

Audit Highlights

Comprehensive Annual Financial Report
Sequatchie County, Tennessee
For the Year Ended June 30, 2001

Scope

We have audited the general purpose financial statements and the combining, individual fund, and account group financial statements of Sequatchie County as of and for the year ended June 30, 2001.

Results

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

Our audit resulted in 14 findings and recommendations, which we have reviewed with Sequatchie 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 have a formal purchase order system. Also, in several instances, invoices were paid without documentation that goods had been received or services had been rendered.
- ◆ The office did not make purchases in compliance with Private Acts of 1947 and 1987.
- ◆ The County Commission delegated to the county executive the authority to amend the budget between major appropriation categories. State statutes provide for the County Commission to amend the budget between major categories, and the commission cannot delegate that responsibility. In addition, budget amendments did not reflect the prior approval of the appropriate official or committee.
- ◆ Accounting records were not maintained for some Community Development Program funds. Instead, the Southeast Local Development Corporation maintained these records and received an administrative fee for this service.
- ◆ The office did not file a Report on Debt Obligations with the state director of Local Finance for a capital outlay note of \$19,413 for the roofing of the annex building.
- ◆ The County Commission had not adopted a formal travel policy. Certain travel payments were not supported by itemized documentation, and some travel payments were not charged to the proper expenditure account.

OFFICE OF HIGHWAY SUPERINTENDENT:

- ◆ Purchase orders were issued after purchases were made, and in several instances, invoices were paid without documentation that goods had been received or that services had been rendered.
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OFFICE OF DIRECTOR OF SCHOOLS:

- ◆ Daily backups of the Central Cafeteria Fund were not stored in a secure, off-site location, and a back-up log was not maintained.
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OFFICE OF COUNTY CLERK:

- ◆ Prior to their posting to the general ledger, automated financial transactions could be changed, and an audit trail of these changes would not be maintained.
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OFFICE OF SHERIFF:

- ◆ Receipts were issued for collections at the time bank deposits were prepared, instead of when collections were received.
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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 system of central 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.
- ◆ The General Sessions Court judge also served as county attorney, contrary to opinions issued by the state attorney general.