

Audit Highlights

Comprehensive Annual Financial Report
Fentress 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 Fentress County as of and for the year ended June 30, 2003.

Results

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

Our audit resulted in 17 findings and recommendations, which we have reviewed with Fentress 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 solicit competitive bids for certain purchases in compliance with state statutes.
- ◆ Expenditures and encumbrances exceeded appropriations approved by the County Commission in the miscellaneous major expenditure category in the General Fund by \$159,283.
- ◆ The office did not maintain adequate inventory records and controls over assets.

OFFICE OF HIGHWAY SUPERINTENDENT:

- ◆ The office purchased used quarry equipment totaling \$35,000 based on an oral agreement and without taking competitive bids. Also, adequate documentation was not maintained to support the purchase, and highway personnel did not acknowledge the receipt of the equipment.
 - ◆ Purchase orders were not issued in some applicable instances, and some invoices were paid without documentation that goods and services were received. Also, invoices were paid without noting on the invoice that payment had been made.
 - ◆ Competitive bids were not solicited for highway equipment in compliance with state statute.
 - ◆ The office did not dispose of county-owned property in compliance with state statute and sound business practices.
 - ◆ The office entered into a lease-purchase agreement of \$34,822 without the County Commission's approval.
 - ◆ The office did not maintain adequate inventory records and controls over assets.
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OFFICE OF DIRECTOR OF SCHOOLS:

- ◆ The School Department allowed a construction manager to enter into contracts obligating the department and allowed this construction manager to make payments to subcontractors on the county's behalf. Furthermore, the construction manager was not required to provide sufficient documentation for disbursements to subcontractors.
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OFFICE OF COUNTY CLERK:

- ◆ Motor vehicle titles and registrations were not reported and paid to the state in accordance with state statute.
 - ◆ The office did not have sufficient controls over the business tax software application.
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OFFICE OF GENERAL SESSIONS COURT CLERK:

- ◆ Abandoned property in General Sessions Court was not reported and paid to the state in compliance with state statutes.
 - ◆ The execution docket for General Sessions Court did not reconcile with cash journal accounts.
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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.