



# CITIZENS SUMMARY

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## Findings in the audit of Carter County

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### Collector Controls and Procedures

The County Collector cannot account for at least \$3,817 in property tax receipts received but not deposited between November 2010 and December 2011. As noted in prior audit reports, significant weaknesses exist in accounting controls and procedures. Cash and check receipts totaling at least \$2,498 were received and not deposited, and check overpayments of \$1,319 were received and the corresponding cash in this amount was not deposited. The method of payment is not accurately recorded in the property tax system and the composition of receipts is not reconciled to the composition of deposits, receipts are not deposited timely or intact, and lists of liabilities are not prepared and compared to the reconciled bank balance. The County Collector does not always distribute collections timely. Bank interest and surtax monies collected over several years had not been distributed as of May 31, 2012. The County Collector does not always refund tax overpayments or issue checks for refunds, and did not realize a \$3,015 overpayment received in December 2010 needed to be refunded to the taxpayer until April 2012 when audit staff brought this to her attention. In addition, the County Collector does not adequately manage and document partial payments.

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### Property Tax System

As noted in our prior audit reports, controls over the property tax system need improvement. Neither the County Clerk nor the County Commission verify the accuracy of the County Collector's annual settlements, and the County Collector does not have a detailed list to support approximately \$63,000 in taxes owed for the 2006 tax year or prior as reported on the annual settlement. In addition, the County Clerk does not maintain a complete and accurate account book.

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### Financial Condition

The General Revenue Fund is in poor financial condition. The ending cash balance was \$85,966 at the end of 2009 and is budgeted to be only \$641 at the end of 2012, and does not take into account significant liabilities totaling approximately \$198,000.

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### Sheriff's Controls and Procedures

As noted in our prior audit report, weaknesses in accounting controls and procedures exist in the Sheriff's office. Accounting duties are not adequately segregated, and no independent or supervisory reviews of the accounting records are conducted. Sheriff's office receipts are kept in a box accessible to all employees and visitors. The numerical sequence of receipt slips is not accounted for properly, monies received are not recorded and deposited timely, checks are not promptly restrictively endorsed, and the method of payment is not always indicated on receipt slips so the composition of receipts cannot be reconciled to the composition of deposits. Bank reconciliations for the Sheriff's account were not always performed and a reconciliation has not been performed for the petty cash account since it was opened in May 2009. The Sheriff's bank account showed negative balances for April 2011 and December 2011. The Sheriff maintains calendar sales profits in a petty cash bank account, but state law does not allow these monies to be held outside the county treasury. Property seized while former Sheriffs were in office has not been identified, tagged, or entered into the online property system implemented in November 2011.

Disbursements	Controls over disbursements need improvement. As noted in our prior audit report, the county needs to improve its procedures for obtaining bids for regularly used goods and services, and the county did not bid for some significant purchases. Neither the Road and Bridge department nor the Sheriff's department adequately record and monitor vehicle and fuel use. Fuel logs are not reconciled to bulk fuel inventory or fuel purchase records.
Personnel Policies and Procedures	As noted in our prior audit report, the county lacks adequate written personnel policies and procedures, and the county's policy manual has not been updated since May 2008. The Sheriff's office and County Clerk are not adequately tracking compensatory leave balances and overtime, and the county's personnel policy does not address the number of hours to be worked each day, whether employees qualify for paid overtime or compensatory time, or the number of hours required before an employee earns benefits.
Capital Assets	As noted in our prior audit report, the county's capital asset records are in need of improvement. The County Clerk is responsible for maintaining overall county property records; however, no elected official conducted an annual inventory in 2010 or 2011. County property records are not regularly updated for property purchases or dispositions.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Poor**.\*

American Recovery and Reinvestment Act (Federal Stimulus)	Carter County did not receive any federal stimulus monies during the audited time period.
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\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.