

Audit Highlights

Comprehensive Annual Financial Report
Clay County, Tennessee
For the Year Ended June 30, 2002

Scope

We have audited the general purpose financial statements and the combining, individual fund, and account group financial statements of Clay County as of and for the year ended June 30, 2002.

Results

Our report on Clay County's financial statements was qualified because the statements did not include a General Fixed Assets account group.

Our audit resulted in 11 findings and recommendations, which we have reviewed with Clay County management. Detailed findings and recommendations are included in the Single Audit Section of this report.

The following are summaries of the audit findings:

OFFICE OF COUNTY EXECUTIVE:

- ◆ The office had not established a formal purchase order system. In several instances, invoices were paid without documentation that goods had been received and/or services had been rendered. Competitive bids were not solicited for a \$16,753 traffic signal installed at the elementary school, as required by state statute.
- ◆ County officials did not maintain adequate controls over inventory. Assets were not always tagged, and newly acquired assets were not always added to the inventory lists.

OFFICE OF HIGHWAY SUPERINTENDENT:

- ◆ The Highway Department had not established a formal purchase order system.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK:

- ◆ Trial balances of execution docket cause balances were not prepared in Circuit and General Sessions Courts, as required by state statute.
 - ◆ Funds were not deposited to the office bank account within three days of collection, as required by state statute.
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OFFICE OF CLERK AND MASTER:

- ◆ The scope of our audit of this office was limited because the clerk and master could not locate one receipt book for the year. Therefore, we could not determine if all receipts were deposited or if the receipts were deposited within three days, as required by state statute.
 - ◆ The bank statements were not reconciled from March 2002 through June 2002, and as a result, several errors in posting interest and disbursements were not discovered and corrected.
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OFFICE OF SHERIFF:

- ◆ Bank statements were not reconciled with cash journal accounts, resulting in errors not being discovered and corrected.
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OTHER FINDINGS:

- ◆ The county did not inventory, value, and record its general fixed assets, as required by generally accepted accounting principles.
- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately among the officials and employees in the Offices of County Executive, Highway Superintendent, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.

*State of Tennessee
Comptroller of the Treasury
Department of Audit
Division of County Audit*