255.29). If this act means what it states, all warrants listed under the Comptroller are now to be drawn by the Director of Accounts. The reader should now consult the account title "Comptroller," or Code sections 36, 81, 153, 203, 206, 242, 378, 442, 552.8, 1024, 3196.3 and 10103 where the duty of drawing warrants is conferred on the Comptroller.

The Director also maintains special accounts in the general fund with respect to money received for

designated purposes from the federal government (255.26), prepare rules pertaining to traveling expenses of employees of the different departments, centralize services and provide for the best economies in the operation of the government (255.47).

Closely associated with the Department of Accounts is the Department of the Budget.

Department of the Budget. The Department of the Budget like the Department of Accounts is a relatively new department in state administration having been created in 1937. The functions and duties now performed by this department were originally performed by the Department of Finance and Taxation.

The Department of the Budget

...serves as an advisory agency to the Governor on financial matters of the State and is the instrument for carrying out the fiscal policies established by the Governor. Prior to the beginning of each fiscal year, a complete work program involving detailed statements of the requirements for funds must be submitted to the department by each spending agency of the State. The Director of the Budget reviews these requests and, with the approval of the Governor, makes allotments from sums appropriated by the General Assembly to the various agencies of the State. The Department reviews and approves all expenditures to insure compliance with the established work program.¹⁰

Being more specific the Department of Budget has power and is required to (255.16): prepare and submit to

¹⁰Ibid., p. 34.

the Governor, biennially, a state budget document; prescribe forms for the preparation of budget estimates (Code section 271 assigns the same duty to the Department of Finance and Taxation); examine and recommend for approval the work program and quarterly allotments of each spending agency of the state government before the appropriation is made available for expenditures (Code section 278, 279 assigns the same duty to the Department of Finance and Taxation); examine any changes made in the work program during the year; investigate duplication of work among the departments for a better management and more efficient method of operation; and prepare and report to the Governor, on his request, any financial or statistical data relative to monthly or quarterly estimates of the State's income.

The budget should present a complete financial plan for each fiscal year of the ensuing biennium showing all proposed expenditures for maintenance of the departments, and all proposed expenditures for capital projects to be undertaken or completed during each fiscal year of the biennium. The budget shall be in three parts. Part one consists of the budget message, part two consists of detailed budget estimates both of expenditures and revenue and part three consists of the legal measures necessary to give the bill a legal sanctioning (255.17, 255.18). The appropriation bill should be drawn in such form that each of

the various spending agencies will receive two lump-sums, one for the expenses of operation, the other one for capital projects (255.21).

The budget is a primary responsibility of the Governor. However, the Director of the Budget shall assist him in reviewing estimates, altering, revising, increasing, or decreasing the items as may be deemed necessary. After the alterations are made the Director is to prepare a budget document to be submitted to the General Assembly (255.20). A copy of the approved allotments is to go to each department, office, or agency concerned, with an additional copy going to the Director of Accounts (255.22).

The Director of the Budget is not able to make perfect predictions. Therefore, the tentative revenue estimates, made by him on November the first of the even-numbered years shall be subject to revision on the following January first, for inclusion in the budget (255.19).

Additional duties are conferred upon the Director by Code section 1034.39 where he is made a member of the Retirement Board.

All in all the Director is an advisory agent serving in staff capacity, used by the Governor, to perform one of the functions that is the primary responsibility of the latter.

As a counterpart to the Department of Accounts and Department of the Budget a Department of Local Finance was

established as an aid to local governmental units.

Department of Local Finance. The Department of Local Finance is an advisory agency on the staff of the Governor. The agency was created by the 1937 General Assembly, is paid for out of the State treasury and is operated for the convenience of the local governments of the State.

The Department of Local Finance

...was created to supervise and prescribe forms for the local governments of the State in connection with their budgeting and accounting procedures, to regulate the issuance of county and municipal bonds, and to audit the accounts of local governments. However, the powers and duties were made contingent upon the passage of a county budget act or county fiscal control act. Since neither of these acts has been passed, the department functions only in an advisory capacity upon receipt of request for assistance from the local governments.¹¹

The Department of Local Finance has authority to (255.44): prescribe forms and procedures for the preparation of annual budgets; require an annual budget; prepare a system of uniform accounts requiring annually a financial report, showing in itemized form all expenditures (current, capital and debt retirement) and revenue; audit the accounts; and make provisions for issuing bonds. The above provisions are to be used against the local governments of the state.

¹¹Broadbent, loc. cit.

The Department of Accounts keeps the accounting records for the State, the Department of the Budget makes the allocations of expenditures, the Department of Local Finance (if a county budget or fiscal control act is adopted) supervises and prescribes forms for local governments and the Funding and Sinking Fund Board operates as an independent trustee in the incurring and paying of the outstanding indebtedness of the State.

State Funding and Sinking Fund Board. The Funding and Sinking Fund Board was created to administer the bonded indebtedness of the State. To administer the indebtedness the Board was required to open and keep books on an account designated as a "sinking fund account," which shows all payments made into and all disbursements made out of the sinking fund (1802). As a safety factor and in accordance with generally accepted practices the money paid into the fund must be used exclusively for the purchase, retirement, or payment of any outstanding bonds of the state subject to call. The board, however, may apply any proceeds of the sinking fund as it may deem advisable to the retirement of any bond or other outstanding indebtedness of the State, if such bonds and indebtedness can be purchased at or below par (1803). At the end of each quarter or period of three months, the Board, with the accumulation of money in the sinking fund, is permitted to buy outstanding obligations

of the State at the lowest price obtainable, not exceeding par and accumulated interest (1804). If the Board is unable to purchase bonds at par, then by proper publication the Board can designate bonds and call them in for payment (1805). Redeemed bonds are to be cancelled and destroyed on the order of the General Assembly (1806).

Payments out of the sinking fund are to be made on written orders of the Funding Board. The order shall contain the object and purpose of payment, and shall be addressed to the Treasurer. The order is the Treasurer's authority to use the money in the sinking fund to purchase State bonds (1808). The Board is limited in its selection of investments to bonds that appear on the list of the Tennessee Insurance Commissioner as authorized investments of insurance reserves (1810).

The Treasurer can sell the investments purchased by the Board as funds are needed to pay the interest or to retire the State's outstanding bonds (1811).

The tax on gasoline and toll bridges is treated separate from the other taxes collected by the State. The gasoline tax is to be set aside, in the treasury, into two sinking funds, "state highway bond retirement fund," and "state highway and note retirement fund, No. 2." Statutory

provisions do not specifically place the funds under the Sinking Fund Board, but it is apparent that the statute implies such control (3247-3249). The tolls from bridges are to be paid into an account called "special bridge bond retirement account," and is to be controlled by the Funding Board (3269). These taxes are set aside in this manner because the statutory provisions require this method of bond retirement.

Closely related to the State Funding and Sinking Fund Board is the Board of Claims. The latter Board was created to compensate State employees that were injured in line of duty and to reimburse certificates of county indebtedness.

Boards of Claims. This State has two Boards of Claims. The first board is authorized to pay and compensate employees that have received injuries in the line of duty. Payments are to be made out of the general highway fund if the employee was a member of the Department of Highways and Public Work, and out of the general fund in all other cases (1034.27). Members of the State Guard injured while on duty are to be compensated out of the general fund of the State (1034.28).

The second board accounts for obligations of the State of Tennessee known as county reimbursement certificates of indebtedness (1811.17). Such certificates are held

for the benefit of the counties with interest paid thereon. Bonds are to be issued by the State Funding Board as requested by the Board of Claims. The bonds are to be sold by the State Funding Board or the Board of Claims. Said bonds may be sold for less than par but not less than a five per cent basis computed according to standard basis tables. The proceeds are to be applied by the Board of Claims. The Board of Claims can purchase outstanding indebtedness of the counties with cash if the premiums paid to retire the indebtedness would not exceed three and one-half per cent on state bonds sold.

The provisions of the second board are also applicable to the first (1034.33).

Somewhat unrelated to the previous mentioned departments is the Department of Purchases. The Department of Purchases is important, however, because the department is responsible for many expenditures that must be controlled through a method of internal control.

Department of Purchasing. A few score years ago the needs of the State were few and each agency made its own purchases. As the functions of the State increased and the commodities purchased became more complex there arose the need for experts in the field of purchasing. In 1937 the expert purchasers were organized into the Department

of Purchases and placed under the control of the Governor.

The Department of Purchases

...is the centralized purchasing agency of the State for all supplies, equipment and materials, except purchases for new highway constructions...The Department of Purchasing also contracts for telephone and telegraph service, maintains a central mailing room for the State, and arranges for the rental of any space required by the State. It also inspects materials received in order to insure that they meet the required specifications, and checks with the various departments to see that contracts are properly fulfilled.¹²

Statutory provisions require the Department of Purchases to (255.32): purchase and inspect all purchases of supplies, materials and equipment purchased by the State government; supervise all central storerooms; transfer supplies between departments; make and keep current an inventory of all moveable property belonging to the State; and list all real estate belonging to or under lease to the State.

The Department is under the supervision and control of a Director of Purchases who describes the rules pertaining to the following (255.37): procedures to be used when departments make purchases on the open market; monthly departmental reports of supplies on hand; and procedures to be used in the transfer of supplies between departments.

¹²Ibid., p. 36.

The Purchasing Department was created to save expenses and to secure advantageous market conditions. To meet these provisions the Department was given the authority to let bids (255.38), submit requisitions (255.39), deliver goods to the departments (255.40) and take advantage of favorable market conditions (255.42).

To provide revenue for the successful operation of the State a Department of Finance and Taxation was created. The department is vested with the duty of finding possible sources of revenue and is given the authority to formulate a means of collecting the revenue so found.

Department of Finance and Taxation. The Department of Finance and Taxation of the State is comparable to the tax assessor at the county level of government. This department is responsible for the designation of the source and amount of flow of revenue into the State treasury.

The Department of Finance and Taxation assesses and collects taxes; receives State revenue collected by county officials and takes action on the delinquencies of county officials...; formulates and recommends to the Governor such legislation as may be deemed expedient to prevent evasion of taxes, to secure just and equitable taxation and to improve the system of taxation in the State.¹³

The duties of the Department of Finance and Taxation are administered by the following seven divisions:

¹³Ibid., p. 55.

Division of Accounts, Division of Assessments, Division of Field Examination, Division of Field Inspection, Division of Research and Statistics, Gasoline Tax and Oil Inspection Division, and Alcohol Tax Division. It is closely associated with the State Board of Equalization.

The administrative head of the Department of Finance and Taxation is called the Commissioner of Finance and Taxation. The Commissioner's duties are found under two separate lists of statutory duties, those assigned to the Department of Finance and Taxation and those specifically assigned to the Commissioner. The legal accounting duties exercisable by the Commissioner and the Department of Finance and Taxation are listed in the following paragraphs.

The Department of Finance and Taxation has the power to (269): prescribe forms for accounts and financial reports and statements for the several departments, institutions, and agencies of the State government; supervise and examine the accounts and expenditures of the several departments; examine the accuracy and legality of the accounts, receipts and expenditures of public money; examine the accounts of private corporations, institutions and associations or boards receiving appropriations from state boards; certify all payrolls before they are submitted to the Comptroller; prepare and prescribe classifications of expenditures and revenues for purposes of budget making and accounting; aid

in the preparation of the state budget; and investigate tax systems of other states to prevent tax evasion in this state. Where there are conflicts between the powers of the Department of Finance and Taxation and the State Auditing Department, the latter shall prevail (a subsequent Code section, section 252.24, lists the first six of the above duties, as duties of the Department of Accounts).

The Department has the power to (255.54): administer the assessment and collection of all state taxes now vested in the Department more specifically described as privilege taxes on alcoholic beverage (1191.3), estate, inheritance and gift taxes (1273, 1300, 1328.10), excise tax (1277, 1280, 1323), sales tax (1328.36), income tax (1123.25), carbonic acid tax (1190), gasoline tax (1141), toll charges (3273), and collect from authorized collectors all privilege taxes levied by the state (1248.137); collect certain privilege taxes from Public Utilities; receive State revenue collected by county officials and take action on the delinquencies of these officials on request of the Comptroller; collect the taxes that are listed under Code section 5465, heretofore collected by the Comptroller; and assume the functions of the Revenue Auditors.

The Department of Finance and Taxation is responsible for budget estimate forms to be furnished each department by the fifteenth day of October in the year preceding the

convening of the Legislature (271). However, Code section 255.16 also assigns this duty to the Department of the Budget.

Appropriations to various departments are to be controlled by the Department of Finance and Taxation. Expenditures cannot be made unless the Commissioner certifies that there is a balance in the appropriation from which such obligation is required to be paid (278, 279) (the same duty is assigned to the Department of the Budget by Code section 255.16). The Department also authorizes the expenditures made by the State Fair Trustees (269).

The Department shall prescribe a uniform system of bookkeeping, designating the character of books, reports, receipts, and records, and method of keeping same, in all state and county offices handling state and county revenue (1681).

On or before the tenth day of the succeeding month the Department is required to remit, to the State treasury, all moneys received during a given month regardless of source without deductions of any nature (1152.18). The above provision is reiterated in the Code sections that provide for toll charges (3273), income (1123.25), estate (1300), gift (1328.10), and gasoline (1141) taxes.

The above listed duties are the expressed legal accounting duties of the Department of Finance and Taxation

and are exercised by the Commissioner of Finance and Taxation by implication. The following duties are the expressed duties of the Commissioner of Finance and Taxation.

The Commissioner is required, "to keep such books and records, for gift tax purposes, as are indicated by good accounting practice" (1328.18). He shall, also, keep records of funds derived from motor vehicle registrations (1152.19).

The Commissioner is given power to inspect the books, papers, memorandums, invoices and products of tobacco dealers to ascertain whether or not the proper tax has been paid (1213.9). The same degree of control is exercised over the books of corporations doing business in this State (1248.148).

The Commissioner requires the general managers of State Institutions to set up and keep a proper set of books and accounts for each respective institution (394) (Code section 255.24 also assigns this duty to the Department of Accounts). In this connection he may approve, disapprove, or alter estimates of receipts and expenditures of the various state departments (273). He is required to compare assessments made by the County Board of Equalization, with corporate tax returns, and make the necessary adjustments (1478).

The Commissioner is required to report to the Comptroller and Treasurer, not later than the fifteenth of January, April, July and October of each year, the condition of his office. He shall also make a monthly report on funds collected from toll charges (3277), carbonic acid tax (1190), estate and gift taxes (1273, 1300, 1328.10).

The Commissioner's accounting duties are not limited to the Department of Finance and Taxation. He is a member of the Funding Board (255.48), Board of Equalization (255.55), Commission of Public Printing (28), Consolidation Committee (136.2) and Board of Claims (255.51).

The Superintendent of Taxation is an agent of the Department of Finance and Taxation and is charged with the duty of tax administration throughout the State. He should (1478): supervise the administration of the assessment and tax laws of the State; require assessors to report specific information relating to assessments; procure the assessment of all property in the State at the actual cash value thereof; keep a list of corporations subject to tax showing authorized capital stock, outstanding capital stock, value of corporate property and such other facts as may be necessary to secure an actual cash value assessment of the corporate property; audit tax returns of the corporations, and to

determine the proper assessment of each corporation; and report to the State Board of Equalization the facts found by his office.

