

HARTSVILLE/TROUSDALE COUNTY METROPOLITAN GOVERNMENT

Beverly Atwood, Chair
Will Dennis, Vice Chair

Jerry Ford, Secretary
Judy Kerr

Amy Thomas, Budget Dir

AUDIT COMMITTEE

JUNE 6, 2024 | 6:00PM | MAYOR'S OFFICE

Agenda

1. Open Meeting
2. Review Minutes from December 4, 2023
3. General Discussion
 - A. FY 2023 Audit Review
 - B. Fund Balance Statement
 - C. Fundraising
 - D. Other
4. Public Comment
5. Adjourn

References: [2023 Audit Report for Trousedale County](#)

HARTSVILLE/TROUSDALE COUNTY METROPOLITAN GOVERNMENT

AUDIT COMMITTEE

DECEMBER 4, 2023 | 6:00PM | MAYOR'S OFFICE

MINUTES

Members Present: 4/4

Beverly Atwood
Will Dennis

Jerry Ford
Judy Kerr

Others Present:

Mayor Jack McCall, Amy Thomas, Rene Pridemore, and Hon. Branden Bellar.

Madam Chairman Beverly Atwood called the meeting to order at 6pm. A quorum was determined to be present with all members in attendance.

Minutes from the March 16, 2023 meeting were reviewed.

Motion to accept as presented by Ford; second by Kerr.

MOTION APPROVED

Officer Elections

- Chair – Beverly Atwood, *elected by acclamation*
- Vice Chair – Will Dennis, *elected by acclamation*
- Secretary – Jerry Ford, *elected by acclamation*

General Discussion

Telecommuting/Work from Home.

Committee met on October 24, 2023 without a quorum. Members in attendance were Judy Kerr and Beverly Atwood. Discussed centered on timesheets in comparison to the personnel policies. Members along with Atty Bellar asked for the Personnel Committee to review the language of the Telecommuting/Work from Home section in the employee handbook.

Dennis who is a member of the Personnel Committee summarized the outcome of the November 6th meeting. The Personnel Committee believed the concern to be an isolated incident. The department head understands the policy now and is making efforts to abide by the handbook. No action was taken to amend the language of the policy.

Atty Bellar sent letters to the Department Heads and Elected Officials concerning the Telecommuting / Work from Home section. No other concerns were raised.

FY2023 Audit

Thomas informed the Committee that the auditors from the Comptroller's office have scheduled an exit meeting for December 19 to finalize the 2023 fiscal year. A full audit report should be available late February or early March.

Committee Make Up

Thomas asked about the makeup of the Audit Committee and questioned how many members it needs to have. Both she and Atty Bellar will look into the matter. Mayor McCall said he would appoint more members if needed.

With no other business, meeting adjourned at 6:13pm; motion by Dennis, seconded by Ford.



ANNUAL FINANCIAL REPORT

Hartsville/Trousdale County, Tennessee

FOR THE YEAR ENDED • JUNE 30, 2023

SCOPE

We have audited the basic financial statements of Hartsville/Trousdale County Government as of and for the year ended June 30, 2023.

To see the full annual financial report visit:

<https://comptroller.tn.gov/content/dam/cot/la/documents/county/2023/FY23TrousdaleAFR.pdf>

RESULTS

Our report on Hartsville/Trousdale County Government is unmodified.

Our audit resulted in **two findings** and recommendations, which we have reviewed with Hartsville/Trousdale County Government management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

FINDINGS BY OFFICE

The following are summaries of the audit findings:

