

# *Audit Highlights*

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

## *Results*

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

Our audit resulted in 14 findings and recommendations, which we have reviewed with Sequatchie County management. Detailed findings and 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 improper sale of a county vehicle resulted in the indictment of the county executive and a county employee.
- ◆ The office did not have a formal purchase order system. Also, in several instances, invoices were paid without documentation that goods had been received or services had been rendered.
- ◆ The office did not make purchases in compliance with Private Acts of 1947 and 1987.
- ◆ Expenditures exceeded appropriations in the Drug Control Fund. In addition, budget amendments did not reflect the prior approval of the appropriate official or committee.
- ◆ Accounting records were not maintained for some Community Development Program funds. Instead, the Southeast Local Development Corporation maintained these records and received an administrative fee for this service.
- ◆ The County Commission had not adopted a formal travel policy. Certain travel payments were not supported by itemized documentation, and some travel payments were not charged to the correct expenditure account.

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### **OFFICE OF HIGHWAY SUPERINTENDENT:**

- ◆ Purchase orders were issued after purchases were made, and a used pickup truck was purchased without soliciting competitive bids.

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### **OFFICE OF DIRECTOR OF SCHOOLS:**

- ◆ Computer system backups were not stored in a secure, off-site location.
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### **OFFICE OF COUNTY CLERK:**

- ◆ Prior to their posting to the general ledger, automated financial transactions could be changed, and an audit trail of these changes would not be maintained.
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### **OFFICE OF SHERIFF:**

- ◆ Receipts were issued for collections at the time bank deposits were prepared, instead of when collections were received.
  - ◆ Inventory records of confiscated weapons were not adequate and were not independently verified.
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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 system of central 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*