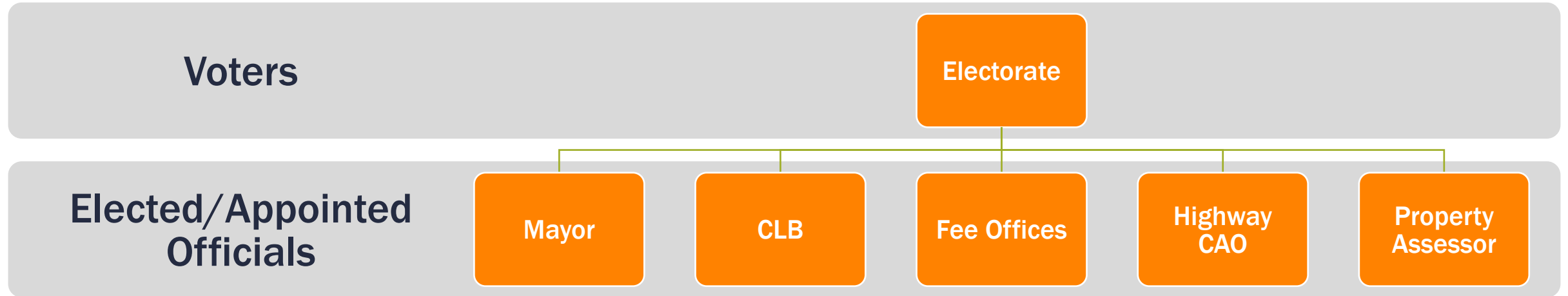


TENNESSEE COUNTY HIGHWAY OFFICIALS ORIENTATION

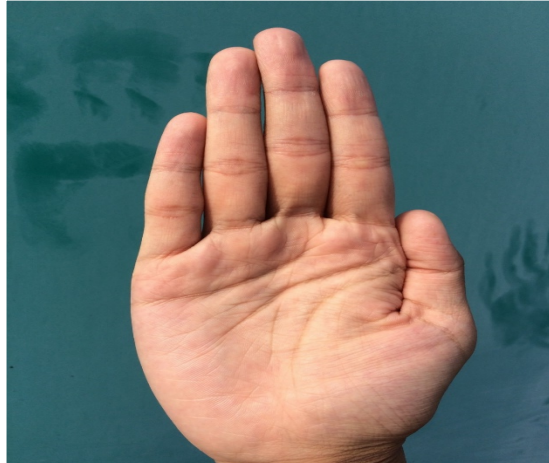
COOP 2022



COUNTY GOVERNMENT STRUCTURE



ENTERING OFFICE



Oaths of Office

Article 1, Section 1
T.C.A. § 8-18-111, §
54-7-108



Official Bond/Insurance

Minimum \$100,000
T.C.A. § 54-7-108

INTERIM SUCCESSOR

1

CLB has up to 120 days to fill a vacancy

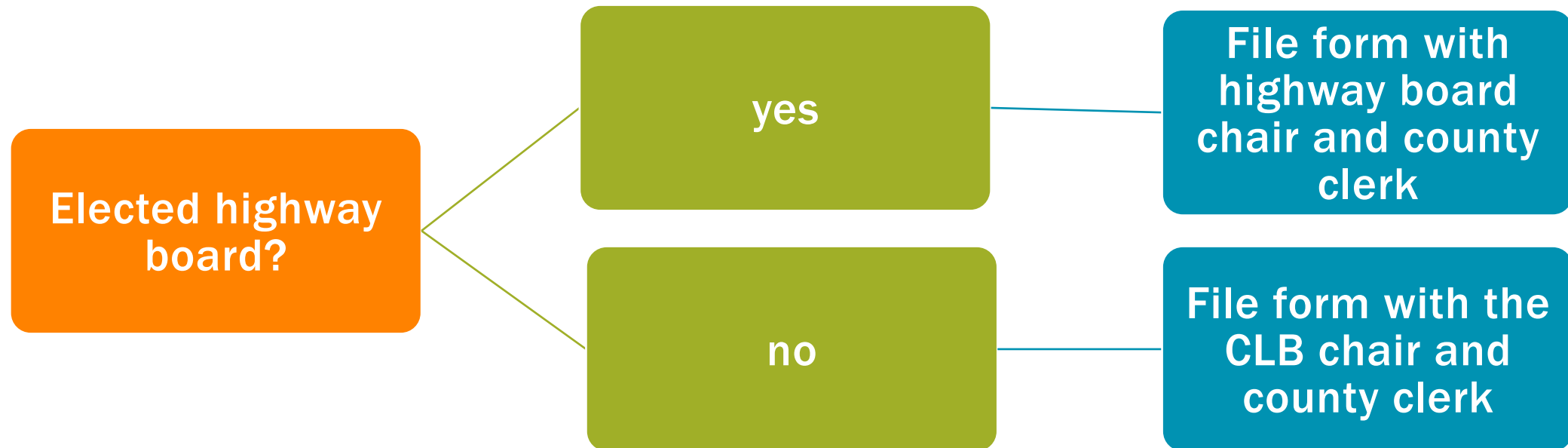
2

Assistant superintendent, chief foreman, administrative assistant, etc.

3

Highway Superintendent is responsible for making the designation in writing/on form to CLB.

INTERIM SUCCESSOR



PERSONNEL

Hire, oversee, and terminate employees.

Approve personnel policies and work times.

Have any personnel policies (and changes) reviewed by the county attorney before initiating.

