

Audit Committee

February 3, 2014

The Audit Committee met on Monday February 3, 2014 at 5:00pm in the Mayor's Conference Room of the Carter County Courthouse. Members present were Dave Wortman, Margaret Moses, Travis Holly and Margaret Pate.

Guest included Mayor Leon Humphrey, Circuit Court Clerk Administrative Bookkeeper Lisa Light and Patty Woodby, Finance Director Ingrid Deloach, Director of Schools Dr. Kevin Ward, TN Comptroller Office County Auditors Mark Treece and Robert Anderson, Debbie Street, newspaper media and other interested parties.

Chairman Dave Wortman called the meeting to order and welcomed everyone present. The meeting was called to hear from offices regarding findings in the June 30, 2013 Annual Financial Report for Carter County, Tennessee. A motion to approve minutes from the Audit Committee meeting April 18, 2013 was made by Margaret Moses, second by Travis Holly.

OFFICE OF COUNTY MAYOR

Finding 2013-001: *Expenditures Exceeded Appropriations.* Finance Director Ingrid Deloach was given the opportunity to address the findings, acknowledging that expenditures did exceed appropriations in the Judicial Commissioners and Miscellaneous categories of the General Fund. Judicial Commissioners was over by an amount of \$225 as a result of accrued payroll at the end of the year. The Miscellaneous category exceeded appropriations as the result of failure to amend for revenues received for the Railroad Authority in the amount of \$144,109.09 during the month of May. The Solid Waste Fund also had expenditures that exceeded appropriations in the Recycling Center category, a result of an insurance reimbursement that was received to cover the expenses of damages to the Recycling Center. Revenues were received in February and April, but an amendment was not approved. Chairman Wortman ask how to avoid the findings in the future and Ms. Deloach stated she would make sure the amendments were approved in the future.

OFFICE OF DIRECTOR OF SCHOOLS

Finding 2013-002: *The School Nutrition Department Had Deficiencies Related To Employee Travel.* Dr. Kevin Ward called a meeting with the School Nutrition Supervisor to discuss the findings. A charge was made on the department's credit card to attend a conference, the Director did not attend and was unable to recoup the cost of the registration however she did apply a portion of the cost of an airline ticket to a conference later in the year. Professional benefits (Sky Miles), were earned and placed on the supervisor's personal account associated with airline tickets. A Staff Development Form was not completed nor was the purchase orders filed correctly. Dr. Ward stated that purchase orders will be obtained prior to credit card charges, approval forms and purchase orders will be accurate and consistent.

Finding 2013-003: *The School Federal Projects Fund Had A Deficit Unassigned Fund Balance At June 30, 2013.* The deficit resulted from the deferral of several grant reimbursements set up as accounts receivable that were not received within the department's 60 day availability period. The software system the Finance Department used to request funds was switched; the system known as the FACTS System has been replaced by the ePlan System. The final request for funds was made on June 27 (the cut-off date for the FACTS System). However, there were more funds that needed to be requested before June 30 and could not be completed in the ePlan System. Ms. Deloach waited for the conversion to be completed from the FACTS System to the ePlan System; causing a delay in the reimbursement being received.

Chairman Wortman ask Mr. Treece, County Auditor if this should have been a finding. Mr. Treece responded “the transfers have been pretty consistent from county to county; even the amounts are really close to what they had seen in other counties. It’s just the delay because everyone is trying to spend the grant proceeds before the end of June, but they could not request them, so they spent and committed the proceeds, but they did not have the revenue there to fund it. Most systems have some funds in the account to use for cash flow; the issue here is they did not have enough. You need to spend it to get reimbursed for it”. Ms. Deloach stated she is requesting funds at least once every two weeks now. Adjustments will be made to the June Commission meeting to accommodate changes to line items in submitted budgets.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Finding 2013-005: *Accounting Records did not adequately reflect the financial activity of the office.* Mark Treece stated it was a repeat of the year before with some improvements this year. Last year there were four parts, this year it is down to two. Ms. Lisa Light, Bookkeeper for the office stated that nearly \$166,000 has been corrected and removed from last year’s figures, bringing the numbers down to approximately \$213,000. Ms. Light stated that at the end of every day she runs the Balance Sheet and Docket Trial Balance to make sure the accounts are balanced. The pre-payments are also verified daily. The office has continued to make improvements on the reconciliations, but the software still has some issues. Chairman Wortman suggested having conference calls with other counties who are using the ICON system. Mr. Treece also suggested contacting the software vendor for updates to be sure the office is using the latest version.

Finding 2013-006: *The Clerk Did Not Comply With The Judge’s Order to Invest Funds.* Mr. Treece stated the amount of the interest the county paid was \$522. Funds that aren’t invested remain in a checking account that the county gets the revenues off of. Ms. Light stated the procedure was once the Bench Clerk receives the order and brings it to the Bookkeeper the funds are redistributed.

Finding 2013-007: *The Office’s software did not have adequate application controls.* Mr. Treece stated that this finding is the weakness in the system itself. If Icon would improve their internal controls it would solve a lot of the issues.

Finding 2013-008: *Employees shared usernames and passwords.* Ms. Light stated the problem occurs when the employees are using the counter station when receiving money. Mr. Treece stated this is a common finding and is often found in other software systems as well as other offices.

Motion to adjourn was made by Dave Wortman, second by Margaret Moses, there being no further business the meeting was adjourned.

Respectfully Submitted,

Debbie Street
Recording Secretary