The Superintendent of Taxation for the State is comparable to the Tax Assessor of the county. It is his duty to find the taxable property, to aid in the fixing of the tax rate and to assess the property in order to raise the required revenue determined by the prior appropriations of the General Assembly.

Closely related to the Superintendent of Taxation is the Board of Equalization. The latter, however, has only a functional relationship with the Department of Finance and Taxation. The Board of Equalization, in the field of tax assessment, may be called the board of last resort. The Superintendent of Taxation makes the assessments and if there are aggrieved parties the assessment is turned over to the Board of Equalization for adjustment. The Board of Equalization is to, equalize, compute, and fix the value of property by the standard of the actual cash value and it is its duty to reduce or increase, values of property, to conform to the standard of actual cash value (1451). The Board is also given the power to reassess county property if the County Board of Equalization is unable to satisfy the aggrieved party (1453-1454). The same provisions are applicable to the assessments made by the Utilities Commission (1534),

and if there are changes made in the assessments, the utilities commission must be notified by the third Monday in October (1535).

The departments mentioned in this chapter are the chief accounting departments of the State and it is through them that the fiscal proceedings of the State are controlled.

CHAPTER III

SECONDARY ACCOUNTING OFFICERS AND DEPARTMENTS OF THE STATE LEVEL OF GOVERNMENT

This chapter is a continuation of Chapter II with emphasis being placed on officers and departments having accounting functions that are secondary to their principal duties. The legal accounting duties of these officers could be summed up in a few lines and would usually read as follows: the officer shall collect state revenue, make or authorize disbursements, incur obligations and render financial reports of the transactions taking place during the fiscal period. The scope of this report will not permit the generalization statement made above. To fulfill the scope of this report a digest of the statutes was made for each and every officer and department of the State.

The reading in the remaining portion of this chapter will be, to a certain extent, repetitious. However, if information about one particular office or officer is desired the reader will find this chapter most interesting.

There has been a slight attempt to unify some of the legal accounting duties for the departments of the State. The unification was brought about by requiring each of the departments to submit to the Department of Finance and Taxation, a quarterly estimate of the amount of money required

for each activity (278, 279 and 255.25);¹ to discuss administrative and budget requirements each month (255.4); to make budget estimates for each fiscal year (255.9, 255.19); to make a work program including all appropriations and quarterly allotments (255.23); and to purchase supplies, materials and equipment through the Department of Purchases (255.28) with the exception of the Highway Department (255.33) which is permitted to purchase in the open market.

The departments are permitted to render services for each other (255.86, 340) and may use a petty cash account upon the approval of the Director of Accounts.

The unified accounting duties were few in number. Therefore, it is necessary to analyze the statutory provisions of each department.

The Departments of Education and Highways occupy an unduly large proportion of this chapter. This is probably due to the tremendous appropriations and expenditures that are cleared through these departments.

Department of Education. The constitution of the State requires that provisions be made for educational opportunities for all the people of the State. The educational system of the State is under the control of four administrative agencies: The Department of Education, the State

¹Samuel Williams; Code of Tennessee, 1934 (Charlottesville: Michie Company), (All Code section numbers and all reference numbers which are enclosed in parentheses are section numbers of the Code of Tennessee, 1934).

Board of Education, the State Board of Vocational Education, and the Board of Trustees of the University of Tennessee. There is close co-ordination between the first three agencies, since the commissioner of the Department of Education is also chairman of the State Board of Education and the State Board of Education is ex-officio the State Board for Vocational Education. The Board of Trustees of the University of Tennessee is an independent agency free of any control from the Department of Education, although the Commissioner of Education is a member of that body.

The department administers the State laws and the rules and regulations of the State Board of Education designed to promote control, regulate, and perfect the public educational structure. It supervises the apportionment of funds appropriated by the General Assembly as State aid to the counties for public education, and administers directly certain institutions for the handicapped.²

Under the supervision of the Department of Education are eleven divisions: Division of Certification and Professional Registration, Division of Curriculum, Division of Elementary Schools, Division of Elementary School Supervision, Division of Free Textbooks, Division of Finance, Division of High Schools, Division of Library and Archives, Division of Negro Education, Division of School Libraries, and Division of Schoolhouse Planning and Transportation.

²A. B. Broadbent, Tennessee Blue Book 1939-1940 (Nashville: Baird-Ward Printing Company 1940), p. 47.

The Department of Education administers directly the Tennessee School for the Deaf, Tennessee School for the Blind and Tennessee Industrial School. Closely related to activities under the direct control of the Department are the State Textbook Authority, the Free Textbook Commission, and the Commission for Housing Handicapped Children.

Closely related to the Department of Education is the State Board of Education.

The State Board of Education is composed of the Governor, the Commissioner of Education, and three members appointed by the Governor from each of the three Grand Divisions of the State. The Board serves as a policy-making body for the administration of the State's institutions of higher learning except the University of Tennessee.³

The institutions under the State Board of Education include three teachers colleges and a normal school, a polytechnic institute, a Negro State college, and an agricultural institute of high school grade.

Board of Education. The legal accounting duties of the Board of Education are tied in with the Board's policy-making duties. The Board controls the expenditures of the State institutions through the power of approving the budgets of the institutions before they are to go to the Governor (2316). Further control was given by the Education Institution Acts of 1937 and 1943 (2316.1-2316.24).

³Ibid., p. 52.

The Acts conferred upon the Board the right to borrow money, issue bonds and to provide for the payment of the same. The bonds authorized under the Educational Institutions Acts must mature within forty years and not exceed five per cent interest. The proceeds from the bonds issued are not to be paid into the State treasury, but are to be deposited by a member of the Board in a separate bank account.

The chief administrative officer of the State school system is the Commissioner of Education.

Commissioner of Education. The Commissioner of Education is primarily responsible for the educational training of the children of the State. However, he must exercise a few accounting duties in the carrying out of his duties. The legal accounting duties are: to make a full statistical account of the receipts and disbursements of public school funds (2314); to protect the school funds (2316); to report to the federal agencies a complete account of all federal funds expended in the operation of the State schools (2305.9-2305.13); and to draw vouchers in July and January of each year to increase county teachers salaries to the State salary schedule (2409).

In addition to the above named departments and officers there are twenty divisions and agents of the Department of Education; however, only three of these divisions have legal accounting functions to perform. The Division of

of Libraries has control of the expenditure of funds appropriated for library books (2272); the Superintendent of the State Training and Agricultural School for Boys is required to keep a set of account books in which the expenditures and revenues are recorded; and the Board of Trustees, Teachers' Retirement System is required to administer the funds in the teacher retirement system (2524.6-2524.8).

Along with the Department of Education we find the Department of Highways and it is clear that both departments have been subjected to too numerous statutory provisions designating their accounting duties.

Department of Highways and Public Works.

The functions of this department are to apply to the best advantage funds available for the maintenance and construction of highways and to furnish to the public a State highway system over which travel can move safely and comfortably. It designates the roads to be included in the State highway system, prepares a general highway plan, investigates and determines the best methods of road construction, and establishes standards for construction, improvement, and maintenance of State highways.⁴

The legal accounting duties of this department include the keeping of records on all State highways (308) and the approving of county projects before county bonds are issued to cover said project (3002).

⁴Ibid., p. 57.

The Department of Highways is under the control of the Commissioner of Highways whose chief duty is to build and maintain roads throughout the State.

Commissioner of Highways. The Commissioner is responsible for the internal control scheme of the Highway Department. He must sign all checks, vouchers or warrants drawn for the payment of any expense pertaining to the Department (3183, 3229).

The Commissioner on or before the fifteenth day of each month, shall report and remit to the State Comptroller all moneys received by him (3184, 3196.2). The same Code sections give the Commissioner the power to use the funds derived from registration or licensing of automobiles for construction and maintenance of highways.

The Highway Commissioner has the authority to require the counties to contribute a fair proportion of the fund necessary to construct highways (3186). There is authority to expend out of the highway funds any amount necessary to carry out the provisions for highways and bridges (3188).

All funds of the Highway Department are to be kept separate and apart from all other funds, and no part shall be diverted to any branch of the State government, and shall be drawn out of the treasury on vouchers signed by the Commissioner (3196). All funds, revenues, taxes and proceeds

of notes and/or bond issues of the Department shall be placed in the custody of the State Treasurer and shall be disbursed by him alone (3196). However, Code section 3184 authorizes the Commissioner to expend automobile licenses funds. Rentals on State property are to be collected by the Commissioner and kept in a separate fund by the Treasurer called "rent account" (3236).

A peculiar procedure is provided for the payment of payrolls not covered in the General Appropriation Bill (3196.3). The Commissioner makes out the payrolls in duplicate showing detail information. The original copy is filed in the Department of Highways and the duplicate is certified to the Comptroller. The Commissioner then makes out a warrant on the Comptroller who countersigns and presents it to the State Treasurer for payment. The Treasurer places the proceeds in a State depository under the title "payroll account." Checks drawn on this account by the Commissioner are to be segregated by months and preserved by the Commissioner for twelve months before deposit in the State archives.

The Commissioner files an estimate when a project is approved and this is notice to the Comptroller and Treasurer to place in a depository fund, an amount not to exceed the estimate, to be drawn on by the Commissioner for the purpose of the estimate (3228).

By January the first of each year the Commissioner

is to make a "full, complete, and detailed annual report to the Governor" (3203).

By the tenth day of each month the Commissioner is required to place, from the general highway fund, to the credit of the Bureau of Aeronautics, a sum equal to seven cents for each gallon of motor fuel sold for aviation purposes (2726.37).

The other major departments of the executive branch, Department of Agriculture, Department of Institutions, Department of Labor, Department of Insurance and Banking, Department of Conservation, Department of Public Health and Department of Public Welfare, were established to perform so called production work; therefore, their legal accounting duties are not very numerous.

Department of Agriculture.

The activities of this department include the rendering of assistance and service to the farmers of the State through the enforcement of laws relating to agriculture and agricultural products. The department furnishes information in connection with the marketing of farm products and promotes and supports fairs and livestock shows...The department establishes and enforces regulations pertaining to the control and eradication of animal and plant diseases; enforces regulatory laws governing the sale of feeds, seeds, foods, drugs, and fertilizers; and inspect dairies and enforce laws concerning their sanitary conditions.⁵

The Department of Agriculture controls five major divisions: Division of Animal Disease Control; Division of

⁵ Ibid., p. 41.

Food, Feeds, Fertilizers and Dairies; Division of Horticulture and Apiaries; Division of Markets; and Division of Plant Disease Control.

To enforce its regulations the Department of Agriculture is authorized to impose an inspection fee. The accounting for the fees thus collected (303, 304, 427, 499.5 and 499.14) and the rendering of quarterly reports to the Governor of the receipt and expenditures of the Department are the only legal accounting duties of the Department.

Commissioner of Agriculture. The provision applicable to the Department of Agriculture are also applicable to the Commissioner of Agriculture (303, 427, 428, and 442.1).

The other divisions of the Department of Agriculture are not required to perform legal accounting duties.

Department of Institutions.

This Department is responsible for the care and custody of the inmates of the various State mental, adult, and juvenile correctional, and charitable institutions. It provides treatment facilities for mental patients and, so far as possible, for the rehabilitation of all of the State's wards. The department also operates a system of State industries in the penal institutions and supervises a program of pardons, paroles and probation.⁶

The Department of Institutions is under the Administrative control of a Commissioner of Institutions.

Commissioner of Institutions. The Commissioner is required to keep a record of all transactions of the De-

⁶Ibid., p. 60.

partment of Institutions (377) and require the general manager of each institution to keep a complete and proper set of books and accounts showing the nature of expenditures and receipts. The vouchers, records and methods of keeping accounts shall be as nearly uniform as possible (394, 4499).

Estimates for supplies are submitted by the general manager of each institution. It is the duty of the Commissioner of Institutions to check, alter, improve and approve the estimates (400). The approved estimates are then submitted by the Commissioner to the General Assembly (406, 499). This provision is unique because as a general rule the Commissioner submits a budget estimate to the Governor who in turn makes the recommendation to the General Assembly.

Department of Labor.

The major functions of this department are the administration of a system of unemployment compensation and the maintenance of a State employment service...The department is also responsible for protecting and safeguarding the interests of labor including the establishment of rules and regulations to promote sanitary and safe working conditions.⁷

The Commissioner of Labor is not required to perform accounting functions; however, indirectly through the Division of Employment Security and the Inspector of Mines the Commissioner supervises some accounting functions.

The Division of Employment Security must administer the funds of both the Unemployment Division of the Department

⁷Ibid., p. 65.

of Labor and the Tennessee State Employment Security (255.71a, 6901.31-6901.37). The fund kept by this division must be kept separate and expended for the benefit of the source of origin. The Inspector of Mines is required to keep expense vouchers for all expenditures made by him during the month (5565, 5566).

Department of Insurance and Banking.

This department supervises and regulates insurance companies, banks, investment companies, building and loan associations, and small loan agencies. Its primary aim is the protection of the public against mismanagement, fraudulent representation, insolvency, sharp practices, and speculation in businesses under its control... Another important function of the department is the collection of fees, taxes, and licenses from the companies supervised and from insurance agents.⁸

The department title of "Insurance and Banking" is misleading in name. In name this department implies that it is a chief fiscal office; however, the Department performs only one legal accounting duty and that duty is in the nature of an audit. The Department head has the authority to examine the books and records of investment companies for the determining of the amount of privilege taxes due to the State (1248.166).

Department of Conservation.

The primary purpose of this department is to administer and co-ordinate the activities of the State concerned with the restoration, development, and conservation of natural

⁸Ibid., p. 63.

resources. It seeks to accomplish by means of research and dissemination of information, educational activities in the schools, demonstration projects, operation of recreational areas, and enforcement of laws, rules, and regulations. The department also is responsible for publicizing Tennessee's recreational industrial,⁹ agricultural, and commercial advantages.

The Department of Conservation is not legally required to perform accounting functions. Closely related to the Department of Conservation are four divisions, the State Forester, State Soil Conservation Committee, Tennessee State Park and Forestry Commission and the Tennessee Stream Pollution Control Board.

The State Forester receives sums derived from the sale of timber and makes expenditures from the fund if said fund is not otherwise obligated (630.16-630.23). The Soil Committee keeps adequate records so that an annual audit of receipts and disbursements can be made (552.37-552.43). The Park Commission and the Pollution Board may receive gifts, bequest and appropriations and must account therefor (5196-5198, 5749.9).

Department of Public Health and Department of Public Welfare. These two departments are treated at the same time because their functions are somewhat similar. Both departments administer the funds appropriated for their respective departments and render reports of the disbursements.

⁹ Ibid., p. 44.

Code sections 255.68b, 4432.36 and 4873.8 are applicable to the Department of Public Health and Code sections 255.62, 255.63, 4765.4, 4765.5, 4765.20, 4765.43 and 4765.61 are applicable to the Department of Public Welfare.