Comply with FLSA, state and federal anti-discrimination laws and other applicable laws.



PERSONNEL

CAO is authorized
to determine:

Total number of
employees

Personnel policies

Hours of work

Job classifications

Policies & wages
within
classifications

CLB may not set budget line items in such detail as to limit ability of CAO to set pay for highway personnel; however, pay must be within budget.

EQUIPMENT

Must perform complete inventory within 60 days of taking office and file report with CLB.

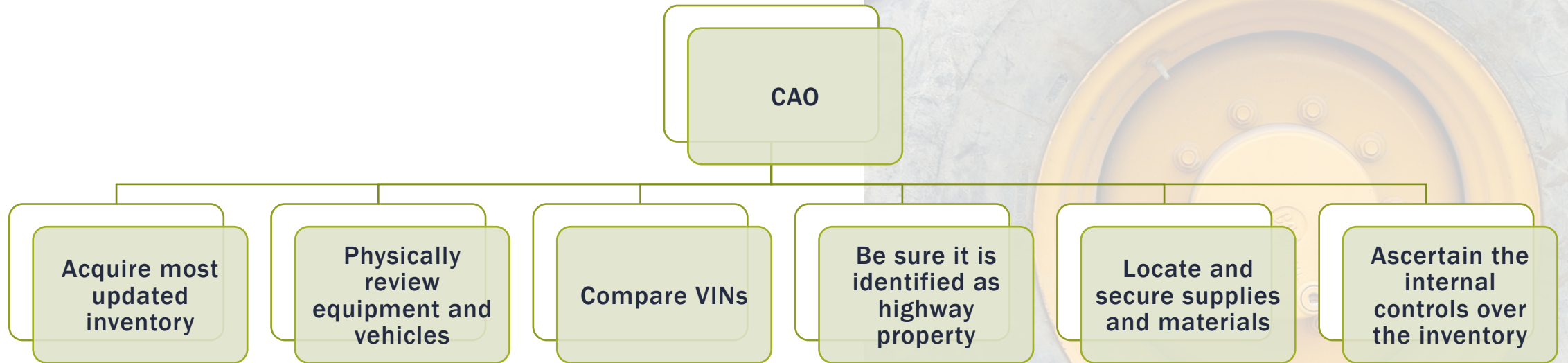
Must file an amended inventory every subsequent year by September 1st.

Must plainly mark all county highway equipment.

County mayor is obligated to examine inventories for compliance and may withhold funds until compliance is achieved.



