

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations as a result of our examination are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the director of finance are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

### **OFFICE OF DIRECTOR OF FINANCE**

#### **FINDING 02.01    **IRREGULARITIES WERE NOTED CONCERNING A CONTRACT AWARDED TO A VENDOR FOR MOWING SERVICES** (Noncompliance Under Government Auditing Standards)**

On March 28, 2002, Weakley County received competitive bids for mowing services for the Martin Primary and Elementary Schools for the period April 1, 2002, through March 31, 2003. Vendors were asked to bid on mowing services for these two schools individually and jointly; five vendors submitted bids. Bid specifications required vendors to have workers' compensation insurance, comprehensive general liability insurance, and automobile liability insurance. Specifications further stated that all insurance certificates were to be submitted with the bid forms. The following irregularities were noted during our review of records involving the mowing services contract:

- A.    The bid file the Finance Department maintained for the successful bidder did not include insurance certificates for workers' compensation and automobile liability insurance. As noted above, bid specifications required this proof of insurance. Therefore, it appears that the successful bidder did not comply with all bid specifications.
  
- B.    Of the five vendors who submitted proposals for the mowing services contract, only one vendor provided adequate insurance certificates documenting compliance with bid specifications for insurance coverages. In addition, this vendor's bid for mowing at both schools was the same amount as the proposal the successful bidder submitted. Bid forms on file for this vendor did not indicate the reason for rejection. Section 5.516 of Weakley County's Purchasing Policies states that reasons for bid rejection should be noted on bid forms.

### **RECOMMENDATION**

All vendors' bid proposals should be carefully scrutinized and compared with bid specifications, and only vendors submitting proposals that comply with bid specifications should be considered. Also, reasons for bid rejection should be noted on bid forms, as required by Section 5.516 of the Weakley County Purchasing Policies.

## MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE

The director of finance stated the following:

- A. The director of finance and director of schools determined that the bid submitted by the successful bidder was the lowest and best bid. Therefore, the insurance certificate irregularities were waived. The successful bidder was informed that no payment would be made until the certificates were submitted. The Weakley County Purchasing Policy Section 5.516 states that “the county reserves the right at any and all times to accept or reject any and/or all bids in whole or in part, and to waive any minor irregularities in any bid.”
- B. The bid for the mowing contract for Martin Primary and Martin Elementary Schools required the bidder to list three references for which the bidder has performed similar tasks in the past. The bidder who submitted the adequate insurance certificates had unacceptable references. Reasons for bid rejection were noted; however, in the future, the reasons for bid rejection will be reduced to letterform and attached to the original bid submitted.

## REBUTTAL

In regard to A., there was no documentation in the bid file explaining why the insurance requirement was waived for this vendor or that no payments would be made to the vendor until the insurance certificates were submitted. In regard to B., the bid files reviewed by auditors did not document the reasons for bid rejection or mention the unacceptable references.

---

## OTHER FINDINGS AND RECOMMENDATIONS

**FINDING 02.02**      **RECORDS WERE NOT MAINTAINED FOR GENERAL FIXED ASSETS**  
(Internal Control – Material Weakness Under Government Auditing Standards)

Weakley County did not record its general fixed assets (buildings, equipment, etc.), as required by generally accepted accounting principles. The Governmental Accounting Standards Board has adopted Statement 34, which will become effective in Weakley County for the year ending June 30, 2003. Statement 34 places an even greater emphasis on the need to maintain general fixed asset records.

## RECOMMENDATION

Weakley County should record its general fixed assets in accordance with generally accepted accounting principles.

MANAGEMENT'S RESPONSE – DIRECTOR OF FINANCE

Weakley County purchased a fixed asset software program to maintain its inventory. The Department of Finance has inventoried all of the county's assets and assigned dollar values to these assets and has also entered this information into the computer. However, as of June 30, 2002, the software program did not have the capability to generate the required statements. Weakley County will be in compliance with the Governmental Accounting Standards Board Statement No. 34 prior to June 30, 2003.

---

FINDING 02.03      **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF**  
(Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of Trustee, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting funds, preparing bank deposits, depositing funds, posting the cash journal, and/or reconciling bank statements. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

---

FINDING 02.04      **THE DELINQUENT TAX ATTORNEY DID NOT FILE SUIT FOR THE COLLECTION OF DELINQUENT TAXES IN ACCORDANCE WITH STATE STATUTE**  
(Noncompliance Under Government Auditing Standards)

The delinquent tax attorney did not file suit in Chancery Court to collect delinquent taxes for 2000, as required by Section 67-5-2405, Tennessee Code Annotated. This statute requires the delinquent tax attorney to file suits in Circuit or Chancery Court of the county for collection of delinquent land taxes between February 1 and April 1 of each year. It should be noted that the delinquent tax attorney filed the 2000 delinquent taxes in Weakley County Chancery Court on August 14, 2002.

RECOMMENDATION

The county's delinquent tax attorney should file suit for the collection of delinquent taxes in accordance with state statutes.