The Governor has on his staff numerous advisory and ex-officio officers who are not responsible to anyone of the ten major departments. The officers perform their required duties and report directly to the Governor. The legal accounting duties performed by these officials are minor and are included for the sole purpose of making this a complete report.

The largest of the ex-officio offices is the Boards of Examiners that have been established to set standards and qualifications to be obtained by the professional workers of the State.

The Boards of Examiners have been compiled into one section because their accounting duties are relatively the same. Each board collects examination fees, pays expenses and makes some distribution of remaining surplus.

The following boards collect fees and make necessary disbursements out of the revenue collected: Board of Accounting (7097.15), Dental Examiners (6969.11), Embalmers (71.51), Examiner for Nurses (7061.4), Law Examiners (7114), Medical Examiners (6938), Optometry (7030), Osteopathy (7005),

Pharmacy (7002.15), and Veterinary Medical Examiners (7080).

The following boards collect fees, deposit them in the State treasury and authorize the State Treasurer to make necessary disbursements: Board of Architecture and Engineer Examiners (7104), Barber Examiners (7136), Chiropractic Examiners (7023), Cosmetology (7139.20), Examiner in the Basic Sciences (6917.5), General Contractors (7182.31), and Registration in Chiropractic (7182.14).

The excess of revenue collected over necessary expenditures is called surplus by the board of examiners. Surplus is a unique creature in the hands of the boards. There are seventeen examining boards and nine different methods of handling surplus. The Boards of Accountancy (7097.15), Architecture and Engineer Examiners (7104), Dental Examiners (6969.11), Examiners in the Basic Sciences (6917.5), Examiner for Nurses (7061.4), Osteopathy (7005) and Chiropractic (7182.14) do not make a disposition of their surplus. If the surplus is in excess of zero for the Board of Embalmers (7151), one thousand dollars for Board of Chiropractic (7023) and two thousand dollars for the Board of Optometry (7030), said surplus is paid into the common school fund. If the surplus is in excess of zero for the Board of Law Examiners (7114), General Contractors (7182.31), and Board of Veterinary Medical Examiners (7080); one thousand dollars for the Board of Barber Examiners (7137);

and has been a surplus for sixty days for the Board of Cosmetology (7139.20) said surplus is paid into the general fund of the State. The Board of Medical Examiners (6938) require their surplus to be paid to the State Comptroller. The Board of Pharmacy (7002.15) is the most unique requiring at least one dollar and fifty cents, for each member to be paid to the Tennessee Pharmacentical Association, one-half of the remaining surplus to be paid to the common school fund and the balance to remain with the Board of Examiners.

The Military Department is responsible for the administration of the State Guard and is required to account for funds as are provided for by the army regulations for the United States Army (845.23). The Adjutant-General is the administrative head of the Military Department and he is required to render reports to both the Governor and to the federal government (845.4). To aid the Military Department in its program of expansion an Armories Commission was created. The Commission has the authority to issue and sell interest-bearing bonds (1012.1-1012.7a) for the purpose of equipping and furnishing armories.

The Bureau of Aeronautics and the Civil Air Patrol are first cousins of the Military Department. The Civil Air Patrol is authorized to receive money and use same for the promotion of aviation in the State (2726.72). The Bureau of Aeronautics performs four accounting functions,

receiving money (2726.46b), making expenditures (2726.28), auditing the books of the agencies that receive its aid (2726.46a) and submitting a proposed budget each biennium (2726.27, 2726.33-2726.35).

The Commission to Purchase Government Property (1032.2), the Department of Veterans' Affairs (1012.15), the State Planning Commission (1552.8, 552.22) and the Tennessee Athletic Commission (5755.22) are authorized to expend funds out of the State treasury.

The Retirement Board (1034.37-1034.63) is charged with the duty of controlling the funds of the State retirement system; the Director of Civil Service (423.24cc) must certify the names listed on the civil service payroll; the Director of State Information (630.26-630.29) has the authority to receive gifts and match sums of money advanced for the purpose of advertising and tourist promotion; the Historical Commission (1024) collects admission fees and sells publications; the Secretary of State (191, 811) examines and adjusts accounts presented to his office for freight, storage, and other necessary charges on books and documents transmitted from other states; and the State Consolidation Committee (136.15-136.22) and the Charitable and Penal Institution Commission (1034.12-1034.17) has authority to issue bonds to carry out the provisions of their office.

The divisions and officials of the Executive Department not heretofore mentioned are omitted, not by

hindsight, but because the Code does not make statutory provisions for their accounting duties.

On equal footing with the Legislative and Executive Departments is the Judicial Department. The Judicial Department is primarily responsible for the settling of disputes between conflicting interest throughout the State.

Judicial Department.

The constitution provides that the judicial powers of the State is to be vested 'in one Supreme Court, and in such Circuit, Chancery and other inferior courts as the Legislature shall from time to time, ordain and establish.' The judicial structure of the State consists of the courts with purely local jurisdiction, such as justice of peace courts, courts of general sessions, and county courts; regional or district courts..., and appellate courts.¹⁰

The duties of the Judicial Department are divided between the Judges, the Clerks, the Attorney General and the District Attorney of the State. The Judges of the respective courts will examine the bonds of their respective clerks, attest and cause the bonds to be recorded in a book of record (1762). The Judge also certifies all claims of payment on cost bills (12217), and if the cost bill is against the state or county the Judge shall examine, inspect and audit the bill (12220).

The Clerks of the Courts are the bookkeepers of their respective courts. The provisions found in this section are applicable to all clerks and clerk and masters of courts of

¹⁰ Ibid., p. 93.

record. For specific duties applicable to the clerk of one particular court, reference should be made thereto.

The clerks are required to keep a cash book (10053) and to enter therein all sums of money received or disbursed by them, showing the date of receipt or disbursement, on what account received or disbursed, and to whom or from whom received or disbursed. Said book is to be indexed direct and reverse, and shall be open at all times for public inspection.

If property is sold by the clerk, under order of his court, a report showing the amount of the sale, principal and interest collected, the aggregate fund on hand, disbursements made, to whom and when, is to be submitted to the court for approval (1597, 1613.6, 10064).

Funds under two hundred and fifty dollars made payable, by the court, to any person under twenty-one years of age, unless the sum is turned over to a guardian, is to be administered by the court clerk. The clerk is to use said fund for the support, maintenance, or education of such minors under the orders of the court (10070). For funds awarded to persons of unsound mind the clerk must keep the fund until it can be paid to a guardian (10071).

On the first day of each term the clerks are to report to their respective courts the amount of money in their respective offices. Cost need not be stated, but state revenue must be included (669).

Each clerk is required to (1739-1743) make a report,

to the judge of the respective counties, giving the name of each person, in alphabetical order, from whom revenue was received. The report will give a complete breakdown of the revenue to show the origin, account, and agency for which collected. The report is to be made quarterly, on the first Monday in January, April, July, and October. The revenue is to be turned over to the County Trustee within twenty days after the report is rendered.

The clerks of the Circuit and Chancery Courts (1785, 10093), immediately after they receive any money due to the State from delinquent collectors of revenue, report the amount, and from whom and when received, and forthwith deposit the money in the treasury of the state (1785, 10093).

Supreme and Appellate Court Clerks that receive cost, applicable to courts below, pay the cost as accrued in the court below, to the clerk of the lower court and take a receipt for the same (9112, 1060-1063, 10102).

The Attorney General is the legal representative of the State and serves in the same capacity as the legal staff of a private corporation. In the construction of highways the Attorney General is given an accounting function by means of internal control. Contracts and agreements with the federal government are to be made by the Highway Commissioner, but said contracts and agreements are to be approved by the Attorney General (3181). Each year there is an annual appropriation for the purchase of new law books.

Directly the Attorney General has no control over this appropriation. Indirectly, however, by the choice of books to be purchased the Attorney General does have control over this appropriation (2272).

The District Attorney is the collecting agent of all State claims not otherwise collectable and he is required to make a report to the Comptroller for all claims placed in his hands for collection (9966).

Separate and apart from the three main departments of the State, and responsible to the voters of the State, is the Railroad and Public Utilities Commission.

Railroad and Public Utilities Commission.

This commission supervises and regulates the service and rates of all railroads and common carriers, all public utilities, and all motor vehicle common carriers operating within the State. It assesses for taxation all of the properties within the State belonging to railroads, public utilities, and commercial bus and truck operators. The commission has jurisdiction over such matters as rate fixing, the relationship of the utilities to consumers, and the issuance of securities by the utilities.¹¹

The Railroad and Public Utilities Commission is authorized and directed to assess for taxation, for state, county and municipal purposes, all property of every description belonging to public utilities, at its actual cash value (1508, 5450) (to ascertain the cash value the following are to be considered, capital stock, corporate

¹¹Ibid., p. 93.

property, franchises, gross receipts, market value of the shares of stock and the bonded indebtedness) (1526); to certify the amount of tax to be collected, from each corporation, by the respective counties (1536); to keep its books, records and accounts so as to afford an intelligent understanding of the conduct of its business, and to require public utilities to do the same (5451); and to file with the Department of Finance and Taxation, by March the first of each year, the total fees collected during the year (5465).

Summary. This chapter was included so that all departments and agencies of the State having legal accounting duties, regardless of how minor, would be given complete and adequate coverage and not distort the duties of the major accounting officials as described in Chapter II. Where possible the agencies were grouped by similar duties. This, however, is an exception rather than a rule. For a complete coverage of each agency the index should be referred to.

CHAPTER IV

PRINCIPAL ACCOUNTING OFFICERS AND DEPARTMENTS OF THE COUNTY LEVEL OF GOVERNMENT

This chapter is the first of three chapters dealing with the legal accounting duties of the county officials. This chapter along with Chapter V covers the accounting duties listed in Williams' Code¹ and Chapter VI covers the accounting duties found in the Private Acts of Tennessee.² Chapter VI was added because it was a more practical method of showing the legal accounting duties derived from the two separate and distinct sources.

The duties found in Chapters IV and V are duties applicable to the department or official of each and every county, whereas, the duties listed in Chapter VI may be applicable to only one county.

When reading about one department or official a clearer understanding will be obtained if the reader will cross-reference Chapter IV and V with Chapter VI to pick up the major differences between the duties of the same official of different counties.

¹Samuel Williams, Code of Tennessee, 1934 (Charlottesville: Michie Company, 1934).

²Private Acts of the State of Tennessee passed by the Sixty-Ninth General Assembly, 1935 through the Seventy-Sixth General Assembly, 1949.

The legislative branch of the county is the County Court. Throughout the statutes we are confronted with provisions that are applicable to the County Court, to the Monthly County Court and to the Quarterly County Court. The three County Courts, though composed of the same members, have different statutory functions to perform; however, the specific statutes do not take these functions into consideration. The Quarterly County Court is the true legislative unit of the county government and the County Court acts as the judicial unit of the County government. If this distinction is kept in mind it will aid the reader in his understanding of the statutory provisions.

County Court. Many of the statutory provisions, that expressly mention the County Court, have reference to the Quarterly County Court, eventhough the latter is not expressly mentioned.

County appropriations are generally made by the Quarterly County Court, but appropriations for forest fire protection (630.25f, 630.25g);³ county fairs (10250); farmers' cooperative demonstrations (10251); public market houses (10256); service offices (veterans affairs) (1012.18); and advertising the advantages of the county (844.1-844.4) are expressly provided for by the County Court.

³All Code section numbers and all reference numbers which are enclosed in parentheses are section numbers of the Code of Tennessee, 1934.

To provide adequate revenue for the appropriations the County Court has three alternatives; issue bonds, levy taxes, or borrow money.

The County Court is authorized to expend bond proceeds to: refund outstanding bond issues (746-751.6); erect memorials to veterans (1012.21-1012.32, 10243); and purchase land for forestry purposes (630.25a-630.25c).

The majority of the county finances are raised through tax levies. A tax may be levied to: purchase and distribute textbooks to the children in grammar and high schools (2471.1); meet interest and principal on bonds given in exchange for railroad bonds (2625); erect or repair any county building (755); pay judgments obtained against the county (1077); and meet the school budget (2411, 2413).

In levying taxes, for general purposes, the County Court is limited to an annual tax not to exceed thirty cents per hundred dollars of taxable property. However, Code section 1045.1 places the levy limit at forty cents. This tax is exclusive of road, school and other special purpose taxes (1045). If the county has more than three hundred thousand persons and is operating under the commission form of government the tax rate is split, one-half going to the County Commission and the other one-half going to the County Court (1045.1). The state tax levies on property and privileges are specified in the General Acts of the State. The state tax levies acts as a gauge of the county levies

because the county cannot levy a tax that is higher than the rate used by the state (1051, 1245, 1248.48, 1248.154). It is also expressly stated that the county cannot levy a tax on investment companies (1248.165) and alcoholic beverages (1191.2).

The borrowing power of the County Court is limited to one thousand dollars per each one thousand population of the county (1080.1). The money borrowed under this provision is restricted to the erection of a county library.

The County Court is given one other accounting function that is performed by the legislative branch of the State government. This function is the appointment of an auditor to audit the books of the officers and employees of the county (833-83, 2297, 4614).

A comparison of the County Court and the Quarterly County Court will show a great duplication of accounting duties. The duplication may be by intent or it may be due to the ignorance of the persons responsible for the various statutory provisions.

County Court, Quarterly. The Quarterly Court is the court that should be in charge of all of the county's finances, eventhough some of the duties are assigned to the County Court.

The financial duties of the county include the levying of taxes, borrowing of money, accounting for receipts and

expenditures, issuing of bonds and the investment of surplus funds.

The Court may levy taxes to meet the school budget (2346); to aid the aged (4765.31); to aid dependent children (4765.50); to aid the blind (4765.72); and to improve the Health Department (5787, 5787.5). The tax levies are to be imposed and made available for collection by the Court at its first term of each year (10212).

If the Court issues bonds, the bonds must meet the following conditions: they cannot be sold for less than par, interest cannot exceed six per cent per annum, maturities must not exceed twenty-five years, the proceeds must be kept separate and apart from other funds and a sinking fund must be created for the purpose of retiring the bonds (2557-2569.4). The same provisions, except maturity date applies to bonds for purchasing school buses (2569.4a, 2569.4b), road bonds (2962-3003), bonds for bridges (3029, 10255), bonds for tuberculosis hospitals (4894-4906), and refunding bonds on maturing railroad bonds (10259).

When available cash does not meet the proposed budget allotments the Court may borrow money. The right to borrow money, however, is limited to short term notes, for the purpose of paying teachers salaries and cannot exceed the balance due on the school budget (2522-2524). In preparation of the school budget the Quarterly Court provides the funds to meet the budget and then requires the County

Board of Education to make a quarterly report of the receipts and expenditures of the school funds (2346).

Something in the nature of a rare occasion is present when a county has surplus cash on hand. If a county is fortunate enough to have surplus cash on hand, there are two statutory provisions that control the surplus. The first provision (1039) permits the Court to place the funds in a bank or banks that makes the highest and best bid to pay interest on the daily balance of the county's funds and the other provision (1080.1) permits the court to invest up to eighty per cent of the idle funds in United States bonds.