EQUIPMENT



ANNUAL WORK PROGRAM

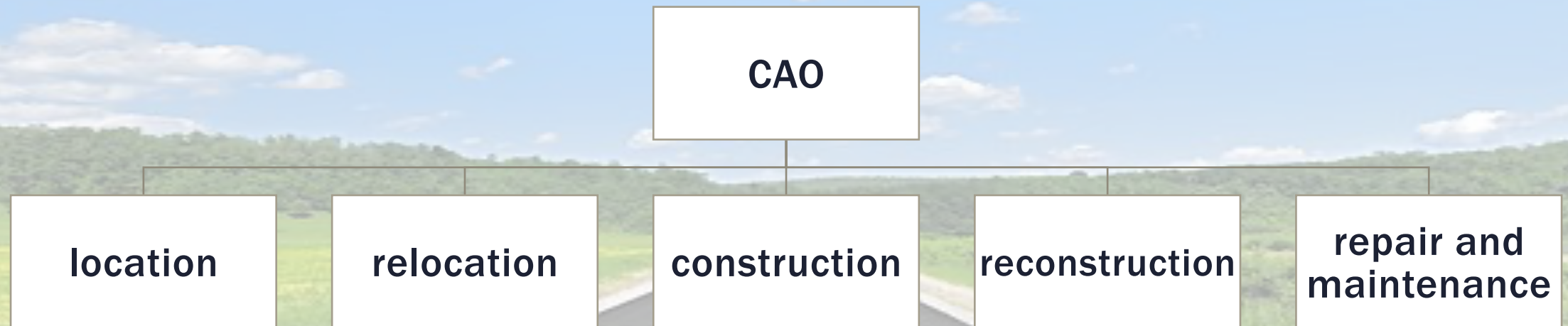


In CUHL counties, CAO prepares and submits an annual work program to CLB and TDOT.

Under the CUHL, the CAO has control over the road system (construction and maintenance).

If under a private act, check your private act for annual work plan requirements.

CONTROL OVER THE ROAD SYSTEM



INTERACTION WITH HIGHWAY BOARD

Review private act
to determine the
board's duties/
responsibilities



Private act may be
in conflict with the
CUHL and need to
be updated



Consult your
county attorney or
contact CTAS if you
have any questions

REMOVING ROAD OBSTRUCTIONS



CUHL authorizes the CAO to remove or cause to be removed any gate, fence or other obstruction from the county roads, bridges and rights-of-way.

COUNTY ROAD LIST

CLB is charged with classifying public roads. The CAO is required to submit a detailed listing of all county roads to the CLB

CAO should present the county road list to the CLB with additions or deletions on an on-going basis.

It is very important to keep this list up-to-date!

ROAD LIST SHOULD INCLUDE:

Type of road
(county or state-aid)

State-aid road
description
(only for counties in the
state-aid road system)

Local name of road

Beginning and end
of road
(reference to
geographical features)

Miles
(length to nearest 1/10
of a mile)

Class
(classify according to
width as set out by
T.C.A. § 54-10-103 & §
54-10-104)

Right-of-way width
(in feet)

Roadbed width
(in feet)

CLOSING ROADS

Procedures may vary from county to county.

- We recommend consulting with the county attorney to review local procedures before closing any county roads.

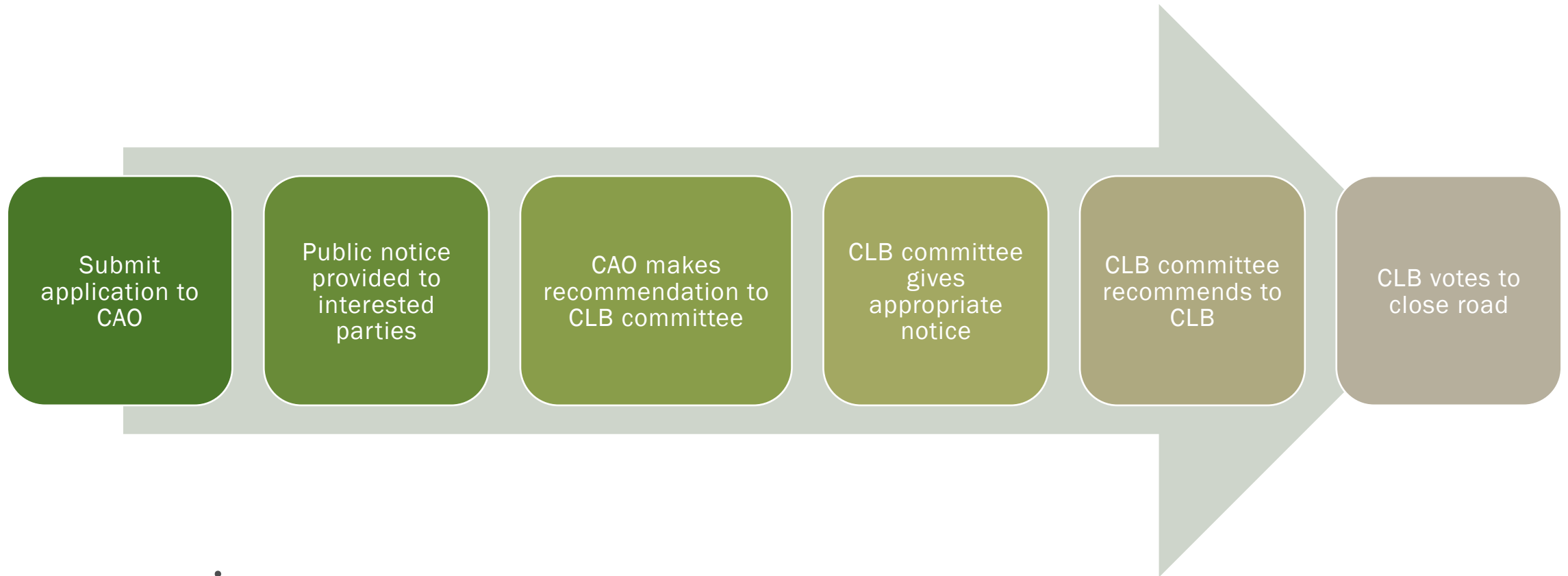
CLB must approve additions/deletions to road list



