



State of Tennessee

Justin P. Wilson, State Comptroller

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Audit Finds Large Number of Accounting and Bookkeeping Problems in Smith County Government

Smith County government officials have made numerous mistakes in managing public funds during the past year, a report by the Comptroller's Division of County Audit has found.

The annual audit, which was released today, includes 15 findings and recommendations for improving government operations. Several of those findings were identified in previous audits as issues that needed to be corrected.

The Office of the Circuit and General Sessions Court Clerk had a total of seven findings, while the Office of County Mayor had six.

Auditors discovered a cash shortage of more than \$75,000 in the Office of Circuit and General Sessions Courts Clerk. A deputy clerk responsible for making bank deposits admitted she had taken cash, checks and money orders from deposits of the General Sessions Court and the Circuit Court. The auditors determined that in some instances as many as 141 days lapsed between the date some funds were collected and the date the funds were deposited. The cash was used for the deputy clerk's personal benefit. She also voided receipts with no supporting documentation to support the voided transactions.

Some of the findings suggest a lack of "internal controls" – the accounting checks and balances used to safeguard against fraud, waste or abuse of funds.

For example, nine offices in Smith County government failed to adequately separate duties of employees involved in handling financial transactions. To reduce the likelihood that money could be lost or stolen, it is recommended that no single employee be left in a position of handling all aspects of money collection, record keeping and disbursement or deposit of funds.

Similarly, five offices of county government allowed multiple employees to operate out of the same cash drawers. That makes it more difficult to determine who is responsible if funds are lost or stolen.

“I hope Smith County officials will take appropriate steps to correct the problems identified in this report,” Comptroller Justin P. Wilson said. “When government officials fail to follow generally accepted practices for accounting, it creates an environment where fraud or waste of public dollars could occur. Many times our auditors have heard local government officials say ‘fraud can’t or won’t happen here’ – only to be shocked when it does.”

To view the report online, go to

<http://www.comptroller1.state.tn.us/ca/CountyAudits.asp?C=80>.

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Media contact: Blake Fontenay, Communications Director, (615) 253-2668 or
blake.fontenay@tn.gov

[Tennessee Comptroller of the Treasury](#)

State Capitol Nashville, TN 37243

Phone: (615) 741-2501

Email: comptroller.web@tn.gov