The County Court including the Monthly and Quarterly Courts has as its head a County Judge or a County Chairman depending on the local legislation of a particular county. Regardless of his title designation the legal accounting duties remain the same.

Judge or Chairman of the County Court. The Judge or Chairman is the accounting officer of the county and his duties are to (769, 1065, 1070, 12221): control all books and papers pertaining to his office; audit all claims for money against the county; draw all warrants upon the county treasury; audit and settle the accounts of those who collect or expend money of the county; keep a warrant book in detail; keep accounts of receipts and expenditures; and report semiannually on money received and paid out, and prepare a

complete statement of the financial condition of the county once each year.

As an accounting officer the Judge is required to settle accounts kept by various officers of the county. An expressed provision is made for the settling the accounts of the County Ranger (831, 832, 1059), Clerk of the County Court (1059), Trustee (1060), Tax Collector (1060), Board of Education (2347) and the Commissioner of the Poor (4802).

The Judge is also assigned a duty in the internal control scheme of the County. As a control factor the Judge is assigned the duty of examining the list of persons engaged in business and comparing the list with the list of those paying privilege taxes (1125). The examination serves as a check on the Tax Assessor, Tax Collector and persons doing business within the county.

In a private corporation there is an official with the title of "secretary." The counterpart of a "secretary" in the county administration is the County Court Clerk. The Clerk is responsible for the collecting of privilege taxes and is also responsible for the records of the county.

County Court Clerk. The County Court Clerk is required to keep a revenue docket, to make a list of appropriations, to collect taxes and to render reports.

The keeping of the above records are mandatory and leaves the Clerk with little or no authority of his own.

The revenue docket is to show the sources of all of the county revenue and the appropriations book is to set forth the character, description, purpose, date, and amount of every appropriation (1052-1055, 10083). There is no indication that the clerk is to act as a budget officer in the allocation of the appropriations.

The Trustee is charged with the duty of collecting county taxes and as an aid to the Trustee the County Court Clerk is to prepare the tax book (1482). The tax book is to be laid out in districts with appropriate columns for the alphabetical listing of the property. When the tax book is completed the aggregate tax for the whole is submitted to the Superintendent of Taxation (1484). A copy of the assessment is also presented to the Board of Equalizers for their consideration (1424);

One of the chief accounting functions of any office is that of reporting financial data. This function is carried out by the County Court Clerk in his reports to: the Department of Finance and Taxation on the moneys collected under the Motor Vehicle Act (1152.27, 1248.140); the State Board of Equalization on the amount of privilege taxes collected during the preceding month (1468); and the County Judge on the amount of taxes put in the hands of each

collector, the amount of money paid to the Trustee and the amount of receipts and disbursements of the county's money handled by his office (1757).

The County Court has two committees, Finance Committee and Revenue Committee, which perform legal accounting duties.

Finance Committee. The Finance Committee is assigned two functions that are quasi-accounting. The first of these duties is that of signing contracts for the county (1040). Contract signing within itself may have little or no significance; however, if the contract signing is a part of an internal control scheme there is an important accounting function involved. The second duty deals with the deposit of the county's money (1041). The second duty like the first is an accounting function only if the duty is tied-in with a system of control.

Revenue Committee. The Revenue Committee could easily be called the Auditor of Revenue because its functions include the examination of statements made by collectors of county revenue (1651, 1652) (Code section 1750 assigns this duty to the Grand Jury). The examination covers the settlements of the County Judge with all the collecting officers of the county and compares the check and warrants books of the County Judge with the books of the Trustee.

Operating along the same line as the Revenue

Committee is the Auditor of County Records; however, the Auditor is not limited, in his scope of duty, to statements of the revenue collectors of the county.

Auditor of County Records. The Auditor is a person that reviews the accounting functions performed by other county officials to see whether or not they have performed their duties in the prescribed manner and without default. There are two kinds of auditors, independent and internal. The statutes are not clear as to the status of the County Auditor; however, there is evidence that he performs the functions of an internal auditor.

The statutes require the Auditor to make an annual audit of books, accounts, and records of the several counties including the office of the County Court Clerk, County Highway Commission, County Trustee, Justices of Peace, and Courts of Record in the several counties. Said audit is to ascertain errors, irregularities, or defaults; examine cost bills; and check the accounts of the Superintendents of Schools. The Auditors also, ascertain what inheritance, succession, privilege, and ad valorem taxes are delinquent; ascertain unassessed or improperly assessed personalty tax; and collect due and delinquent taxes (1654-1661.2).

There are two other county officials that have major accounting functions to perform. These officials

are the Tax Assessor and the Trustee.

Tax Assessor. The Tax Assessor is responsible for the largest source of revenue within the county. It is his duty to place the valuation on all property within the county and to assess each piece of real and personal property.

More specifically the Tax Assessor is to deduct the one thousand dollars (\$1000) exemption of personal property on all assessment blanks (1338). In the assessment of property it is the duty of the Assessor to examine into and compute the actual cash value for taxation of the property contained in the list of taxable property (1365). The same holds true for books and papers of corporations (1395, 1406, 1412-1416). In the assessing of the property the Assessor is to assess the property of each district and ward separately and enter such assessments in suitable books to be furnished by the County Court (1368). He cannot assess property at less than its cash value, nor can he assess any property by substitution of former assessments (1384). After each piece of property is assessed separately it is then the duty of the Assessor to total the assessments for each lot including the number of acres of land and the value of personal property. The totaled books are then turned over to the County Court Clerk (1373). If there are errors in his books in the valuation or description of

property, where the same occurs in an error in transcribing the books, or other error material to valuation or description, the assessor is to certify the facts to the Trustee or other collectors. The certificate should show corrections sufficient to correct the errors (1390).

In addition to the above duties the Assessor is a member of County Board of Equalization and he is to furnish to that board a complete record of each and every change made in the assessment by the Board showing increases or decreases made in the assessments (1444, 1454).

Closely related to the Tax Assessor is the Trustee. The Trustee is the collector of the county property taxes and acts as treasurer of the county.

Trustee. The Trustee acting as the treasurer of a county has functions to perform that are unrelated to the functions of the State Treasurer. The State Treasurer is responsible for the safeguard and disbursement of state funds after the funds have been collected. The Trustee performs these functions for the county and also collects all state and county taxes on property and polls; keeps a fair and regular account of all the money he receives; receives vouchers in the nature of warrants; keeps a warrant book; pays warrants when there are unencumbered funds in the treasury; keeps a fair and regular account of payments; and presents accounts yearly for inspection (775, 1545-1563).

The Trustee is required to make two reports, one is to be made monthly to the County Judge (1044, 1614) and the other one is to be made on the first Monday in September to the citizens of the county (1615, 1619). The first report is a statement of funds on deposits. The latter report is a full and complete statement of the condition of the office of the Trustee and sets out the aggregate amount of taxes collected, amount disbursed and the amount on hand.

The fund accounting theory is carried to its fullest extent in the office of the Trustee. Fund accounting requires a separate and distinct accounting entity for each of the several units, divisions and functions of a government. The Trustee is required to keep the following funds separate and apart: the public school funds to the extent that elementary and high school funds are kept separate (2348); library tax funds (2294); old age assistance funds (4765.31); dependent children funds (4765.51); and aid to the blind fund (4765.72).

Two other groups, Board of Equalizers and Collectors of Taxes are considered as accounting officers of the county.

The Board of Equalizers (1426-1434) is an arbitrator between the Tax Assessor and the assessed public and its chief duty is to increase or lower the assessed valuation of property to conform to the actual cash value of the property.

The Collectors of Taxes perform two functions, collecting revenue and assessing taxes (1477). As a Collector of Taxes he receives his authority by implication when he is appointed as a deputy collector. He becomes a tax assessor when he finds property within the county that has not been assessed.

The departments and officials mentioned in this chapter have been those which are most instrumental in the accounting functions of the county. The following chapter will cover the departments and officials that have incidental accounting duties.

CHAPTER V

SECONDARY ACCOUNTING OFFICER AND DEPARTMENTS OF THE COUNTY LEVEL OF GOVERNMENT

This chapter is a continuation of Chapter IV with emphasis being placed on officers and departments having accounting functions that are secondary to their principal duties.

Expenditures for schools and roads are the two largest items on the budget of the county. As an aid to county administration there was created a Board of Education and a Road Commissioner. The large volume of business carried on by these two agencies has caused special duties to be assigned to them. In many counties it is now permissible for these agencies to make their own purchases and draw warrants on the Trustee to cover the purchase prices.

Board of Education. The Board of Education is the chief division in the county school system; thus, the Board is responsible for the education of the children of the county and in carrying out this task incurs transactions that are involved with accounting duties.

The accounting duties of the Board of Education (2325)¹ include the: purchasing of all supplies, furniture,

¹Samuel Williams, Code of Tennessee, 1934 (Charlottesville: Michie Company, 1934). (All Code section numbers and all reference numbers which are enclosed in parentheses are section numbers of the Code of Tennessee).

fixtures and materials for the schools (Code section 2327a assigns this duty to the County Purchasing Agent); drawing of warrants on the County Trustee on the accounts of the elementary and high school funds respectively; and requiring the County Superintendent to prepare a budget for the schools.

The tax structure of this State permits a tax rate for each the elementary and high schools and the fund theory is carried to the extent that each of the school funds must be kept as a separate entity. The tax structure was established to provide revenue for the elementary and high schools, but no provisions were made to defray the operating expenses of the junior high school. Code section 2393.5 was passed to permit the Board of Education to defray the junior high school expenditures by a pro rata charge to each of the elementary and high school funds.

The Board of Education selects its own chairman who serves a part in the internal control of the school expenditures. All expenditures that are to be made out of the school funds must be paid by a warrant countersigned by the chairman of the Board of Education (2327).

The chief accounting officer of the Board of Education is the Superintendent of Schools. The Superintendent (2324) is the schools' bookkeeper, its paymaster, its report

maker and its budget officer. As a bookkeeper he must keep the receipts and disbursements as separate funds; as a paymaster he issues all warrants for expenditures out of public school funds; as a reporter he makes a quarterly report, to the County Court, that covers all receipts and expenditures of the public school funds; and as a budget officer he prepares the annual budget for the schools within the county.

Road constructions and maintenances of the county are performed by the Road Commissioner who performs his accounting duties in a manner similar to that of the Board of Education.

Road Commissioner. County road maintenance involves the expenditure of a large proportion of the county's revenue. The Road Commissioner negotiates contracts for highway purposes (2782, 2789) and then signs the warrants that authorize their payments (3208.6). The expenditures made by the Commissioner must not be in excess of the road fund due for the year and on the twenty-fifth day of December of each year a full report of the expenditures is to be made to the County Judge (2786, 3000, 3001).

There are eleven other officials of the county that perform one or two legal accounting functions. The functions most prevalent includes the keeping of accounts, certifying records, disbursing of funds and the reporting of transactions.

The Athletic Commission (5755.2) is to collect, receive and disburse funds; the County Hospital is under the supervision of a Board of Managers (4840, 4841) who certifies all bills of accounts to the County Court and makes the budget estimate for the ensuing year; the Commissioner of the Poor (4803, 4813) keeps a book of accounts and makes an annual report of expenditures to the County Court; the County Consolidation Committee (136.6-136.23) see that all records are turned over and that provisions are made for the absorption of the indebtedness when there is a consolidation of two or more counties; the Grand Jury (1750, 11584) acts as an auditor of revenue reports submitted by the clerks of the County Court and the Justice of Peace and also inquires into the condition of the County treasury (this seems to be a duplication of the duty assigned to the Revenue Committee by Code section 1651).

The Justice of Peace (1739-1745 is required to render a revenue report if he has made a collection during the preceding quarter and if by chance he is the County Trustee, he cannot vote on any question that may come before the County Court touching the money in his hands as treasurer; the Juvenile Court (10303, 10304) certifies the cost bills of the Juvenile Courts; the Library Board (2292) disburses all funds used for library purposes; the Ranger (830, 831, 1074-1076, 5008) keeps a "strays" book and accounts to the

County Judge for any money that he may collect; the Register (1839.3, 1839.4) keeps a book of the official bond of the county officers; the Sheriff (1056, 10106) pays funds, collected by his office, into the hands of the County Court Clerk; and the Trustees of the County Reformatory Institution (4594, 4595, 4641-4644) are required to keep two sets of records, one that shows the receipts and expenditures for the Institution and one that shows the transactions related to each inmate.

Summary. This chapter like Chapter III was included so that all officials of the county, that have been assigned legal accounting duties, regardless of how minor, would receive the recognition required by the appropriate statutes. The accounting duties pertaining to the officers in this chapter could be summed up as collecting, disbursing, certifying and reporting all funds that pass through their office.

CHAPTER VI

ACCOUNTING DUTIES OF COUNTY OFFICERS AND DEPARTMENTS LISTED IN THE 1935 - 1949 PRIVATE ACTS

This is the last chapter of the series of three chapters devoted to the legal accounting duties of the county officials. The two preceding chapters covered the accounting duties found in the Code of Tennessee leaving the accounting duties found in the Private Acts¹ to be covered by this chapter.

The Private Acts are those acts passed by the General Assembly that are applicable to one unit. The one unit may be one individual, a group of individuals acting as one body, a special district, a city, or a county. The general consensus of opinion is that the Public Acts form the broad foundation of powers and that the Private Acts elaborate on the minute details. This chapter brings out the detailed accounting requirements of various officers and departments of the County level of government. It should be noted that a large proportion, and in some cases all, of the accounting duties found in the Private Acts are identical with those duties provided for in the Public Acts.

¹Private Acts of the State of Tennessee passed by the Sixty-Ninth General Assembly, 1935 through the Seventy-Sixth General Assembly, 1949.

As far as possible the outline of this chapter follows the outline of the officials found in Chapters IV and V. However, in some cases due to the intervention or omission of an official the outline is not followed.

For a more comprehensible study of the county officials this chapter should be cross-referenced with Chapters IV and V.

The Private Acts make provisions for two governing bodies, either of which may be in control of the county financial affairs. The governing bodies are the County Court and the County Commissioners.

County Court. The County Court is charged with the following duties: prepare and maintain a separate budget for the transportation of high school and elementary school pupils (Carter, Chapter 606, 1939);² payment of interest on all warrants from the date registered with the Trustee (Coffee, Chapter 360, 1943); payment of interest on school warrants from the date registered with the Trustee (Anderson, Chapter 324, 1941; Meigs, Chapter 54, 1941; Rhea, Chapter 8, 1941; Roane, Chapter 323, 1941; Rutherford, Chapter 4, 1947; Unicoi, Chapter 513, 1941, Chapter 123, 1947; and Warren Chapter 117, 1943); and issue warrants for expenditures

²Ibid., 1939 (All chapters and their respective dates are chapter numbers of the Private Acts of the State of Tennessee).

if there are sufficient funds in the treasury to meet the expenditure (Warren, Chapter 447, 1941).