ALTERNATIVE PROCEDURE FOR CLOSING A COUNTY ROAD



ALTERNATIVE PROCEDURE WITHOUT A PLANNING COMMISSION



WEIGHT LIMITS

Procedure to Lower:

- CLB can lower weight limits on county roads
- 2/3 majority vote
- Must use same criteria as TDOT

“where, through weakness of structure in either the surface of or the bridges over the lateral highways or secondary roads, the maximum loads provided by law, in the opinion of the commissioner [CLB], injure or damage the roads or bridges.”

UNDERGROUND UTILITY DAMAGE PREVENTION ACT



Must notify one-call service at least 3 days prior to excavation.

Exceptions:

- Routine maintenance
- Emergencies

Violations separate from civil liability for damage to utilities

Penalties: mandatory training (at your cost) and fines.

ROW REGULATION

Counties are authorized to regulate their rights-of-way

CLB can enact regulations and require permits

If duly enacted by the CLB, can assess civil penalties for violations



[CTAS website](#) > [Reference Materials](#) > [Sample Resolutions](#)

ROAD DAMAGE



Criminal offense to damage

- Class A misdemeanor and jail or fine up to \$2,500

Civil action for damage

Reward (\$250) for information that leads to conviction

PRIVATE WORK & USE OF EQUIPMENT

PROHIBITED:

Law generally prohibits use of county highway department equipment or materials for any other purpose

Work on private roads or for private purposes is forbidden

Rock, crushed stone, or other road material cannot be sold or given away

Employees using equipment or material for personal use are to be discharged immediately

Exceptions

- ☐ Board of education or postal authorities
- ☐ Interlocal agreements
- ☐ Transfer from other county department
- ☐ Joint purchasing agreements





Remember...

No work on private property

Terminate any employee who violates the law

Reimbursement for work for other governmental agencies in writing and approved by CLB

