

Audit Highlights

Comprehensive Annual Financial Report
McNairy 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 McNairy County as of and for the year ended June 30, 2002.

Results

Our report on McNairy County's financial statements was qualified because the statements did not include a General Fixed Assets account group and did not include certain component units whose financial statements were not available at the date of this report.

Our audit resulted in 22 findings and recommendations, which we have reviewed with McNairy County management. Detailed findings, recommendations, and management's responses 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 deficiencies in budget operations.
 - ◆ The Solid Waste Office had deficiencies in the collection of garbage fees.
 - ◆ The office had deficiencies in its accounting records.
-

OFFICE OF HIGHWAY COMMISSIONER:

- ◆ The office did not issue purchase orders for all applicable purchases.
 - ◆ The office did not have a system to account for materials used on some road projects.
 - ◆ Irregularities were noted in the disposal of used culverts.
 - ◆ The office had inadequate controls over inventory.
-

OFFICE OF DIRECTOR OF SCHOOLS:

- ◆ The School Federal Projects Fund had a cash overdraft of \$14,478.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK:

- ◆ Execution docket trial balances did not reconcile with cash journal accounts in the Office of Circuit and General Sessions Courts Clerk.

- ◆ The Circuit Court Clerk's Office did not require a depository holding county funds to pledge adequate securities to protect funds that exceeded Federal Deposit Insurance Corporation coverage.
 - ◆ The office did not develop a disaster recovery plan to assist in re-creating its data processing environment in the event of a disaster.
 - ◆ The office did not have written policies and procedures for routine computer operations.
-

OFFICE OF SHERIFF:

- ◆ Funds were not always deposited to the office bank account within three days of collection.
 - ◆ The office did not prepare an annual financial report.
 - ◆ The office did not submit employee time sheets to the County Executive's Office on a timely basis.
 - ◆ Cash bonds were not remitted to the appropriate court on a current basis.
 - ◆ The sheriff made inappropriate payments to jailers and deputies for transporting federal prisoners.
-

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.
- ◆ Individuals who were not employees of the Offices of Trustee and Register were allowed unsupervised access to these offices after business hours.
- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Trustee and Sheriff.
- ◆ The county used a questionable method of funding rural fire protection.