Make appropriations for: any and all charitable purposes (Cumberland, Chapter 427, 1943); flood control (Hamilton, Chapter 880, 1937); advertising the advantages of the county (Shelby, Chapter 6, 1943); payment to innocent purchasers of unpaid warrants (Trousedale, Chapter 442, 1937); and building a courthouse of jail (Grainger, Chapter 432, 1947).

Bledsoe (Chapter 36, 1943), Cannon (Chapter 361, 1943) and Jackson (Chapter 153, 1939) Counties authorize the County Court to transfer surplus remaining from bond proceeds to any other fund of the county. Robertson County (Chapter 89, 1943) requires the surplus to be transferred to the general fund. Gibson County (Chapter 346, 1945) permits the County Court to transfer any fund except highway, educational, social security and trust funds to the highway or road fund. Rhea County (Chapter 632, 1949) authorizes the payment of the overage sale tax into the general public school fund.

Several accounting duties were found applicable to only one county. Crockett County (Chapter 145, 1943) permitted the investment of sinking funds in United States bonds if the bonds were redeemable with twelve months at not less than face value. Cumberland County (Chapter 329, 1941) may borrow money to pay off outstanding warrants, if there has

been an appropriation and a tax levy made for the current fiscal year. Lincoln County (Chapter 240, 1939) provides for the establishment of a "savings fund" where the capital will be maintained but permits the expending of interest accurals as if it were any other surplus. McMinn County (Chapter 529, 1949) authorizes the County Court to audit the books of the Superintendent of Schools. Robertson County (Chapter 64, 1943) authorizes the County Court to audit all offices and officers of the county and to check or verify the handling of all county revenue. Scott County (Chapter 17, 1939) prohibits the Court from issuing bonds except by the vote of the people. Shelby County (Chapter 496, 1937) requires the court to turn over the custody of county funds on a bid basis if interest is paid on the monthly balance. Sullivan County (Chapter 20, 1935 S. S.) authorizes the County Court to create a fund by a yearly tax levy for self insurance.

An alternate form of county government is provided for by the County Commission. The County Commission form of government is administered by a group of five or more Commissioners that are elected to replace the Justice of Peace in the County Court form of government.

County Commission. The legal accounting duties of the County Court and the County Commission are relatively

the same and are in many cases interchangeable.

Crockett (Chapter 130, 1937; Chapter 245, 1939), Polk (Chapter 381, 1935, Chapter 79, 1949) and Washington (Chapter 42, 1935) Counties list the accounting duties of the County Commissioner as those duties prescribed by the general laws of the State and such other duties as may be prescribed by the Quarterly County Court.

Crockett (Chapter 130, 1937) and Warren (Chapter 491, 1949) Counties charge the Commissioner with the responsibility of drawing county warrants. In Polk (Chapter 747, 1949) and Warren (Chapter 491, 1949) Counties the responsibility of countersigning county warrants is delegated to the secretary of the Commission rather than to the Chairman. Warren County (Chapter 492, 1949) says the County Commissioner is responsible for: custody of all county property, except property belonging to the school system; purchases of all county materials including school supplies; budgetary control of the county (controls but does not make the school budget and keeps the road budget separate from the general budget); audit of county records; administer of the county debt; and issues of county bonds or other obligations.

The administrative head of the County Court and of the County Commission is called County Judge and County Chairman respectively. The legal accounting duties

applicable to one are also applicable to the other.

County Judge. There are two general classifications of the duties delegated to the County Judge. One, the same duties that are conferred by existing laws of this State and two, the same duties as were heretofore given to the County Commissioner. Blount (Chapter 523, 1949), Carroll (Chapter 589, 1947), Cheatham (Chapter 236, 1939), Claiborne (Chapter 299, 1939), Houston (Chapter 220, 1939), Monroe (Chapter 249, 1935; Chapter 147, 1939), Sullivan (Chapter 385, 1947) and Wayne (Chapter 335, 1935) Counties fall under the former classification. Blount (Chapter 523, 1949), Carter (Chapter 146, 1941), Cheatham (Chapter 236, 1939), Cumberland (Chapter 214, 1935), Hancock (Chapter 148, 1941), Hardeman (Chapter 239, 1937), Houston (Chapter 220, 1939), Macon (Chapter 100, 1937), McNair (Chapter 243, 1937), Monroe (Chapter 249, 1935; Chapter 147, 1939), Sevier (Chapter 850, 1949) and Wayne (Chapter 335, 1935) Counties fall under the latter classification.

The County Judge is to: audit the records of all county officials in Cheatham (Chapter 236, 1939), Houston (Chapter 220, 1939), Macon (Chapter 100, 1937), Monroe (Chapter 143, 1939) and Sevier (Chapter 850, 1949) Counties; audit claims against the county in the above named counties with the exception of Monroe County; keep the books of the

fiscal affairs in Cheatham (Chapter 236, 1939), Houston (Chapter 220, 1939), Macon (Chapter 100, 1937), Madison (Chapter 14, 1937), McNair (Chapter 243, 1937), Putman (Chapter 458, 1949) and Sevier (Chapter 850, 1949) Counties; exercise custody over county property in Cheatham (Chapter 236, 1939), Houston (Chapter 220, 1939), Macon (Chapter 100, 1937), Maury (Chapter 447, 1949) and Sevier (Chapter 850, 1949) Counties; draw warrants in Hancock (Chapter 148, 1941), Macon (Chapter 100, 1937) and Sevier (Chapter 850, 1949) Counties; keep a warrant book in Houston (Chapter 220, 1939) and Sevier (Chapter 850, 1949) Counties; keep a warrant book in detail on road funds in Stewart County (Chapter 548, 1935); and countersign warrants for claims against the county in Houston (Chapter 220, 1939), Madison (Chapter 14, 1937), Obion (Chapter 235, 1945), Rutherford (Chapter 460, 1943) and Sevier (Chapter 850, 1949) Counties. The Judge is not authorized to sign warrants in Henderson County (Chapter 642, 1947).

The County Judge is the: accounting officer in Cheatham (Chapter 236, 1939), Houston (Chapter 220, 1939), Macon (Chapter 100, 1937), Marshall (Chapter 127, 1945), and Sevier (Chapter 850, 1949) Counties; director of the budget in Obion (Chapter 235, 1945) and Rutherford (Chapter 460, 1943) Counties; and purchasing agent in Decatur

(Chapter 589, 1945), Hardeman (Chapter 239, 1937), Maury (Chapter 447, 1949), Obion (Chapter 234, 1945) and Putman (Chapter 458, 1949) Counties.

In several of the before mentioned counties the Judge was made the county auditor, purchasing agent, accounting officer, and budget officer. For specific duties applicable to each of the above named positions reference should be made to the following portion of this chapter.

Seven counties have created a Commissioner of Finance and have placed with him the responsibility of handling the financial affairs of the county.

Commissioner of Finance. In the counties where the Commissioner of Finance has been created he has been assigned the duties of the accounting, auditing and budgeting officer. The Commissioner is responsible for the: financial affairs of the county; installation and centralization of a system of double entry accounting for county funds; auditing and checking of all books of the county agencies; submitting of a budget to the County Court; and submitting of monthly or quarterly reports to the County Court. The above listed duties are applicable in Hamblen (Chapter 156, 1943), Knox (Chapter 183, 1937), McMinn (Chapter 346, 1947), Meigs (Chapter 403, 1949), Polk (Chapter 367, 1947), Rhea (Chapter 317, 1949) and Unicoi (Chapter 2, 1937 S. S.) Counties.

Modern legislation has placed emphasis on the four officials that are the backbone of an accounting system. These officials are the Director of Accounts, the Audit Commission, the Budget Commission and the Purchasing Agent. If the county has not made provisions for one or all of these special divisions the functions are still carried on by the County Judge under the supervision of the County Court.

Director of Accounts. Provisions have been made in four counties, Marshall, Robertson, Washington and Wayne, for the establishment of an accounting officer or for the establishment of a system of uniform accounts.

Marshall County (Chapter 127, 1945) requires an accounting system that will reflect the assets, liabilities, income and expenditures of each fund of the county. The records are to be kept in such a manner that the expenditures and encumbrances can be matched against both the appropriations and the budget. The Director of Accounts is to verify all bills of claims, prepare disbursement warrants excluding the Board of Education and prepare reports of financial conditions and budget transactions. The County Highway Department is not to be controlled by the central accounting system.

The accounting system of Robertson County (Chapter 65, 1943) is under the supervision of the County Judge. The

Judge is responsible for such records and procedures as are required to reflect the assets, liabilities, income and expenditures of each fund of the County and to reflect the operating condition of each fund. The Director is required to account for the County Highway Department. The system shall control the budget, expenditures and encumbrances. The Director is required to post and otherwise keep records, verify all bills, check disbursements, prepare disbursement warrants (except warrants of the Board of Education), prepare a monthly report to show the financial condition, operations and budget transactions of the County and of each fund, department, institution and agency thereof.

The accounting officer of Washington County (Chapter 459, 1939) is required to: keep all accounts and records in the same manner and by the same system as now used in the County Court; make quarterly reports of the financial condition of the County; and have full and exclusive power to purchase all supplies, materials, equipment, etc., for the various departments of the county with the exception of the purchases of the County Board of Education.

The chief accounting officer of Wayne County (Chapter 32, 1941) is called the Commissioner of Highways and Accounts. He has charge of expenditures of all funds for highway and bridge purposes. Said expenditures are to be paid for by warrants issued by the Commissioner and are to be paid by the

Trustee out of the general road fund. The Commissioner may make necessary purchases for maintenance of the roads. If the expenditure is in excess of \$500.00 approval from the County Court is necessary. The Commissioner also has charge of all county buildings, and grounds and is charged with the purchasing of all materials, supplies and equipment for their use. He is charged with the supervision of contracts; the collection of delinquent revenue, debts, accounts misappropriations and other items due to the county except county, state and municipal taxes, current and delinquent; and the checking and auditing of all officers, officials, employees and departments of the county (the audit shall be made at least two times each year). He is to check the books, papers, warrant books, stubs and other records of the County Judge, to ascertain the number of outstanding warrants, to whom and for what purpose given, the county's indebtedness, revenue, income, expenditures, and other matters necessary to determine the true financial condition of the county. He is required to report the revenue received by the Treasurer giving source and amount still delinquent. Before the County Judge is permitted to issue a warrant, upon any account, the Commissioner must first give his approval stating that there are sufficient funds available for the expenditure.

Audit Commission. Contrary to the modern belief,

Legislators are working under an assumption that auditing is a device for the prevention or catching of all possible frauds. The County Court has generally been considered the proper body to perform the periodic audits. There is evidence that auditing is taking a broader meaning and the responsibility for auditing functions is being transferred to other county officials.

The auditor of Rhea County (Chapter 127, 1943) is the Director of the Budget and he is to: examine the accounts of all county departments to ascertain whether or not they are exceeding the budget; regulate expenditures within the budget and place restrictions upon the payment of warrants to carry out these duties; examine the records and accounts of officials charged with the duty of collecting county revenue; and file with the County Court on or before March the first of each year a report setting forth the status of the various departments.

The audit of Van Buren County (Chapter 386, 1949) is performed by an Audit Commission who is required to: plan, supervise, and direct the monthly audit of the books, papers and records kept by all of the county officials; recommend, prescribe and install more modern, systematic and efficient methods of bookkeeping, accounting and financial reporting for the various officials; and audit all reports, of expenditures and revenues of the various officials before the

reports are submitted to the County Court.

Sumner County (Chapter 143, 1949) requires the Audit Commission to inspect the reports, of all officials, made to the County Judge and make a quarterly examination of the reports of all officials handling county funds.

The Auditor of Knox County (Chapter 529, 1945) is to audit all the departments, agencies, offices and boards that spend funds or money of the county.

In McMinn County (Chapter 346, 1947) the audit is to be conducted on an annual, quarterly, or continuous basis. The Quarterly Court is also authorized to employ a Certified Public Accountant to audit the books of the Superintendent of Schools (Chapter 529, 1949).

Rutherford County (Chapter 278, 1943) requires the Audit Commission to audit the records of all county officials and to submit a written report of their findings to the County Court.

In Sequatchie County (Chapter 490, 1939) the Audit Commission may employ state or other certified bonded auditors, to audit all county officials books and office records, including county road and county school departments. The Commission is also assigned the duty of collecting the delinquent taxes due to the county.

Budget Commission. The accounting duties of the Budget Commission vary through the counties. The most

uniform duties are listed first with the exceptions or individual cases following. It should be remembered that the dates may vary with the individual county, but the duties are otherwise similar.

The Budget Commission is required to: collect, before the first day of May, a proposed budget from the agents and agencies of the county; revise the budget prior to the first day of July and submit it to the County Court at the July session; recommend the tax rate; give a statement of outstanding warrants and matured bonds; and check on the various departments to ascertain whether or not they are staying within their budget. The above provisions with noted exceptions are applicable to the following twenty-two counties; Benton County (Chapter 541, 1939) requires a statement of contemplated revenues and disbursements, Bradley (Chapter 140, 1935 S. S.), Chester (Chapter 358, 1939; Chapter 24, 1941), Clay (Chapter 406, 1937; repealed, Chapter 573, 1937), Crockett (Chapter 54, 1937; repealed, Chapter 804, 1937), Decatur (Chapter 584, 1935; Chapter 585, 1945), Dyer (Chapter 272, 1941), Gibson (Chapter 517, 1935) requires highway funds to be given in the aggregate rather than by projects, capital outlays and debt retirement, Grundy (Chapter 483, 1935), Hardeman (Chapter 68, 1937) requires a statement of contemplated revenues

and disbursements, Henderson (Chapter 797, 1935), Henry (Chapter 431, 1939), Jackson (Chapter 377, 1941), Lawrence (Chapter 414, 1939), Lincoln (Chapter 320, 1937), Maury (Chapter 91, 1937; repealed; Chapter 545, 1945), McNair (Chapter 864, 1937) requires a statement of contemplated revenues and disbursements, Morgan (Chapter 481, 1941) requires the provision for delinquent taxes not to exceed the per centage that remained uncollected during the preceding fiscal year and estimates of revenue cannot exceed the amount of revenue collected from the same source in the previous years (there is not an explanation to cover possible increases in budget), Overton (Chapter 375, 1941), Rutherford (Chapter 460, 1943), Scott (Chapter 515, 1937) exempt the school budget which is prepared by the Superintendent of Schools and Unicoi (Chapter 565, 1937) Counties.

The Budget Committee of Robertson County (Chapter 66, 1943) collects, on or before the first day of April, budgets from the various county departments; prepares a budget forty-five days before the beginning of the fiscal year; publishes the budget and tax rate in a local newspaper by the twenty-fifth day of May; and submits the budget to the County Court for approval. The budget should show opposite each item of estimated revenue the amount actually collected for the last complete fiscal year and the amount estimated for the current year, and opposite each appropriation the amount expended

for the last complete fiscal year and the amount to be expended for the current fiscal year.