FINANCIAL ISSUES FOR COUNTY HIGHWAY OFFICIALS

COOP 2022



OVERVIEW

Budgeting

Purchasing

Internal Controls

LEGAL AUTHORITY FOR BUDGETING

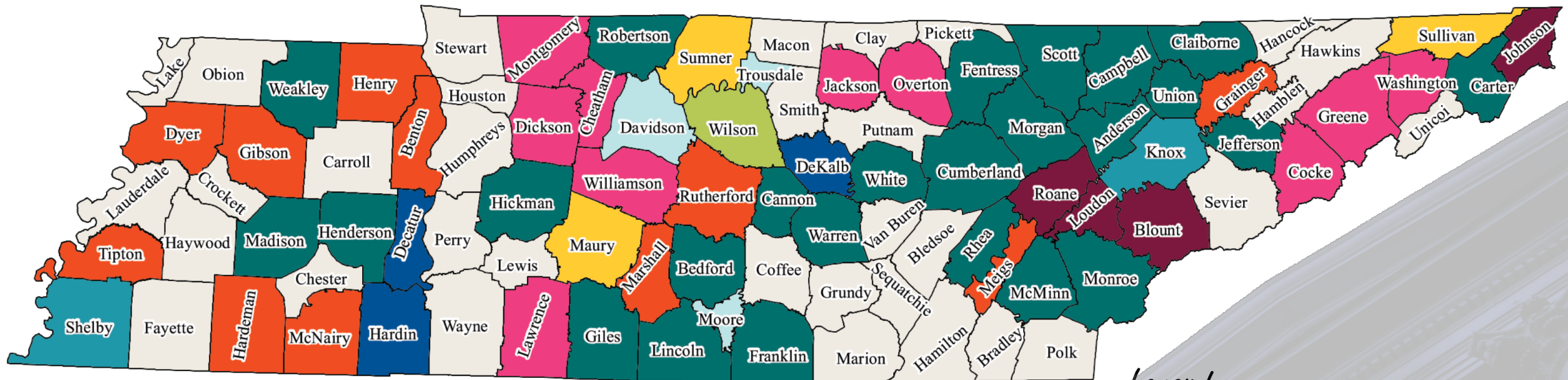
General Law

Private Act

'81 Act
'57 Act
'93 Law

Charter/Metro

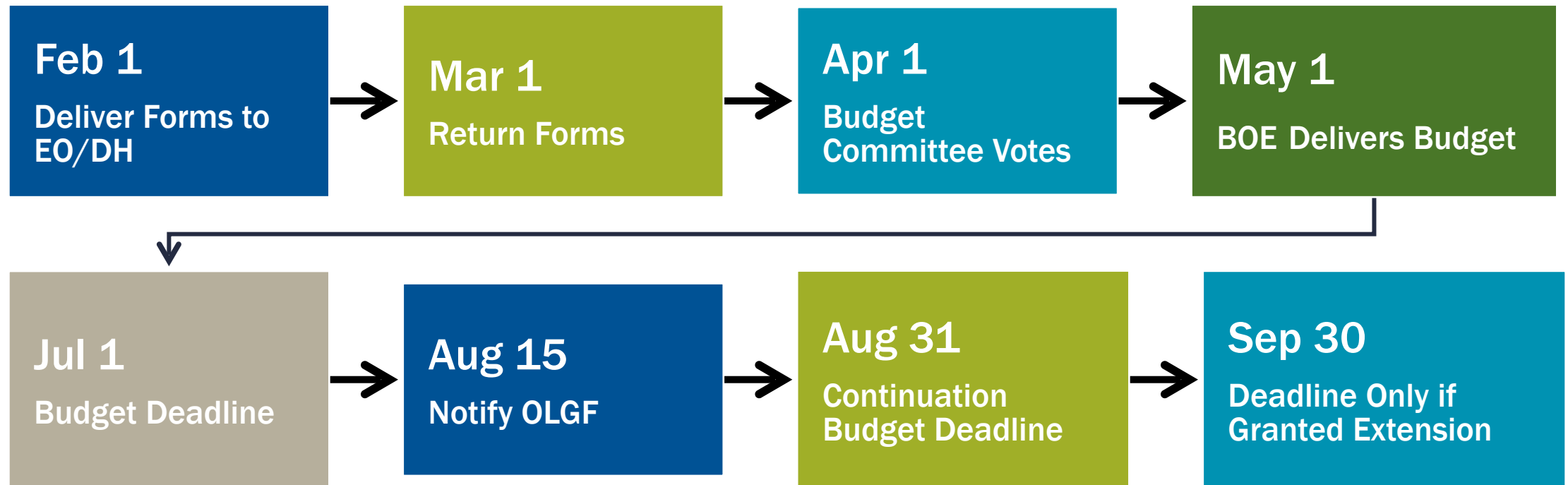
Tennessee



Legend

- General Law (33)
- Charter (2)
- Metro (3)
- Private Acts (11)
- Centralized by Private Act (3)
- 1993 Law (3)
- 1981 Act (25)
- 1981 Act Without Schools (1)
- 1957 Act With Schools (4)
- 1957 Act Without Schools (10)

BUDGET CALENDAR



BUDGET PROCESS

Planning

Developing

Managing

Adopting



BUDGET AMENDMENTS



- Made prior to any expenditure of funds, unless there is a health or safety emergency.
- Instruction of how and when the budget can be amended needs to be understood.
 - **Three methods:**
 - County Legislative Body
 - County Mayor (Except Personnel Costs) – Reported to CLB
 - Budget Committee – Reported to CLB
 - Alternative methods cannot be used to approve amendment previously rejected by the CLB.
- Local laws/resolutions may provide for additional alternatives.

