

Audit Highlights

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

Results

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

Our audit resulted in 19 findings and recommendations, which we have reviewed with Lauderdale County management. Detailed findings and recommendations 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 issue purchase orders for some applicable purchases, and in most instances in which the office issued purchase orders, the dollar amount of the purchase was not listed on the purchase order.
- ◆ The Other Capital Projects Fund had a fund deficit of \$22,999 at June 30, 2003. This fund deficit resulted from the recognition of \$60,320 in current liabilities and from unperformed portions of construction contracts totaling \$6,984 being reserved as encumbrances.

OFFICE OF HIGHWAY COMMISSIONER:

- ◆ Purchase orders were not issued.
- ◆ The Highway Department did not have a system to account for the use of materials on some types of road projects.

OFFICE OF DIRECTOR OF SCHOOLS:

- ◆ The office's warrant-signing machine did not have a counter to show the total number of warrants processed.

OFFICE OF TRUSTEE:

- ◆ The trustee did not file delinquent 2001 taxes with a delinquent tax attorney, as required by state statute.
- ◆ Collections were not deposited intact to the office bank account.

- ◆ The office's depository deducted warrants from the office's bank account before the bank presented the warrants to the trustee for payment.
 - ◆ Individuals who were not office employees were allowed unsupervised access to the office after business hours.
 - ◆ The trustee did not require two depositories holding county funds to pledge adequate securities to protect funds exceeding Federal Deposit Insurance Corporation coverage at June 30, 2003, as required by state statute.
 - ◆ The Trustee's Office did not use computer security features that allow a designated user to assign unique user log-in names and passwords for all employees.
 - ◆ The office's accounting software allowed users to make changes to previously processed accounting information but provided no audit trail of these changes.
 - ◆ The office did not maintain formal user documentation pertaining to the accounting software and operating system.
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OFFICE OF CLERK AND MASTER:

- ◆ The clerk and master did not determine the unpaid balance of each year's delinquent tax aggregate on file in Chancery Court and therefore could not reconcile the unpaid balance with amounts collected and adjusted.
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OFFICE OF REGISTER:

- ◆ Individuals who were not office employees were allowed unsupervised access to the office after business hours.
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OFFICE OF SHERIFF:

- ◆ Duties were not segregated adequately among office employees.
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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.
- ◆ The County Commission had not adopted formal policies and procedures governing travel reimbursements for county employees.