The Counties of Dickson (Chapter 737, 1937), Grainger (Chapter 502, 1939), Jefferson (Chapter 38, 1937 S. S.), Obion (Chapter 528, 1937), and Polk (Chapter 102, 1939) make provisions whereby the Board of Education and the Highway Commission may expend funds received from the State eventhough the amount was not included in the budget. They also give the County Court the power to amend the budget in its relation to expenditures if the revision does not call for an expenditure in excess of the total revenue for any one year.

The accounting duties of the below mentioned counties are not listed in great detail: Hickman County (Chapter 88, 1947) does not include the Department of Highways and the related road tax in the budget of the county; Macon County (Chapter 99, 1937) designates the County Judge as a budget director who is to prepare and submit to the County Court a budget of the necessary and payable expenditures, in itemized form, for the ensuing year; Madison County (Chapter 14, 1937) requires the Budget Commission to control all expenditures and disbursements for all funds of the county; Marshall County (Chapter 121, 1945) requires the Commission to prepare an annual budget of proposed expenditures, estimated receipts, amounts collected and the amounts expended for the last fiscal

year (the budget is then submitted to the Quarterly County Court for approval); McMinn County (Chapter 45, 1945) combines the duties of a purchasing agent and a budget director into one office (the head of the combined office is charged with the duties of purchasing supplies, equipment and materials for the county. He is also charged with the duty of rendering a monthly budget and purchase report); Obion County (Chapter 235, 1945) requires the Commission to supervise disbursements of all kinds, countersign warrants, record expenditures by departments or funds and keep a running balance of unexpended funds; Rhea (Chapter 317, 1949) and Meigs (Chapter 403, 1949) Counties require the Commission to make a full investigation of the county affairs and then adopt a proposed budget that sets out in detail the estimated revenue for each department by month, tax levy for each department, unencumbered funds less reserves for erroneous assessments and delinquent taxes, and to be on a cash basis; and Roane County (Chapter 97, 1941) has a Budget Commission that is charged with the duties that may be assigned to it by the County Court.

Purchasing Agent. The Purchasing Agent is sometimes called the Director of Finance, or Accounting and Purchasing Agent. The Purchasing Agent is generally assigned the following general duties: negotiate for the purchases of

supplies, materials and equipment for the county; submit purchase orders on the requisition of the various departments; prepare vouchers; check invoices; and draw warrants on the County Trustee for the payment of the goods purchased. There are exceptions to the above duties as will be noted in the paragraphs below.

In Bedford (Chapter 357, 1945), Giles (Chapter 89, 1949), Macon (Chapter 161, 1937), Monroe (Chapter 451, 1945), Morgan (Chapter 567, 1937), Putman (Chapter 458, 1949) and Washington (Chapter 459, 1939) Counties the Board of Education is not under the control of the Purchasing Agent. The Highway Department of Bedford (Chapter 697, 1947), Crockett (Chapter 806, 1937), Macon (Chapter 161, 1937) and Monroe (Chapter 451, 1945) Counties is not under the control of the Purchasing Agent. In Knox (Chapter 183, 1937), Meigs (Chapter 403, 1949), Polk (Chapter 367, 1947), Rhea (Chapter 317, 1949) and Unicoi (Chapter 2, 1939 S. S.) Counties the expenditures made for the boarding of prisoners are not under the control of the Purchasing Agent.

The Purchasing Agent is required to prepare triplicate copies of purchase orders, sending the original and first copy of the order to the vendor and the second copy to the county official charged with the appropriation account. This provision is applicable in De Kalb (Chapter 156, 1943); Dyer (Chapter 273, 1941), Hardeman (Chapter 239, 1937) and

McNairy (Chapter 865, 1937) Counties.

The Purchasing Agent is to: permit the department head to give the qualifications of the needs or types of materials to be purchased (Tipton, Chapter 799, 1949); permit the department head to designate the fund from which the purchase is to be made (Monroe, Chapter 451, 1945); furnish to the Director of the Budget a list of all purchases made showing for what office, description of purchase, from whom purchased and total price paid (Madison, Chapter 102, 1947); make a quarterly report to the County Court on purchases made (Monroe, Chapter 451, 1945); make a semi-annual report to the County Court on purchases made (Smith, Chapter 88, 1943); countersign all warrants for materials purchased (Sullivan, Chapter 261, 1947); countersign school warrants (Henderson, Chapter 642, 1947) and (Rhea, Chapter 630, 1949); and sign all warrants for both the materials purchased and the salaries of the county employees (Henderson, Chapter 642, 1947).

One other commission has been created in Hamblen and Sullivan Counties to perform a quasi-accounting function. This commission is the Sinking Fund Commission. The Sinking Fund Commission performs accounting duties that are comparable to the accounting duties performed by the State Funding and Sinking Fund Board.

Sinking Fund Commission. Sinking Fund Commissions are authorized in two counties. In Hamblen County (Chapter 223, 1937) the Commission was created, but no accounting duties were listed. The delegation of duties was left to the County Court. In Sullivan County (Chapter 555, 1935) the Commission was assigned numerous accounting duties. The Sinking Fund Commission shall deposit, invest and safeguard funds coming into their hands. The Commission is to invest the funds in bonds of the United States, of the State of Tennessee, of the County of Sullivan, or other states, municipalities, or Counties of Tennessee, on the best obtainable terms. The funds cannot be invested in bonds of private corporations, notes, debentures nor real estate mortgages. The fund may purchase the bonds of Sullivan County at any time there is an advantage for the county. The Commission is to pay, ten days before maturity date, to the County Trustee an amount sufficient to retire the maturing bonds. The Commission is to report quarterly on the condition of the sinking fund.

The Sinking Fund Commission performs functions comparable with the functions of a sinking fund trustee, of a private corporation, that is appointed to accumulate funds for the retirement of a bond issue. There are two major distinctions between the two agents, the Sinking Fund Commission accumulates the funds and pays them over to the

County Trustee for payment, the sinking fund trustee of a private corporation generally accumulates the funds and then retires the bond issue out of the accumulated funds. The second distinction covers the permissible investments of the sinking funds with a greater discretion going to the sinking fund trustee.

The Tax Assessor and the Trustee of the county are similar to an installment salesman and an installment collector of a private corporation. The Tax Assessor finds the property, places the value thereon and then causes an assessment to be made thereby closing the installment sale. Next moves in the Trustee who makes provisions for the collection of the taxes in advance, on time or in full, thus completing the installment collection.

Since 1935 seventeen counties have made modifications to the statutory duties of the Tax Assessor and eight counties have made modifications of the duties of the Trustee.

Tax Assessor. The Assessor is required to assess all of the assessable property in the county at its cash market value and to make a record thereof. The Assessor is required to report quarterly to the County Court the total assessed value of taxable property in the county and recommend the necessary changes in valuation (Carroll, Chapter 178, 1945). He is to keep the tax books, visit and assess each piece of property and perform such other duties as are required by the

General Assembly of Tennessee (Campbell, Chapter 444, 1943, Coffee, Chapter 819, 1947, Morgan, Chapter 519, 1939 and Wilson, Chapter 182, 1939).

He is required to file a monthly report with the County Judge showing the fees collected during the month (Hickman, Chapter 200, 1945, Rhea, Chapter 896, 1949).

The Tax Assessor is charged with the duty of making the necessary notations of changes in property ownership. Obion County (Chapter 304, 1949) requires the Assessor to examine the records in the Register's office to make notation of the property transfers. Anderson (Chapter 394, 1947), Bedford (Chapter 576, 1947), Bradley (Chapter 702, 1947), Giles (Chapter 78, 1949), Madison (Chapter 110, 1947), Maury (Chapter 449, 1949), Rhea (Chapter 896, 1949) and Robertson (Chapter 321, 1949) Counties require the Assessor to stamp deeds of transfer and to make necessary corrections in his tax books so that the tax books will at all times show the names of the true owners of the property.

Henry (Chapter 729, 1947) and Moore (Chapter 146, 1939) Counties provide for the election of a Tax Assessor but fail to describe his duties.

Trustee. The Trustee is to follow the school budgets in cashing school warrants as it is the duty of the school board to follow the budget in issuing the warrants. Within ten days after the close of each month the Trustee is required

to report, to the School Board and County Judge, the amount of all tax collections due teachers on salaries and the amount of school warrants cashed during the month (Carter, Chapter 259, 1941).

The Trustee is authorized to return excess fees to the County Treasurer. The excess fees are to become a part of the general fund and may be used by the Trustee to install a more modern, efficient, and complete system of records in his office (Carter, Chapter 520, 1937). He may apply funds, collected by a tax levy for the purpose of building a school, to the payment of the obligation arising in connection with the school (Hardeman, Chapter 644, 1947). He is required to register warrants drawn on the county (Carter, Chapter 712, 1935) and has power to endorse warrants, of the County Board of Education, when there is insufficient funds for payment (Rutherford, Chapter 820, 1935).

The fund control of road funds is the most controversial of the acts pertaining to the Trustee. Carter County (Chapter 505, 1937) requires all revenue for public roads, regardless of source, to be kept in a "road fund" and triplicate receipts issued therefor. The County Judge, County Commissioner of Highways and the taxpayer being entitled to the receipts. Blount (Chapter 300, 1947), Campbell (Chapter 383, 1943) and Cheatham (Chapter 442, 1939) Counties require all road funds to be kept in one general

road fund account. Moore County (Chapter 6, 1935) requires a separation of road funds down to and including each separate road district of the county. Wayne County (Chapter 333, 1935) merely states that the road funds are to be kept in separate funds.

In this chapter we have already reviewed the Private Acts that pertain to the County Court, County Judge, five financial and accounting committees, Tax Assessor and County Trustee. We are now going to cover the Private Acts that pertain to the School and Road Commissions.

The Private Acts applicable to the regulation of school officials fall under three groups, those for the Board of Education, those for the School Commissioner and those for the Superintendent of Schools.

Board of Education. A majority of the Private Acts passed in relation to the Board of Education are general in nature. The most common designation of duties is entitled, "the same duties as are now required by the general school laws of the state." The following twenty counties specified the above designated duty: Campbell (Chapter 228, 1949), Chester (Chapter 716, 1949), Clay (Chapter 259, 1935), Coffee (Chapter 563, 1935), De Kalb (Chapter 616, 1937), Giles (Chapter 545, 1935), Grainger (Chapter 53, 1935), Hamblen (Chapter 584, 1937) (Chapter 676, 1949), Hancock (Chapter 617, 1935) (Chapter 305, 1941), Humphreys (Chapter 117, 1935),

Lawrence (Chapter 38, 1943), Marion (Chapter 365, 1949), Monroe (Chapter 437, 1935), Pickett (Chapter 318, 1941), Sequatchie (Chapter 748, 1947), Summer (Chapter 663, 1937), Tipton (Chapter 378, 1947), Trousdale (Chapter 227, 1943) (Chapter 461, 1945), Washington (Chapter 413, 1939) and White (Chapter 873, 1937) (Chapter 281, 1941).

Stewart County (Chapter 458, 1935) is more general in the designation of duties than the above listed counties. Stewart described the accounting duties of the Board of Education to be the same as the duties of Boards of Education of other counties.

The following seven Boards of Education are charged with the duty of purchasing school supplies and materials: Bedford (Chapter 375, 1945), Giles (Chapter 89, 1949), Macon (Chapter 161, 1937), Monroe (Chapter 451, 1945), Morgan (Chapter 567, 1937), Putman (Chapter 458, 1949) and Washington (Chapter 459, 1939) Counties.

The Board of Education of Anderson (Chapter 375, 1939), De Kalb (Chapter 616, 1937), Marshall (Chapter 121, 1945), Macon (Chapter 99, 1937) and Rhea (Chapter 599, 1945) Counties are charged with the duty of preparing a school budget, reporting the budget to the County Court and keeping the school expenditures within the budget.

The Board of Education of Anderson (Chapter 375, 1939) and De Kalb (Chapter 616, 1937) Counties have authority to

sign warrants for school expenditures.

The following duties were applicable to only one county: submit a written report, audited by the County Auditor, to the County Court of all expenditures of public school funds (Anderson, Chapter 375, 1939); set up a separate budget for the transportation of high and elementary school pupils (Carter, Chapter 606, 1939); act as purchasing agent (De Kalb, Chapter 616, 1937); authorize school bus contracts (Houston, Chapter 631, 1937); and borrow money within certain boundries if there are unexpended funds according to the budget (Rhea, Chapter 63, 1941) (repealed, Chapter 27, 1949).

Roane County (Chapter 97, 1941) requires the school department, in figuring its budget, to base its estimates on the anticipation of collecting ninety-five per cent of its tax allocation. Lake County (Chapter 40, 1943) authorizes the School Board to invest bond proceeds in War Savings Bonds of the United States until it becomes necessary to expend the funds for the purpose for which they were raised.

On equal ground with the Board of Education is the School Commissioner. From an accounting point of view the two groups perform the same functions and it is immaterial which group may be designated the school officials of a particular county.

School Commissioner. The duties of the School Commissioner fall under two general classifications. One, the same duties as are provided for under the general laws of the State and two, the same duties as are applicable to the Board of Education. Benton (Chapter 388, 1939), Carroll (Chapter 169, 1949), Johnson (Chapter 473, 1949) and Washington (Chapter 510, 1935) Counties fall under the former classification. Bledsoe (Chapter 458, 1939), Carter (Chapter 313, 1935), Hardin (Chapter 137, 1939), Lincoln (Chapter 93, 1937), Morgan (Chapter 362, 1941), Rutherford (Chapter 426, 1943) and Wayne (Chapter 831, 1935) Counties fall under the latter.

The School Commissioner is charged with the duties of a purchasing agent for school supplies and materials in the following nine counties: Benton (Chapter 388, 1939), Carroll (Chapter 169, 1949), Hardin (Chapter 137, 1939), Lincoln (Chapter 93, 1937), Morgan (Chapter 362, 1941), Rutherford (Chapter 426, 1943), Trousdale (Chapter 233, 1941), Van Buren (Chapter 867, 1949) and Wayne (Chapter 831, 1945).

Bledsoe County (Chapter 188, 1935) provides the most elaborate set of duties. The Commissioner is to deposit all money received by him in a bank. Checks drawn on the deposit are to be signed by at least two commissioners. The Commissioner is to keep a record of all receipts and disbursements and is to make a detailed report to the County

Court before the first Monday in January. The report is to show the assets belonging to the school fund, amounts of funds with their origin and a detailed list of expenditures.

If the county has a Board of Education or if the county has a School Commission the Superintendent of Schools is the man responsible for the efficient operation of the county schools.

Superintendent of Schools. The designated duties of the Superintendent of Schools falls under the general heading of duties now defined and fixed by law. The following seven counties designated duties in the above manner: Clay (Chapter 259, 1935), Hamblen (Chapter 676, 1949), Loudon (Chapter 628, 1935), Monroe (Chapter 202, 1935), Overton (Chapter 382, 1943), Van Buren (Chapter 73, 1949) and Wayne (Chapter 831, 1935).

The Superintendent is charged with the duty of: examining all expenditures of public school funds (Anderson, Chapter 375, 1939); signing all school warrants (Bledsoe, Chapter 458, 1939 and De Kalb, Chapter 616, 1937); submitting record books to the County Court for an audit (McMinn, Chapter 529, 1949); certifying the payrolls of school employees (Rhea, Chapter 630, 1949); and applying the same duties as are required by other superintendents of schools (Greene, Chapter 185, 1935).