MAINTENANCE OF EFFORT

- Board of Education
- Sheriff's Office, Including the Jail
- **Highway Department**
- Administrator of Elections
- Public Library
- Assessor of Property
- 911 Board

HIGHWAY SOURCES OF REVENUE

FY20-21 Highway Fund Revenue: \$428,094,595

- **Property Taxes: 17.97%**
- **Local Option Sales Tax: 3.14%**
- **Wheel Tax: 6.52%**
- **Mineral Severance Tax: 1.35%**
- **Bridge Program: 4.78%**
- **State Aid Program: 5.97%**
- **Gasoline and Motor Fuel/Petroleum Special Tax: 54.66%**
- **All Others: 5.61%**

TAKING OFFICE - BUDGET RECOMMENDATIONS

1

**Review Adopted
Budget**

2

**Review Five-Year
Average
(Highway MOE)**

3

**Perform Cash
Flow Analysis**

THREE PRINCIPLES OF PURCHASING

Maximization of Competition

- Specifications are written to allow the purchasing process to be as open as possible to a number of qualified vendors.

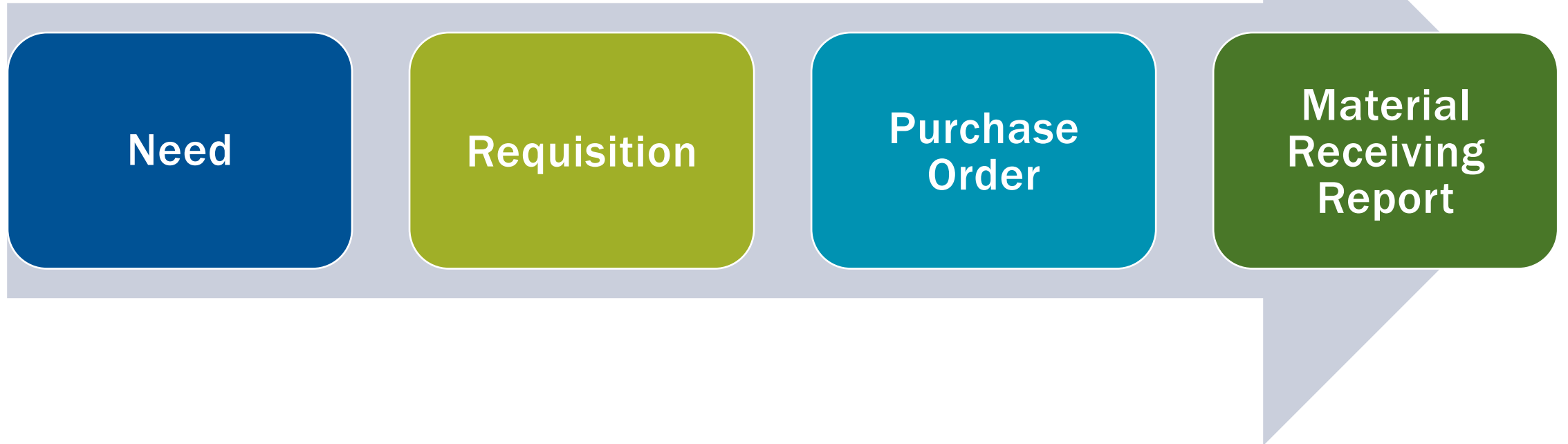
Equal and Fair Competition

- Each vendor is provided the same information regarding product or service needs/specifications.

Best Value at the Lowest Price

- The purchase must be made at the lowest price for the product or service that best meets the needs of the requisitioner.

PURCHASING PROCESS



PURCHASING AUTHORITY

General Law

Private Act

1981/1957
Acts

Charter/
Metro

County
Uniform
Highway Law

METHODS OF PURCHASING



Informal Quotes

**Competitive Sealed Bids/Proposals
– ITB/IFB/RFP**

General Law - \$25,000

CUHL - \$25,000

Centralized w/ Full-Time Purchasing Agent - \$50,000

**Request for Qualification (RFQ) –
Professional Services**

SPECIFIC PURCHASING ISSUES

Secondhand Purchases

- Private Purchase
- Government Entity

Cooperatives

- Joint-Bid
- Piggyback

Emergency Purchases

Sole Source

Disposition of Surplus Property

Purchase of Fuel

WHAT ARE INTERNAL CONTROLS?

A process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.