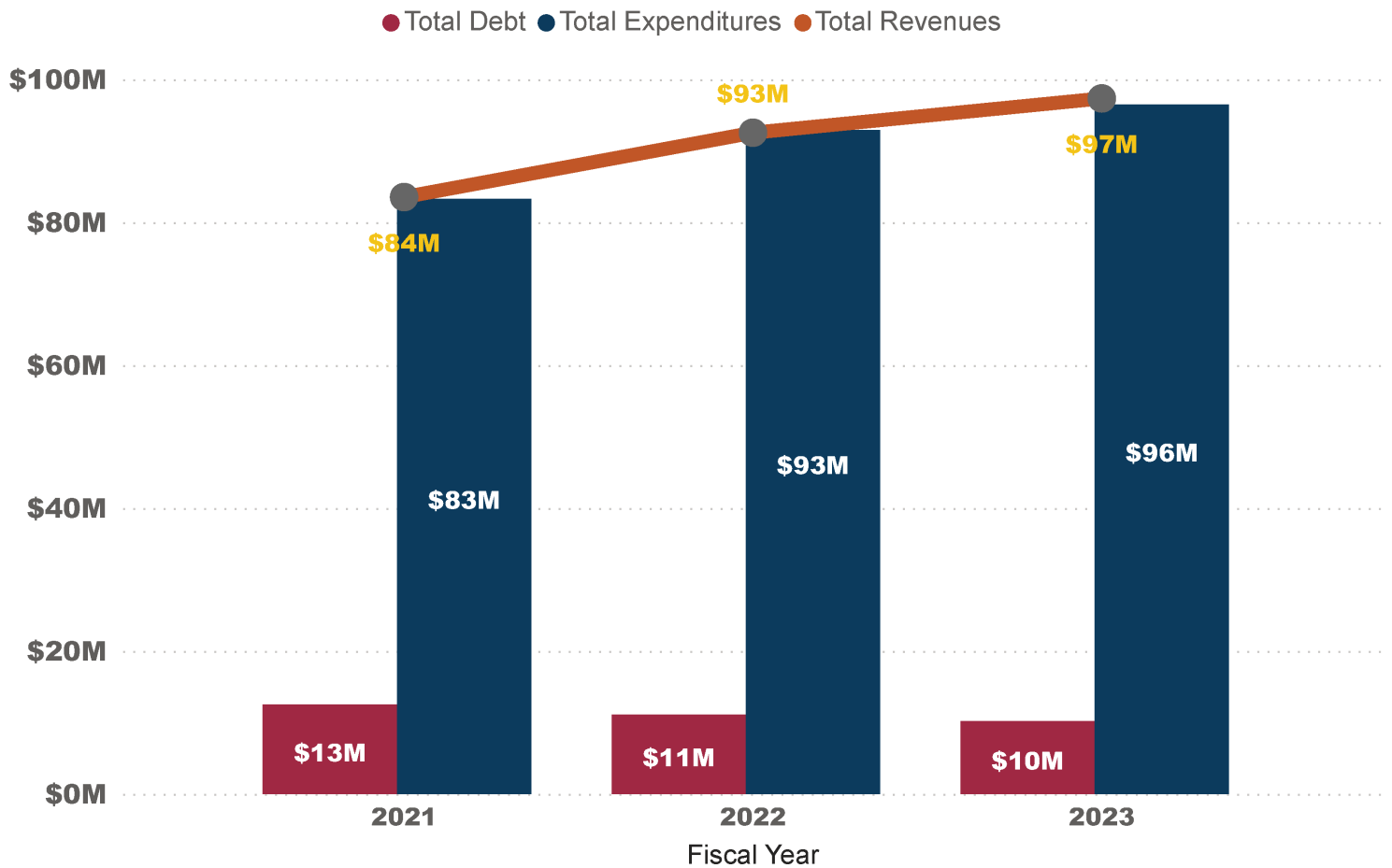
Office of County Mayor

- The office had deficiencies in budget operations.

Water and Sewer Utility Department

- The office failed to properly issue purchase orders.

DATA SNAPSHOT



HARTSVILLE/TROUSDALE COUNTY GOVERNMENT DEMOGRAPHICS • FY 2023

\$458
Avg. Debt per Capita

3
Active Certified County
Financial Officers

To see the Transparency and Accountability for Governments in Tennessee (TAG) page, please visit:

<https://tncot.cc/tag>



PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICE OF COUNTY MAYOR

FINDING 2023-001 **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**
(Noncompliance Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in budget operations. These deficiencies exist due to management's failure to hold spending to the limits authorized by the county commission, which resulted in unauthorized expenditures.

- A. Expenditures exceeded total appropriations approved by the county commission in the General Debt Service Fund by \$3,194.
- B. Expenditures exceeded appropriations in the Sanitation Education/Information major appropriation category (the legal level of control) of the General Fund by \$8,985.
- C. Salaries exceeded appropriations in seven of 84 salary line-items in the General Fund by amounts ranging from \$29 to \$3,324. The budget resolution approved by the county commission states, "The salary, wages, or remuneration of each officer, employee or agent of the County, shall not be in excess of the amounts authorized by existing law or as set forth in the estimate of expenditures which accompanies this ordinance." Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the county commission.

Section 5-9-401, *Tennessee Code Annotated*, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies."

RECOMMENDATION

Expenditures should be held within appropriations approved by the county commission.

MANAGEMENT'S RESPONSE

No formal management's response was submitted; however, explanation to the finding is included in the Corrective Action Plan.