In Moore County (Chapter 21, 1935) the Superintendent of Schools is called the Superintendent of Public

Instructions. He is charged with the duties delegated by the general laws of the State.

The Private Acts applicable to the regulation of road officials, like those applicable to the school officials, fall under three separate headings, those pertaining to the Road Commissioner, those pertaining to the Superintendent of Roads and those pertaining to the Superintendent of Highways.

Road Commissioner. The Road Commissioner is charged with the following duties: prepare and recommend to the County Court a general budget for the maintenance of roads and bridges (Loudon, Chapter 552, 1939; Monroe, Chapter 452, 1945; Obion, Chapter 444, 1937; and Weakley, Chapter 233, 1945); file a monthly report with the Trustee giving an estimate of the funds needed for machinery or repairs for the month (Moore, Chapter 19, 1937; Chapter 691, 1941); file a monthly report of expenditures by accounts with the Clerk of the County Court (Maury, Chapter 92, 1937); file a quarterly report of planned expenditures, for the ensuing quarter, with the County Court (Lawrence, Chapter 703, 1937); file a quarterly report with the County Court, of all funds received and expended for road purposes during the preceding quarter (Blount, Chapter 300, 1947; Bradley, Chapter 368, 1943; Campbell, Chapter 383, 1943; Carter, Chapter 505, 1937; Clay, Chapter 219, 1943; Cocke, Chapter

392, 1947; Crockett, Chapter 268, 1937; Cumberland, Chapter 382, 1935; De Kalb, Chapter 222, 1937; Fentress, Chapter 526, 1945; Franklin, Chapter 412, 1939; Grainger, Chapter 366, 1937; Grundy, Chapter 435, 1939; Hawkins, Chapter 130, 1939; Hickman, Chapter 38, 1947; Lincoln, Chapter 669, 1935; Chapter 317, 1937; Madison, Chapter 337, 1937; Chapter 203, 1939; Marshall, Chapter 874, 1937; Meigs, Chapter 408, 1939; Obion, Chapter 444, 1937; Robertson, Chapter 380, 1947; Tipton, Chapter 527, 1937; Warren, Chapter 384, 1939; Chapter 541, 1945; and White, Chapter 269, 1947); file a biannual report of receipts and expenditures with the County Court (Hardin, Chapter 115, 1939); and file an annual report of receipts and expenditures with the County Court (Pickett, Chapter 295, 1941 and Weakley, Chapter 233, 1945).

The Commissioner is required to: provide for an emergency road fund equal to two and one-half per cent of all funds coming into the hands of the Trustee (De Kalb, Chapter 222, 1937); act as custodian of road funds (Bedford, Chapter 104, 1935; Cumberland, Chapter 382, 1935; and Lincoln, Chapter 669, 1935); disburse all monies coming into the county as highway funds (Bedford, Chapter 104, 1935; Campbell, Chapter 149, 1939; Cheatham, Chapter 442, 1939; Claiborne, Chapter 155, 1941; Clay, Chapter 698, 1937, Chapter 296, 1941; Cumberland, Chapter 382, 1935; De Kalb, Chapter 179, 1937; Fentress, Chapter 526, 1945; Franklin,

Chapter 633, 1935; Chapter 412, 1939; Grainger, Chapter 366, 1937; Hancock, Chapter 483, 1941; Henderson, Chapter 265, 1941; Chapter 641, 1937; Hickman, Chapter 38, 1947; Knox, Chapter 183, 1937; Lawrence, Chapter 703, 1937; Lincoln, Chapter 669, 1935; Meigs, Chapter 408, 1939; Pickett, Chapter 295, 1941; Scott, Chapter 194, 1939; Sequatchie, Chapter 220, 1941; Stewart, Chapter 548, 1935; Tipton, Chapter 444, 1937; Trousdale, Chapter 92, 1935 S. S.; Unicoi, Chapter 2, 1937 S. S.; Warren, Chapter 541, 1945; Wayne, Chapter 32, 1941; Weakley, Chapter 233, 1945; and Williamson, Chapter 666, 1935); disburse state aid funds for highway purposes (Stewart, Chapter 548, 1935) except in the counties where the state aid funds are not under the control of the Road Commissioner (Cocke, Chapter 121, 1935 S. S.; Chapter 871, 1937; Grainger, Chapter 366, 1937; Lawrence, Chapter 703, 1937; Lincoln, Chapter 126, 1935 S. S.; Macon, Chapter 443, 1937; and McNairy, Chapter 242, 1937); and limit expenditures to conform with the budget and the tax levy (Claiborne, Chapter 155, 1941; Clay, Chapter 296, 1941; De Kalb, Chapter 222, 1937; Dickson, Chapter 327, 1945; Fentress, Chapter 526, 1943; Grainger, Chapter 373, 1939; Hardin, Chapter 115, 1939; Hickman, Chapter 38, 1947; Loudon, Chapter 552, 1939; Pickett, Chapter 295, 1941; Scott, Chapter 149, 1949; Trousdale, Chapter 92, 1935 S. S.; and Williamson, Chapter 666, 1935; Chapter 677, 1937).

The Commissioner is to keep accurate accounts and records of: purchases made for the various items of road equipment (Campbell, Chapter 383, 1943); materials and supplies purchased during the year (Weakley, Chapter 233, 1945); expenditures of any funds (Carter, Chapter 145, 1941; Campbell, Chapter 383, 1943; Crockett, Chapter 268, 1937; De Kalb, Chapter 222, 1937; Dickson, Chapter 327, 1945; Hawkins, Chapter 130, 1939; Loudon, Chapter 19, 1937 S. S.; and Williamson, Chapter 677, 1937); and warrants or warrant stubs (Clay, Chapter 698, 1937; Chapter 296, 1941; Cumberland, Chapter 382, 1935; Franklin, Chapter 633, 1935; and Pickett, Chapter 295, 1941).

He is also required to: account for and pay over to the County Trustee all monies that comes into his hands (Blount, Chapter 300, 1947; De Kalb, Chapter 222, 1937; Franklin, Chapter 633, 1935; Henderson, Chapter 265, 1941; Lawrence, Chapter 703, 1937; Macon, Chapter 19, 1937 S. S.; McNairy, Chapter 242, 1937; and Williamson, Chapter 666, 1935); negotiate contracts for roads and other highway expenditures (Bedford, Chapter 104, 1935; Chapter 697, 1947; Blount, Chapter 300, 1947; Campbell, Chapter 383, 1943; Clay, Chapter 698, 1937; Cocke, Chapter 392, 1947; Coffee, Chapter 310, 1941; Crockett, Chapter 806, 1937; Cumberland, Chapter 382, 1935; De Kalb, Chapter 222, 1937; Fentress, Chapter 526, 1945; Franklin, Chapter 633, 1935; Giles, Chapter 90, 1937;

Hardin, Chapter 115, 1939; Hawkins, Chapter 130, 1939; Houston, Chapter 366, 1945; Lincoln, Chapter 669, 1935; Chapter 317, 1937; Macon, Chapter 161, 1937; McNairy, Chapter 242, 1937; Monroe, Chapter 451, 1945; Robertson, Chapter 380, 1947; Stewart, Chapter 548, 1935; Trousdale, Chapter 92, 1935 S. S.; Warren, Chapter 384, 1939; Wayne, Chapter 32, 1941; Weakley, Chapter 233, 1945; Williamson, Chapter 677, 1937; and Wilson, Chapter 374, 1939); issue notes for capital equipment (Coffee, Chapter 310, 1941); draw warrants and present them to the County Judge for a countersignature (Claiborne, Chapter 155, 1941; Giles, Chapter 90, 1937; Henderson, Chapter 265, 1941; Houston, Chapter 180, 1947; Lincoln, Chapter 317, 1937; Loudon, Chapter 19, 1937 S. S.; McNairy, Chapter 242, 1937; Stewart, Chapter 548, 1935; and Warren, Chapter 67, 1945); draw warrants on the County Trustee (Cheatham, Chapter 442, 1939; Clay, Chapter 693, 1937; Chapter 219, 1943; De Kalb, Chapter 222, 1937; Franklin, Chapter 633, 1935; Chapter 412, 1939; Hancock, Chapter 150, 1941; Lincoln, Chapter 426, 1947; Pickett, Chapter 295, 1941; Scott, Chapter 194, 1939; Warren, Chapter 541, 1945; Wayne, Chapter 32, 1941; and Williamson, Chapter 677, 1937); countersign warrants drawn on the County Trustee (Dickson, Chapter 327, 1945; Fentress, Chapter 526, 1945; Grainger, Chapter 366, 1937; Hickman, Chapter 38, 1947; Lawrence, Chapter 703, 1937; Lincoln, Chapter 317, 1937;

Meigs, Chapter 408, 1939; Morgan, Chapter 150, 1937; Obion, Chapter 444, 1937; Sequatchie, Chapter 220, 1941; and Weakley, Chapter 233, 1945); sign checks or vouchers for road work done (Bedford, Chapter 104, 1935 and Lincoln, Chapter 669, 1935); and perform such other duties as were heretofore performed by the County Superintendent of Roads (Campbell, Chapter 149, 1939).

Counties that do not operate their roads under a Road Commissioner generally operate their roads under the supervision of a Superintendent of Roads. This provision is also true in reverse for those that do not operate their roads under a Superintendent of Roads.

Changing from a Commissioner to a Superintendent method of control or vice versa, seems to be one of the favorite past times of the local legislation groups. The legal accounting duties, however, remain interchangeable throughout the years.

Superintendent of Roads. The Superintendent of Roads is charged with the following duties: duties heretofore performed by the County Road Commissioner (Hancock, Chapter 570, 1945 and Hawkins, Chapter 562, 1945); prepare a budget for highway construction and upkeep along with an estimate of the revenue to be raised in cash (Grainger, Chapter 476, 1945; Hawkins, Chapter 562, 1945; and Marshall, Chapter 121, 1945); make requisition for highway purchases

(Campbell, Chapter 159, 1947; Grainger, Chapter 476, 1945; Monroe, Chapter 171, 1945; and Morgan, Chapter 150, 1937); approve vouchers pertaining to the highway expenditures (Carter, Chapter 65, 1935); countersign warrants (Lawrence, Chapter 211, 1941); draw warrants for highway expenditures (Campbell, Chapter 159, 1947; Cocke, Chapter 309, 1945; Grainger, Chapter 476, 1945; Hickman, Chapter 390, 1945; Marshall, Chapter 449, 1939; Monroe, Chapter 171, 1945; Morgan, Chapter 150, 1937; and Tipton, Chapter 633, 1935); control and expend road funds derived from the tax on gasoline (Campbell, Chapter 90, 1935; Hardeman, Chapter 539, 1945; and Lincoln, Chapter 669, 1935); prepare a monthly report, to be submitted to the County Court, in detail of all receipts and expenditures made by the road department (Hickman, Chapter 390, 1945; Lincoln, Chapter 8, 1939; Marshall, Chapter 449, 1939; and Monroe, Chapter 171, 1945); and prepare a quarterly report of expenditures made by the road department (Campbell, Chapter 159, 1947; Carter, Chapter 295, 1939; Cheatham, Chapter 309, 1945; Grainger, Chapter 476, 1945; Hancock, Chapter 570, 1945; Morgan, Chapter 108, 1941; and Trousdale, Chapter 92, 1935 S. S.).

The actual work of the road department is carried out by the Superintendent of Highways who has the same functions to perform when he works for the Road Commissioner as he does when he works for the Superintendent of Roads.

Superintendent of Highways. The Superintendent of Highways purchases office supplies, has full control over expenditures of highway funds, keeps a record of the receipts and disbursements and turns receipts over to the Trustee once each quarter (Benton, Chapter 710, 1935; Chapter 250, 1943; Campbell, Chapter 159, 1947; Cheatham, Chapter 309, 1945; Decatur, Chapter 529, 1935; Chapter 587, 1945; De Kalb, Chapter 511, 1945; Grainger, Chapter 476, 1945; Humphreys, Chapter 634, 1935; Lincoln, Chapter 669, 1935; Chapter 124, 1935 S. S.; Macon, Chapter 249, 1947; Marshall, Chapter 449, 1939; Stewart, Chapter 85, 1945; Van Baren, Chapter 258, 1945; and Wayne, Chapter 333, 1935).

He also draws warrants (Blount, Chapter 300, 1947 and Lawrence, Chapter 703, 1937), countersigns warrants (De Kalb, Chapter 222, 1937), registers each and every warrant issued giving the details thereto (Cheatham, Chapter 309, 1945 and Williamson, Chapter 666, 1935), borrows money in case of an emergency (Cumberland, Chapter 810, 1937) and makes a quarterly report to the County Court showing the expenditures of the last quarter and the proposed expenditures for the next quarter.

Summary. This chapter was a digest of the legal accounting duties found in the Private Acts of Tennessee between the years 1935 and 1949. It was noted that many of the acts are specific in nature, some are too general

to be practical and others are mere repetition of the duties already designated in the Public Acts of the State.

There was a tendency for the Private Acts, rather than the Public Acts, to be more accounting conscious. This accounting consciousness was brought out more in the creation of the accounting, budget, audit, and purchase divisions than in any other division.

CHAPTER VII

SUMMARY AND CONCLUSIONS

Summary. State officials are frequently replaced and in many instances the new official is not properly trained in the mechanics and techniques of his new job. The new official must search the Tennessee Code to find his legal accounting duties. Searching a code for duties within itself is not a laborious job; however, the job becomes laborious because the duties are not compiled into one composite group, are not properly indexed and are not mutually exclusive.

Index of duties. A search for the duties of any office requires a search of the entire Code. The indexes are not reliable because they are in the so called direct (an index to title references only) and do not include the reverse (an index to each portion of an act, even though the portion is not referred to in the title). An excellent example of the direct and reverse indexes is found in the statutes that require officials to render periodic reports. The statutes, rather than their title, are explicit in the designation of the officials that are to make and receive the reports. The index to the Tennessee Code, being a direct index, will not list the provisions unless they are contained in the title of the act (generally limited to the person that renders the report). If our indexes were both

direct and reverse the persons that are to render and the persons that are to receive the periodic reports, could easily be ascertained. Our present index is a direct index. Therefore, we are unable to ascertain, from the indexes, the exact number and kind of reports each official is to receive. The Governor, General Assembly, County Judge, and County Court receive a large proportion of the governmental reports. The index of our Code does not list a single report that is to be received by the above named officials.

Transferring duties from one department to another department creates a serious problem for subsequent officials. An official may spend hours seeking his statutory duties only to find that the duties, which were exercised by his predecessor and are still listed in the Code, no longer control him because they were assigned to some newly created department.

Duplication of duties. The transferring of duties from one department to another department is best demonstrated in the Department of Finance and Taxation. The State Department of Finance and Taxation was originally in charge of the State's divisions of Accounts, Budget and Purchases. Since 1937 the three divisions have been organized into independent departments and are no longer under the control of the Department of Finance and Taxation. However, there

are statutory provisions, as are indicated in the following comments, that require the Department of Finance and Taxation to perform the same type of duties that are required of the newly created departments.

