

Audit Highlights

Comprehensive Annual Financial Report
Clay County, Tennessee
For the Year Ended June 30, 2003

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, 2003.

Results

Our report on Clay 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 ten findings and recommendations, which we have reviewed with Clay 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 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.
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OFFICES OF COUNTY EXECUTIVE AND DIRECTOR OF SCHOOLS:

- ◆ County and School Department 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.
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OFFICE OF HIGHWAY SUPERINTENDENT:

- ◆ The Highway Department 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. Also, invoices were not always cancelled when paid.
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OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK:

- ◆ Trial balances of execution docket cause balances for Circuit and General Sessions Courts did not reconcile with the general ledger, 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:

- ◆ Trial balances of execution docket cause balances did not reconcile with the general ledger, as required by state statute.
 - ◆ Interest earnings on litigants' investments were not posted to the general ledger.
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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.