

Audit Highlights

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

Results

Our report on Polk County's financial statements was qualified because the statements did not include a General Fixed Assets account group.

Our audit resulted in 17 findings and recommendations, which we have reviewed with Polk 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:

- ◆ Expenditures exceeded appropriations in five major appropriation categories of the General Fund.
- ◆ Inventory records for county-owned assets did not include the Sheriff's Department.

OFFICE OF HIGHWAY SUPERINTENDENT:

- ◆ Receivables and payables at June 30, 2003, were not determined and recorded on the accounting records of the Highway/Public Works Fund.
- ◆ Invoices were sometimes paid without documentation that goods had been received and/or services had been rendered. In addition, some invoices were not cancelled.

OFFICE OF DIRECTOR OF SCHOOLS:

- ◆ The Central Cafeteria Fund was not operated under a formal budget adopted by the County Commission.
 - ◆ Central Cafeteria Fund transactions were not channeled through the Trustee's Office.
 - ◆ Purchase orders were not issued properly.
 - ◆ The School Department did not maintain inventory records.
 - ◆ The School Department entered into a lease-purchase agreement for computer equipment without the County Commission's approval.
 - ◆ The School Department did not require a depository to adequately collateralize cafeteria funds that exceeded FDIC coverage. Funds on deposit exceeded FDIC coverage by \$123,445 at June 30, 2003.
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OFFICE OF COUNTY CLERK:

- ◆ 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 CIRCUIT AND GENERAL SESSIONS COURTS CLERK:

- ◆ Drug fines were not allocated in accordance with state statutes.
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OFFICE OF SHERIFF:

- ◆ The Sheriff's Office had deficiencies in maintaining accounting records. The cash journal was not maintained on a current basis, receipts were not issued when funds were collected, and the fees collected were not reported and paid to the county in compliance with state statutes.
 - ◆ Funds were not deposited to the office bank account within three days of collection, as required by state statute.
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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.
- ◆ The Highway Department maintained its own funds, violating the County Fiscal Procedure Law of 1957 under which the county operates.
- ◆ 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.

*State of Tennessee
Comptroller of the Treasury
Department of Audit
Division of County Audit*