Code section 255.24 requires the Department of Accounts to maintain a system of general accounts, examine and approve all financial documents payable by the state, audit and approve bills of claims against the state, inspect articles and materials for the purpose of checking price and quantity, make monthly reports on financial transactions, prescribe the form to be used by the departments of the state and report to the Attorney General any misappropriations of state funds. A prior Code section, section 269, lists many of the above duties under the duties of the Department of Finance and Taxation. The prescribing of departmental forms is duplicated by Code section 394 where the duty, of prescribing forms, is assigned to the Commissioner of Finance and Taxation.

Code section 255.16 requires the Department of the Budget to prescribe forms for the preparation of budget estimates and to examine and recommend for approval the work program of each spending agency of the state. The prescribing of budget estimate forms and the approving of the work programs are also assigned to the Department of Finance and Taxation by Code section 271, 278, and 279.

The Department of Finance and Taxation gained one duty, by departmental transfers, from the Comptroller of the Treasury. Code section 201 requires the Comptroller to collect and pay over to the Treasurer certain privilege taxes. Subsequent Code sections, sections 255.53 and 255.54 assign this duty to the Department of Finance and Taxation.

Duties transferred from one department to another are not limited to the Department of Finance and Taxation. Duties have also been transferred from the Comptroller and the Treasurer to the Department of Accounts.

The Comptroller is authorized to draw warrants on the State treasury by Code sections 36, 81, 153, 203, 206, 242, 378, 442, 552.8, 1024, 3196.3 and 10103. However, Code section 255.29 specifies that all money that is spent out of the State treasury must be by warrants drawn by the Director of Accounts. The same type of conflict exists between the Treasurer and the Director of Accounts. Code section 227 authorizes the Treasurer to pay money out of the State treasury on warrants countersigned by the Comptroller and Code section 255.29 assigns the duty of countersigning of warrants to the Director of Accounts.

Conflicting duties. Accounting duties are further complicated by unintentional conflicting statements, e.g., Code section 1171 permits the Department of Finance to defray incidental expenses out of the carbonic acid tax and Code

section 1152.18 requires the Department of Finance to remit to the State treasury all money received regardless of source without deductions of any nature. Code section 237 requires the Treasurer to charge a three per cent rate of interest on deposits of the State's money and Code section 254.12 specifies that the interest rate may be set between one and one-half per cent and three per cent.

Conflicting duties are interesting because the afflicted party is never sure of performing the proper duty. Should he perform the latter duty in order of time, should he ask for a declaratory judgment, or should he trust his best judgment and operate under the duty of his preference? The answer to these questions are not on record, but the questions are presented daily.

Disregarded duties. The accounting duties are not only conflicting, but are also disregarded in many cases. A disregarded duty is evident in Article XI, Section 12 of the Constitution of the State of Tennessee. This article requires the General Assembly to maintain the "common school fund" as a perpetual fund, the principal of which shall never be diminished by legislative appropriations. The various examining boards are also required to make payments to the "common school fund." A study of Tennessee revenues, expenditures and appropriations from 1935 through 1949 did not disclose one "common school fund" appropriation.

The "common school fund" made mandatory by the State Constitution has fallen by the wayside and is no longer maintained by the State Legislature.

The above provisions are equally applicable to the county officials. Duties of county officials are even more complicated because they are designated by the Tennessee Code, the Private Acts of Tennessee, and by the County Court. A county official searching for his accounting duties will often run into complications. He should start with the act that created his office and then trace the act to the present date. In the search for his duties it will not be uncommon for him to be assigned duties as are prescribed in the general laws of the State, duties as prescribed for some other office, duties as prescribed for the same office in some other county, duties as may be prescribed by the County Court, or no duties prescribed.

Conflicting duties in the county government. Specific conflicts in the county governments are apparent in the conflicts between the Revenue Committee and the Grand Jury, between the Board of Education and the Purchasing Agent, between the Road Commissioner and the Purchasing Agent and between the tax limits provided by two separate Code sections.

The County Revenue Committee is required by Code sections 1651 and 1652 to examine the statements made by collectors of county revenue. The same duty is assigned

to the Grand Jury by Code section 1750. This conflict may have been intentional to provide an extra safeguard of the county's revenue.

School supplies and fixtures are to be purchased by the County Board of Education under Code section 2325. Code section 2327a assigns this same duty to the County Purchasing Agent. The Private Acts submit more conflicting statements by authorizing the School Board in Bedford, Giles, Macon, Monroe, Morgan, Putman and Washington Counties, the School Commission in Benton, Carroll, Hardin, Lincoln, Rutherford, Trousdale, Van Buren and Wayne Counties and the County Judge in Decatur, Hardeman, Maury, Obion and Putman Counties to act as purchasing agent for school supplies and fixtures.

Code sections 2782 and 2789 authorize the Road Commissioner to negotiate contracts for highway purposes. The Private Acts of twenty-seven counties (for a list of the counties see page 120) follow the Code requirements and permit the Road Commissioner to make the necessary contracts for highway purposes. Other counties have created a Department of Purchases and now authorize the Purchasing Agent to negotiate contracts for highway purposes.

The general purpose tax of the county is to be levied by the Quarterly County Court. If the Court follows Code section 1045 the tax levy cannot exceed thirty cents per

one hundred dollars of taxable property. However, if the Court follows Code section 1045.1 the tax levy cannot exceed forty cents per one hundred dollars of taxable property.

The tax levies and the other accounting duties assigned to the legislative body of the county would not be too complicated if there was a proper distinction made between the County Court and the Quarterly County Court. The provisions for a County Court and a Quarterly County Court are the downfall of many designated duties. When an act is passed relatively to one of the courts there is not a proper distinction made in the designation of the court that is to exercise the duties conferred by the act. The Quarterly County Court is the court charged with the responsibility of the financial affairs of the county. The County Court is the legal court of the county and should not be charged with the administrative affairs of the county. The County Court, however, is assigned the duties of levying taxes, allocating appropriations and distributing bond proceeds (for a more detailed list see pages 71-73). If the legislators are undertain, in the designation of the Court that is to perform the duties, then it is beyond human conception to ascertain the true legislative intent of the act.

Repealing clause. It may be advanced, by some writers, that the statutory provisions are not in conflict with each other. For support of their argument they advance

a quotation found at the end of many statutory enactments. The quotation, called a repealing clause, repeals all prior acts that are in conflict with the newly adopted statute. Repealing a statute is not this simple. The statute must be expressly repealed by a legislative enactment, found unconstitutional by the State Supreme Court, or found to be in conflict with a subsequent legislative act by the Supreme Court. The repealing clause is not sufficient evidence to rule a prior act repealed because a court decision is necessary to determine whether or not there is a conflict between the two independent acts.

County political battles. In addition to the conflicting statutory duties county governments are subject to many political battles, that are uncommon in state governments, and as it has often been said, "to the victor goes the spoils." The spoils seem to be the offices of the county. The victor not only changes the officer but also changes the title of the office (changes are made by the passing of a private act). The County Judge is changed to the County Chairman, the Superintendent of Roads is changed to the Commissioner of Roads, the Superintendent of Schools is changed to the Commissioner or Board of Education and many other offices are frequently changed in the same manner. One interesting point is noted in the county political battles. The title of the officers and offices may change, but their

legal accounting duties generally remain unchanged. The duties following the change in titles are often designated as the duties that were applicable to their predecessor or as the same duties as are exercised by a like officer of some other county.

Independence and decentralization. Independence and decentralization of the governmental officers are a handicap in the financial structure of the governmental unit. The officers are elected by popular vote, appointed by other officers, or selected by civil service (not in the county governments); thus, the officers are responsible to the governmental unit and to the appointing body.

Decentralization of power is criticized in the following quotation:

A logical organization for fiscal services calls for (a) a consolidated finance department embracing all fiscal services (except the post-audit), and (b) the integration of fiscal services...under a chief finance officer responsible to the chief administrator.

There are still many...independent fiscal units or agencies. The offices of assessor, treasurer, and controller, for example, are sometimes separate offices reporting to no common head other than the chief administrator or council. In some cases the independent status...is due to the popular election of the various officials...This lack of integration not only increases unnecessarily the number of persons whose work must be reviewed..., but also fails to recognize the interrelationships of the various fiscal services. Furthermore it deprives the administrator of the advantage of having one

fiscal officer on whom he can depend for information and advice on all fiscal problems.¹

A decentralization of power is never more evident than is found in the purchases of equipment and supplies. In most counties there are at least three separate purchasing agents, one for the schools, one for the roads and the other one for the remaining divisions of the county. It is without question that the three groups of purchases are homogeneous enough to be administered by one central purchasing agency.

At the state level of government, where purchases are to be made over a larger area, the central purchasing agency should maintain branch offices as an aid to departmental purchases. Branch offices of this nature are still under the control of one central agent and are not subject to the criticisms that are advanced against individual departmental purchases.

Somewhat contra to the ideal of independence are the needs for statutory compilation of duties interspersed with enforceable standards.

Statutory compilation. The need for a statutory compilation is given in the below condensation taken from the duties of the State Commissioner of Finance and Taxation and the State Treasurer.

¹International City Managers' Association, The Technique of Municipal Administration (Ann Arbor: Edwards Brothers, Inc., 1947), pp. 204, 205.

The Commissioner of Finance and Taxation is generally assigned the duty of collecting various state taxes. Collection of state taxes would not be an unreasonable duty if a list of the collectable taxes were available. The Commissioner of Finance and Taxation, however, does not have a prepared list of the taxes that he is to collect. The Commissioner of Finance and Taxation must read fourteen separate Code sections (1123.25, 1141, 1190, 1191, 1248.137, 1273, 1277, 1280, 1300, 1323, 1328.10, 1328.36, 3273 and 5465) before he is able to determine the exact taxes that he is to collect.

The Treasurer is generally charged with the custody of governmental funds and the making of disbursements from the funds when properly authorized. The Treasurer is required by fourteen separate Code sections (255.68b, 405, 427, 630.16, 1152.19, 1811.1, 1811.2, 2726.38, 2726.44a, 3268, 3269, 3277, 6843 and 6901.33) to have charge of and account for as separate funds, fourteen separate sources of revenue. Fifteen other Code sections (1034.55, 2477, 2524.7, 4765.5, 4765.30, 4765.50, 4765.67, 5176.10, 5465, 6917.5, 7023, 7104, 7138, 7139.20 and 7182.14) make him custodian of fifteen other funds. The custodianship of the funds is further complicated because their statutory provisions are not cross-referenced to the Treasurer.

Need for standards. The Boards of Examiners are

good examples of the need for the standardization of governmental accounting duties.

Boards of Examiners have three accounting functions in common. The functions are the collecting of fees, making necessary disbursements and disposing of the "surplus." There are seventeen Boards of Examiners that perform the common functions. The common functions, however, are not performed in a uniform manner. Two ways of handling receipts and disbursements are prescribed, and the "surplus" of the Boards is treated under nine different methods. Some system of uniform accounting control should be exercised over these boards by requiring each board to collect fees, make disbursements and dispose of the "surplus" according to prescribed rules issued by the chief accountant.

Conclusions. Today, if an average individual were elected to an office of a governmental unit, it would be impossible for him to perform legally and properly his accounting duties without making a thorough search of the legal records for lists of these duties. It is estimated that this would require at least fifty hours of research. The duties there found would be so general or vague that another fifty hours would be required to interpret their meaning. The newly elected officer would be confronted with volumes of information requiring a thorough digest rendering a little light and a greater density to his related duties.

New officials. The new official will find that his office has heretofore been influenced by some predecessor who did not know, care, nor seek to find the proper duties for his office.

Reports now rendered, by the relieved officer, may or may not be the reports legally called for; reports rendered may not be properly classified; the report may have been submitted to the wrong office; and greatest of all, the report expressly required may have been omitted from the beginning.

The new governmental official, in this State, is unlike a new private industry department official. The latter official will have access to an accounting manual that will list all of his accounting functions in detail. The former does not have access to an accounting manual, unless it is permissible to call the Code and the Private Acts an accounting manual. If the accounting duties of the governmental units were placed under one compilation then a newly elected head could go to the so called manual and within a relatively short time ascertain his accounting duties.

Compilation and unification. Compilation and unification of accounting duties are not new processes, because they have been placed into operation in several states. Virginia, Kansas and California have already adopted a uniform system of accounts for the county level

of government. North Carolina, Oregon and Washington have made a statutory list of duties affecting various state and county officials. In Tennessee there has been an Accounting Manual for Counties² in use as a guide for county officials since 1938. The manual, however, has not been officially adopted and it is in use only on a voluntary basis.

Some have expressed a belief that a unification of accounts will lead to regimentation and will abolish the "Home Rule." Regimentation and abolition of the "Home Rule" is not the intent of the codification and unification of accounting duties. The purpose here to be accomplished is a standardization of similar duties so that official A in X County will be performing the same basic duties as official A in Y County. It does not mean that Counties X and Y must call the officials by the same title and require them to perform the same minute details in every transaction.

The benefits derived from the unification would not be limited to the governmental officials. Benefits would pass to the independent auditor, to the statistician and to the people of the State. The independent auditor could better understand the statutory requirement and thereby render a more accurate audit; the statistician could

²Willie Harold Read, Accounting Manual for Counties of Tennessee, Research Council of the University of Tennessee (Knoxville: University of Tennessee Extension, 1938).

compare and render statistical reports that would be free of many human elements and which would be subject to the same interpretations throughout the State; and the people of the State could rest assured that the funds belonging to the governmental unit would be properly accounted for.

Heretofore the compilation of the Tennessee Code has been based upon broad subject titles that are related to the legal language. Compilations have been made according to real and personal property, civil and criminal procedures, estates and trusts, wills, fiduciaries, criminal acts, and other similar titles. From the legal standpoint the title classifications may be adequate, but from a financial viewpoint there is not proper coverage.

In the last decade financial transactions have increased in numbers and amounts to the extent that they play a major roll in governmental administration. During the same period of years the accountant has grown from a mere bookkeeper to the status of a professional who is capable of rendering financial advice. During the same period of years the Tennessee Code has become engrossed with conflicting and contradictory statutory provisions. The actions of the 1949 General Assembly indicated that, more than likely, there will be a Code modification in 1951. It is suggested that an accountant be appointed to the modification committee so that the legal accounting functions

will become a major title of our Code.

During the period of modification the accountant would be limited to the compilation of statutes that have been previously adopted; however, having worked with the compilation he would know of the legal accounting deficiencies and could suggest the legislation which would be necessary to correct the defects.

This report has covered the state and county officials which have been assigned accounting duties by statutory provisions and the reader should not confuse it with a complete coverage of all of the officials of the state and county levels of government. There are numerous divisions and sub-divisions of these governments that are not included in this report. Some of the divisions have been omitted because the duties which they perform do not require accounting treatment and others, that should perform accounting functions, have been omitted because they are not covered by the statutory provisions.

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