

Audit Highlights

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

Results

Our report on Smith 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 Smith 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 did not use the accrual basis of accounting for the Solid Waste Disposal Fund, as required by generally accepted accounting principles.
 - ◆ Purchase orders were not issued for some applicable purchases, some disbursements were made without proper supporting documentation, and competitive bids were not solicited on several purchases, as required by state statute.
 - ◆ Deficiencies were noted in Ambulance Service operations involving the failure to properly segregate employees' duties, follow established collection and write-off policies, and record accounts receivable.
 - ◆ A Report on Debt Obligations was not filed for a capitalized lease for patrol cars, as required by state statute.
 - ◆ The office did not maintain sufficient employee leave records, time sheets were not maintained by three offices, employee salary authorizations were not on file, two employees received unauthorized Christmas bonuses, and two employees' overtime pay was not documented.
 - ◆ Accounting records for the various funds maintained by the office were not maintained on a current basis.
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OFFICE OF HIGHWAY SUPERINTENDENT:

- ◆ Supervisory personnel did not sign employees' time sheets.
 - ◆ Purchase orders were not issued for some applicable purchases, some disbursements were made without proper supporting documentation, and insurance coverage was purchased without competitive bids.
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OFFICE OF DIRECTOR OF SCHOOLS:

- ◆ School officials did not label assets as property of the School Department, did not have policies to ensure that new items were added to inventories, and did not verify the accuracy of inventories.
 - ◆ Insurance coverage was purchased without competitive bids.
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OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK:

- ◆ A disaster recovery plan had not been developed to assist in re-creating the office's data processing environment in the event of a disaster.
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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 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*