WATER AND SEWER UTILITY DEPARTMENT

FINDING 2023-002

THE OFFICE FAILED TO PROPERLY ISSUE PURCHASE ORDERS

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 27 disbursements totaling \$ 161,954 from a population of approximately 2,818 vendor checks totaling \$2,157,967. In lieu of issuing formal purchase orders, the office allowed employees to record their estimated purchases in a logbook. Office personnel stated the general manager would review the logbook; however, approval was not documented. Our examination revealed that several entries were dated on or after the date of the invoice. Purchase orders are necessary to control who has purchasing authority for the county and to document purchasing commitments. This practice defeats the purpose of the purchase order and increases the risks of unauthorized purchases. This deficiency is the result of a lack of management oversight and failure to follow county purchasing policies.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made.

MANAGEMENT'S RESPONSE

No formal management's response was submitted; however, explanation to the finding is included in the Corrective Action Plan.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs related to federal awards for the year ended June 30, 2023.

Hartsville/Trousdale County Government, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2023

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF COUNTY MAYOR

2023-001	The office had deficiencies in budget operations.	230
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WATER AND SEWER UTILITY DEPARTMENT

2023-002	The office failed to properly issue purchase orders.	231
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HARTSVILLE/TROUSDALE COUNTY GOVERNMENT

CORRECTIVE ACTION PLAN – FY 2023

FINDING 2023-001 THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

Response and Corrective Action Plan Prepared by: **Amy Thomas, Administrative Officer**

Person Responsible for Implementing the Corrective Action: **Amy Thomas and Mayor Jack McCall**


Anticipated Completion Date of Corrective Action: **January 1, 2024**

Repeat Finding: **NO**

Planned Corrective Action:

Hartsville/Trousdale County Government had three parts to Finding 2023-001.

- A. Expense from a refunding activity came in June of 2023 and a budget amendment was not able to be presented to the Commission before yearend. We will take all appropriate measures in future transactions to prevent this from being a repeat event.**
- B. The major category of the Sanitation Education / Litter Grant was overspent due to open monthly purchase orders that should have been liquidated before June 30. HTCG will review outstanding encumbrances for the year beginning in May of each year and liquidate unneeded Purchase Orders.**
- C. Several salary line items exceeded appropriations. Many of these were due to overlooking cleanup journal entries or rounding calculations. Beginning in May of each year, HTCG will review the budgeted amounts compared to current pay rates to determine if budget amendments need to be presented to Commission for approval before June 30. HTCG will also review with elected officials and department heads any overtime needs for their departments.**


Jack McCall
Mayor


Amy Thomas
Administrative Officer / Budget Director

Corrective Action Plan

FINDING 2023-002 **THE OFFICE FAILED TO PROPERLY ISSUE PURCHASE ORDERS**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Response and Corrective Action Plan Prepared by: **Emily Walker, Bookkeeper**

Person Responsible for Implementing the Corrective Action: **Tommy McFarland**

Anticipated Completion Date of Corrective Action: **1/1/2024**

Repeat Finding: **No.**

Reason Corrective Action was Not Taken in the Prior Year: **N/A**

All utility purchases will be based on the county's departmental policies.

Signature: 

Tommy McFarland
General Manager

Fund Balances per FY2023 Audit

Fund	Beginning Balance	Net Change	Ending Balance		Projectea Ending Balances per Budget	Projectea Net Change per Budget
	7/1/2022		6/30/2023		6/30/2023	6/30/2023
101 - General Fund	3,985,828 ↑	813,543	4,799,371	pg 28	4,804,006	818,178
111 - Urban Services	1,722,497 ↑	464,150	2,186,647	pg 127	1,520,628	(201,869)
116 - Solid Waste	1,171,002 ↓	(579)	1,170,423	pg 128	694,397	(476,605)
118 - Ambulance Services	410,469 ↑	33,891	444,360	pg 129	390,553	(19,916)
122 - County Drug Fund	80,775 ↑	29,697	110,472	pg 130	77,479	(3,296)
151 - Debt Services	904,983 ↓	(343,673)	561,310	pg 133	432,912	(472,071)
131 - Highway Fund	1,457,610 ↑	334,848	1,792,458	pg 132	1,216,314	(241,296)
141 - General Purpose School	3,933,234 ↑	622,576	4,555,810	pg 145	4,146,672	213,438
Total Fund Balance	13,666,398	1,954,453	15,665,958		13,282,961	(383,437)