T.C.A. § 9-18-102(A)

Comply

Obligations and costs are in compliance with applicable law

Safeguard

Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation;

Record

Revenues and expenditures are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets.

WHY DO COUNTY GOVERNMENTS NEED INTERNAL CONTROLS?

1

Reduce fraud
& waste

2

Ensure legal,
regulatory, &
policy
compliance

3

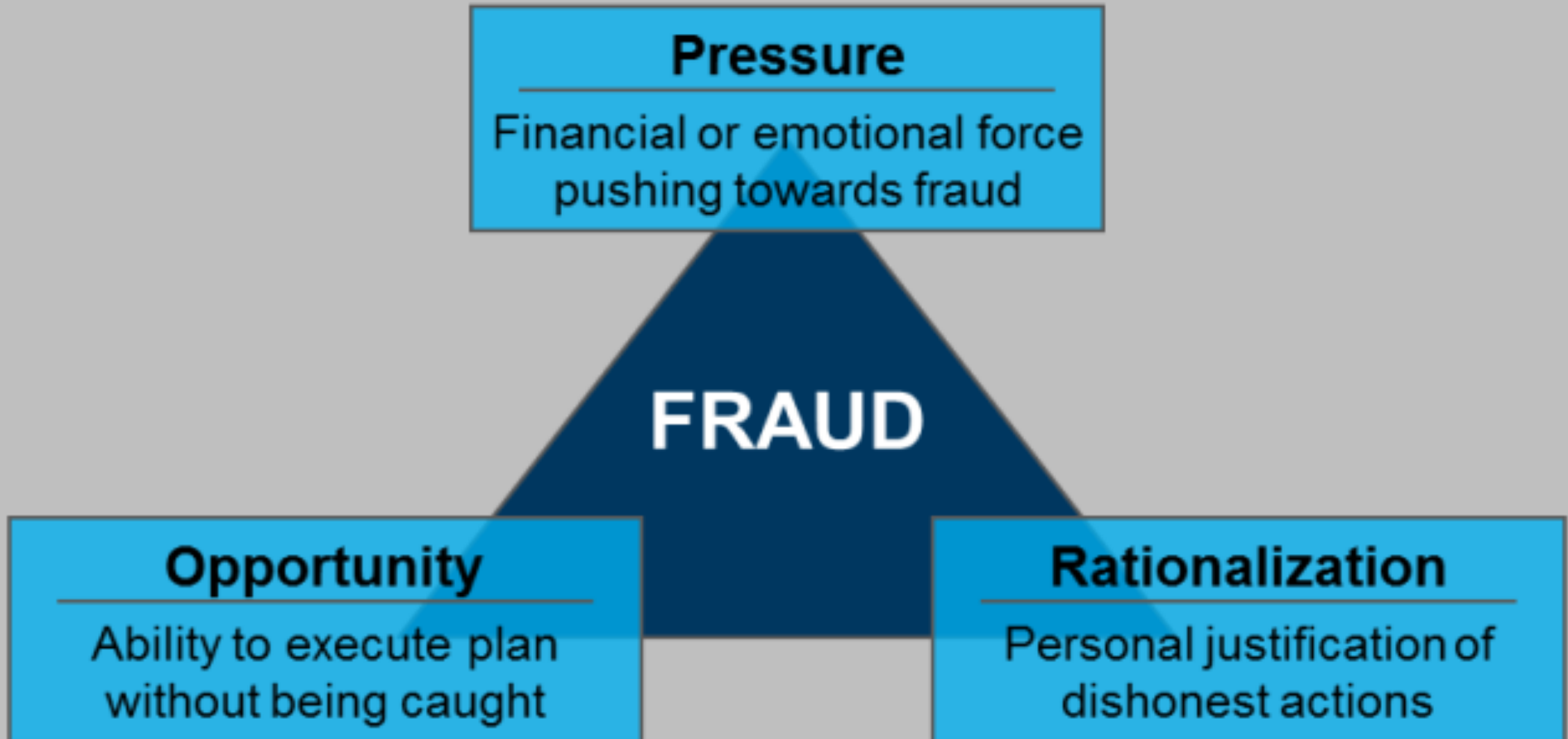
Protect
county assets

4

Promote
transparency
&
accountability

The Fraud Triangle:

A framework for spotting high-risk fraud situations



FRAUD DETECTION



External auditors (performing routine annual audits) detect less than 5% of identified occupational fraud.

