

# *Audit Highlights*

Comprehensive Annual Financial Report  
Henderson County, Tennessee  
For the Year Ended June 30, 2002

## *Scope*

We have audited the general purpose financial statements and the combining, individual fund, and account group financial statements of Henderson County as of and for the year ended June 30, 2002.

## *Results*

Our report on Henderson County's financial statements was qualified because the statements did not include a General Fixed Assets account group and did not include one component unit and one Special Revenue Fund whose financial statements were not available at the date of this report.

Our audit resulted in 18 findings and recommendations, which we have reviewed with Henderson 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 FINANCE DIRECTOR:**

- ◆ Purchase orders were not issued for all applicable purchases.
- ◆ Competitive bids were not solicited for purchases of culverts and tires for the Road Department.
- ◆ General ledger payroll deduction accounts for the General Fund and Solid Waste/Sanitation Fund were not reconciled with subsidiary payroll records on a monthly basis.
- ◆ Payroll procedures in the County Executive's Office had several deficiencies. Employees and officials were paid in advance. Federal income tax was not withheld from two employees' paychecks. Employees received improper payments for unused sick and vacation leave in violation of the personnel policies, and duties were not segregated adequately for the payroll function.

---

### **OFFICE OF ROAD SUPERVISOR:**

- ◆ The Road Department did not have a system to account for materials used on some types of road projects.
- ◆ Controls over inventory were inadequate.
- ◆ The department performed work on private property.

---

### **OFFICE OF DIRECTOR OF SCHOOLS:**

- ◆ The School Department processed and distributed payroll checks to some Central Office employees on the tenth day of each month for that month's salary, in effect, paying employees for work that had not yet been performed.
-

**OFFICE OF TRUSTEE:**

- ◆ The trustee placed an employee on paid administrative leave after the employee was injured during working hours. However, the office's personnel policies do not have any provisions for such payments.
- 

**OFFICE OF CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK:**

- ◆ The courts' execution docket trial balances did not reconcile with cash journal accounts.
  - ◆ The clerk did not report and pay excess fees to the county in compliance with state statute.
  - ◆ Computer system backups were not stored off site, and a system back-up log was not maintained.
  - ◆ Sufficient user documentation was not maintained.
  - ◆ The office did not develop a disaster recovery plan to assist in re-creating its data processing environment in the event of a disaster.
- 

**OFFICE OF CLERK AND MASTER:**

- ◆ The clerk did not report and pay excess fees to the county in compliance with state statute.
- 

**OTHER FINDINGS:**

- ◆ The county did not inventory, value, and record its general fixed assets, as required by generally accepted accounting principles.
- ◆ The designated situs-based taxes collected were not adequate to fund rural fire protection.
- ◆ Duties were not segregated adequately among the officials and employees in the Offices of Trustee, County Clerk, Juvenile Court Clerk, Clerk and Master, and Sheriff.

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