

# Audit Committee Orientation



April 1, 2013

Executive Summary # 29

# Committee Members

- Members:
  - Suzie Jones Clay
  - Harriet Walker
  - Doris Thompson
  - Wade McCullough
  - Nick Forrester
- Ex Officio: Ron Woody
- Staff Assignee: Chase Clem

# Audit Committee Agenda

April 1, 2013

- Call to order
- Elect a chair and secretary
- Orientation and agenda review
- Discussion of Appointment and Purpose of the Audit Committee
- 2012 Audit: handout
- 2013 Budget Book
- Operational laws of Roane County
- Policies
- Adjournment

# Election of Chairperson and Secretary

- **Motion, Second, and Vote** for Chair
- **Motion, Second, and Vote** for Secretary
- Accounting staff will prepare minutes, if acceptable, by the committee for review and acceptance by the official secretary
- Minutes will be file with the county commission

# Orientation and Agenda Review

- Orientation and Agenda review to be given by County Executive Ron Woody

# Discussion of Appointment and Purpose of Audit Committee

- Resolution #02-13-05 (handout)
  - Review and Oversight
  - Access to Financial Expert
  - Duties and Responsibilities
  - Review Audit Findings
  - Establish Process to Report Improper Activity
  - Present Committee with Written Report

# Roane County's Audit Functions

- No Internal Auditor
- External Auditors are the Comptroller of Treasury Division of County Audit

# 2012 Audit

- Distribution of the 2012 Annual Financial Audit  
[Roane County 2012 Audit](#)
- **Audit Highlights** p.6 Unqualified Opinion
- **Management's Discussion and Analysis** p.13
- **Summary of Significant Accounting Policies** p.42
- **Schedule of Findings and Questioned Costs and Best Practices** p.232-234

# 2013 Budget Book

- Distribution of the 2013 Budget Book
  - **Summary of Operations p. 24**
  - **Appropriations Resolution #07-11-10, p.30**
    - A RESOLUTION making appropriations for various funds, departments, institutions, offices, and agencies of Roane County, Tennessee for the fiscal year beginning July 1, 2012 and ending June 30, 2013
- **Tax Resolution #7-11-11, p.44**
  - A RESOLUTION fixing the tax levy in Roane County, Tennessee for the Fiscal Year beginning July 1, 2012
- **Non-Profit Resolution #07-11-12 p.47**
  - A RESOLUTION making appropriations to non-profit charitable organizations of Roane County, Tennessee for the fiscal year beginning July 1, 2012, and ending June 30, 2013

# Operational Laws of Roane County

- **General Laws**
  - Tennessee Code Annotated Title 5- Counties
- **Optional Laws**
  - 1957 Fiscal Procedures, Budget, and Purchasing
- **Private Acts**
  - 1933 Purchasing

# Operational Laws of Roane County

- **General Laws**
- TCA 5-8- Receipts and Management
  - Part 1: 101 General Provisions
  - Part 2: 201 Bank Accounts
  - Part 3: 301 Investment in Bonds or Notes
  - Part 4: 401 Unclaimed Funds
  - Part 5: 501 Accounting System and Reports
  - Part 6: 601 Revenue Commissioners

# Operational Laws of Roane County

- **General Laws**
- TCA 5-9- Appropriations and Disbursement of Funds
  - Part 1: 101 Miscellaneous Purposes
  - Part 2: 201 Advertising and Tourist Promotion
  - Part 3: 301 Procedures
  - Part 4: 401 Agency Expenditures

# Operational Laws of Roane County

- **Optional Laws**
- TCA 5-12- County Budgeting Law of 1957
  - Part 1: 101 County Budgeting Law of 1957
    - This part shall be local in effect and shall become effective in a particular county upon the contingency of a two-thirds (2/3) vote of the county legislative body or other governing body of the county approving this law, or upon the contingency of the majority of the voters casting votes in any election held for this purpose approving this law.
  - Part 2: 201 Local Option Budgeting Law of 1993
    - This part shall be known and may be cited as the "Local Option Budgeting Law of 1993" and applies only to any county having adopted its provisions by approval by a two-thirds (2/3) vote of the county legislative body.

# Operating Laws of Roane County

- **Optional Laws**
- 5-13- County Fiscal Procedure Law of 1957
  - There shall be set up and maintained in the office of the director of accounts and budgets a system of fiscal procedure, control and centralized accounting, set out and described in this section, which shall be under the administrative control and direction of the director; but such system shall be conducted in full accordance with the general law of this state respecting the duties and responsibilities of the county mayor as fiscal agent of the county.

# Operating Laws of Roane County

- **Optional Laws**
- 5-14- County Purchasing Law of 1957
  - **Part 1: 101 County Purchasing Law of 1957**
  - The county purchasing agent has exclusive power and it is the purchasing agent's duty to: Contract for and purchase all supplies, materials, equipment and contractual services required by each and every official, agency, office, department or employee of the county government, or that is supported by, or under control of, the county government and that expends or encumbers any of the county's funds.
  - **Part 2: 201 County Purchasing Law of 1983**
  - **Stricter requirements -- Regulations.**  
County governing bodies are specifically authorized to lower the dollar amounts required in this part for public advertisement and competitive bidding to an amount to be set by the county governing body.  
County governing bodies are specifically authorized to adopt regulations providing procedures for implementing the provisions of this part.

# Operational Laws of Roane County

- **Private Acts**

- Purchasing Act of 1933

- That the County Judge or Chairman of any county in the State of Tennessee, having a population of not less than twenty-four Thousand, and not more than twenty-five Thousand... he is hereby required, and the duty is imposed upon him that he serve as purchasing agent of said county, in addition to the duties already imposed on him by law, without additional compensation.

- In addition to the aforementioned duties, the said County Judge or County Chairman, in the discharge of said duties related to purchasing of supplies, etc., shall upon being so requested or directed by the Quarterly County Court, or any other county official duly authorized so to do, sell any and all real and personal property of the county not needed or serviceable for the public use, or that may have been condemned or discarded as useless.

# Sources of Legal Information

- [LexisNexis](#)
- [CTAS](#)
- [CTAS Library](#)

# Discussion of Operations of County Finance

- 1957 Acts which centralizes General County and Highways with Schools optional acceptance
- Operates and audited as if schools included
- Officially schools are not included thus 1933 Private Act of Purchasing is in place
- County has centralized finance with School Payroll being performed at School Department

# Policies

## Three (3) Main Financial Policies

- [Debt Policy](#) - Resolution #03-11-23
- [Capital Policy](#)- Resolution #03-11-22
- [Fund Balance Policy](#)- Resolution #04-11-32
- [Schools Fund Balance Policy](#)- Policy #4.38

# Independence of the Audit Committee

- Appointments of the County Commission
- Review of County Financial Operations
  - Purchasing
  - Budgets
  - Accounting
- Review and understanding of Fee Offices

# Charge to the Audit Committee by Enabling Resolution # 02-13-05

- Provide a review of external audit report and follow up on management's compliance with laws, regulations, and ethics
- Meet with management to discuss all findings and/or disagreements with external auditors.
- Determine what corrective action, if any, should be recommended to the County Commission
- Establish process by which employees, taxpayers, and other employees can report suspect activity

# Agenda For Future Meetings

- Meet Quarterly
- Purchasing Accounting Policy of Pink Sheets
- Audit Schedule
- Fee Offices