More fraud is identified by accident or through anonymous tips than by the external annual financial and compliance auditors.

2020 ACFE REPORT TO THE NATIONS STATISTICS:

Just 4% of fraudsters had prior criminal convictions for fraud related crimes.

Median duration of the frauds in the study was 14 months.

- 71% lasted at least 2 years before they were discovered.

9% of employees committed fraud in their first year of employment.

Largest frauds were perpetrated by individuals employed over 10 years.

- Majority of all frauds committed by individuals employed over 5 years.

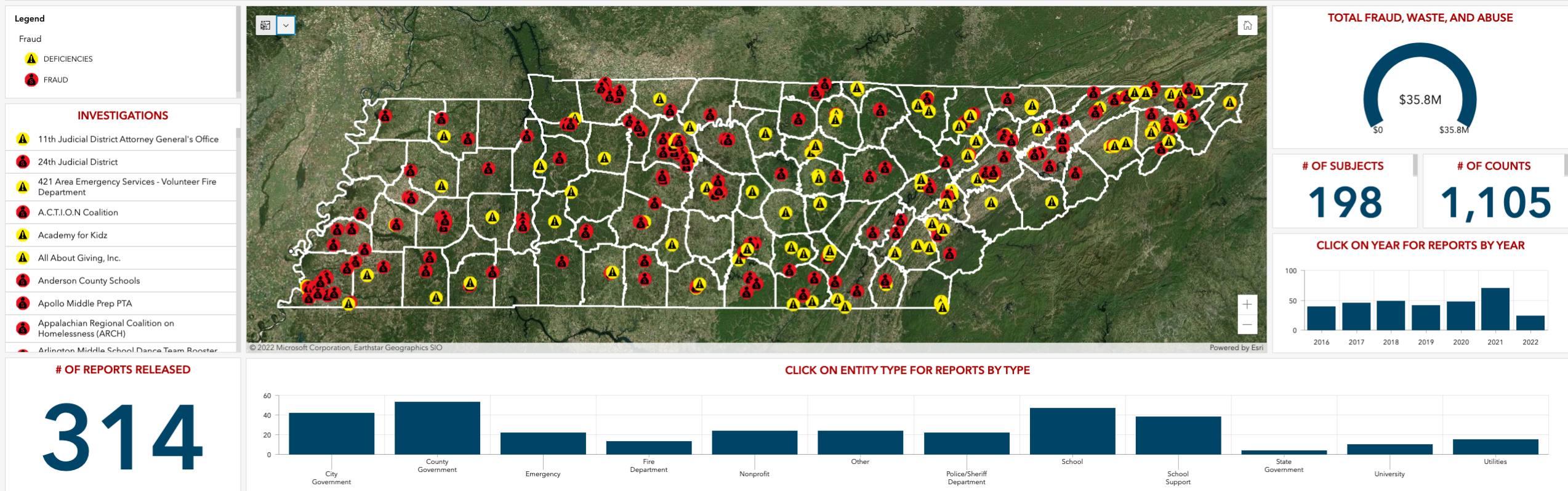
Males committed 72% of reported cases with a median loss of \$150,000

Females committed 28% of reported frauds with median losses of \$85,000

64% of fraudsters had a BS or higher university degree

- Median loss \$195,000

COMPTROLLER'S OFFICE INVESTIGATIONS



COMPONENTS & PRINCIPLES OF INTERNAL CONTROLS

Components	Principles
Control Environment	<ol style="list-style-type: none">1. Demonstrate Commitment to Integrity and Ethical Values2. Exercise Oversight Responsibility3. Establish Structure, Responsibility, and Authority4. Demonstrate Commitment to Competence5. Enforce Accountability
Risk Assessment	<ol style="list-style-type: none">6. Define Objectives and Risk Tolerances7. Identify, Analyze, and Respond to Risk8. Assess Fraud Risk9. Analyze and Respond to Change
Control Activities	<ol style="list-style-type: none">10. Design Control Activities11. Design Activities for the Information System12. Implement Control Activities
Information & Communication	<ol style="list-style-type: none">13. Use Quality Information14. Communicate Internally15. Communicate Externally
Monitoring Activities	<ol style="list-style-type: none">16. Perform Monitoring Activities17. Remediate Deficiencies

WRAP UP

Congratulations!

Welcome to county government!

