

Audit Highlights

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

Results

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

Our audit resulted in 16 findings and recommendations, which we have reviewed with Smith 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 purchased insurance coverage and landfill equipment without soliciting competitive bids, as required by state statute.
- ◆ The office did not use the accrual basis of accounting for the Solid Waste Disposal Fund, as required by generally accepted accounting principles.
- ◆ The office had not adopted written guidelines governing the use of county-owned cellular telephones.
- ◆ Deficiencies were noted in Ambulance Service operations involving the failure to properly segregate employees' duties, follow established collection and write-off policies, and record accounts receivable.
- ◆ The office did not maintain sufficient employee leave records, time sheets were not maintained properly, and employee salary authorizations were not on file for some county employees.
- ◆ County officials did not label assets as property of the county, did not have policies to ensure that new items were added to inventories, and did not verify the accuracy of inventories.

OFFICE OF HIGHWAY SUPERINTENDENT:

- ◆ Purchase orders were not issued for some applicable purchases, some disbursements were made without proper supporting documentation, and insurance coverage was purchased without competitive bids.
 - ◆ Supervisory personnel did not sign employees' time sheets.
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OFFICE OF DIRECTOR OF SCHOOLS:

- ◆ Purchase orders were not issued for some applicable purchases, some disbursements were made without proper supporting documentation, and insurance coverage was purchased without competitive bids.
 - ◆ School officials did not label assets as property of the School Department, did not have policies to ensure that new items were added to inventories, and did not verify the accuracy of inventories.
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OFFICE OF COUNTY CLERK:

- ◆ The office did not issue distress warrants to collect delinquent business taxes, as required by state statute.
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OFFICE OF SHERIFF:

- ◆ The office collected funds from juveniles accused of vandalism and remitted the funds to the victims of the crimes. These collections were disbursed to the victims in cash rather than deposited into the office bank account and disbursed by prenumbered checks. These vandalism cases were not entered into the court system, but were adjudicated through agreements reached with the help of the Sheriffs Office.
 - ◆ The office did not complete the required forms for the disbursement of confidential drug funds. Also, witness signatures were not present on undercover transactions, and confidential drug funds were used for nonallowable expenditures.
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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.

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