



Haywood County Audit Committee

March 18, 2025 - 3:00 – 4:30PM

Historic Courthouse Courtroom

Committee Members

Sharon Hayes (Chair) • Rhonda Thompson (Vice Chair) • Richard Jameson • Charlie Tripp

County Departments

Budget Director, Terri Ann Russell; Highway Department, Beth Moore & Courtney Lester

Comptroller's Office – Local Government Audit – West Tennessee

Melissa Darby • Lauren Lewis • Catie Cantrell • Madison Laster

County Audit Resolution: adopted by the County Commission March 17, 2014 to establish an Audit Committee, “to provide independent review and oversight of the county’s financial reporting processes and internal controls, a review of the external auditor’s report and follow up on management’s corrective action, and compliance with laws, regulations, and ethics.”

Minutes March 18, 2025; Follow-up Report for County Commission April 2025

I. Call to Order, Determination of Quorum, Welcome & Introductions

Commissioner Hayes called the meeting to order, declared a quorum, and welcomed committee members, audit team, and county officials, all listed above.

II. Approve of Minutes – Previous Meeting (5-29-2024); Commission Report (6-17-2024)

The Audit Committee minutes for May 29, 2024 were approved as presented upon motion.

III. Public Comments on Agenda - Hearing none, this item was closed.

IV. County Audit for the Fiscal Year Ended June 30, 2024 – Two Findings – *attached*

Senior Auditor Lauren Lewis led the discussion, summarizing the audit and highlighted the two findings. All present participated in reviewing corrective actions as follows.

Finding 1 - OFFICE OF COUNTY MAYOR - General ledger payroll deduction accounts were not reconciled with payroll reports and payments.

Follow-up Action – This is a repeat finding that has not been corrected. The Committee emphasized that Mayor Livingston must take appropriate action to ensure payroll reconciliations are being performed in a timely manner. Further, the accumulation of past errors needs to be reviewed and resolved. The Committee requests a meeting with the mayor to work towards corrective actions. Commissioner Thompson will set up the meeting before fiscal year-end.

Finding 2 -HIGHWAY DEPARTMENT - Competitive bids were not solicited for the purchase of a trailer.

Follow-up Action – Department staff indicated the omission was an isolated oversight and affirmed that all future purchases would comply with bidding regulations.

V. Best Practices – The Audit recommended a central system of accounting, budgeting, and purchasing.

VI. 2025 Audit Timeline – The current audit is expected to be completed in January 2026.

VII. Summary & Adjournment – Chair Hayes thanked the committee, the auditors, and county staff for their commitment to corrective actions and strengthening financial processes for Haywood County. *A follow-up meeting will be scheduled to monitor progress on Finding 1.*

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 2024-001

GENERAL LEDGER PAYROLL DEDUCTION ACCOUNTS WERE NOT RECONCILED WITH PAYROLL REPORTS AND PAYMENTS

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

General ledger payroll deduction accounts were not reconciled with payroll reports and payments in the General and Solid Waste Disposal funds. Sound business practices dictate that these reconciliations be performed monthly. The failure to regularly reconcile payroll deduction accounts allows errors to remain undiscovered and uncorrected. This deficiency exists due to a lack of management oversight, management's failure to correct the finding noted in the prior-year audit report, and management's failure to implement their corrective action plan.

RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with payroll reports and payments, and any errors should be corrected promptly.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur. The budget director will continue to work on getting withholding accounts reconciled.

OFFICE OF CHIEF ADMINISTRATIVE HIGHWAY OFFICER

FINDING 2024-002

COMPETITIVE BIDS WERE NOT SOLICITED FOR THE PURCHASE OF A TRAILER

(Noncompliance Under *Government Auditing Standards*)

Competitive bids were not solicited for a lowboy trailer totaling \$48,000. Purchasing procedures for the highway department are governed by provisions of Chapter 24, Private Acts of 1991, as amended and Section 54-7-113, *Tennessee Code Annotated*, which require all purchases exceeding \$25,000 to be made on the basis of publicly advertised competitive bids. The failure to solicit competitive bids could result in the highway department paying more than the most competitive price. This deficiency is the result of a lack of management oversight and a failure to follow state statutes.

RECOMMENDATION

All purchases should be made in compliance with the applicable state statutes.

**MANAGEMENT'S RESPONSE – PERRY DAVIS, FORMER CHIEF ADMINISTRATIVE
HIGHWAY OFFICER**

I concur with the finding.

**MANAGEMENT'S RESPONSE – VERNON MANN, CURRENT CHIEF ADMINISTRATIVE
HIGHWAY OFFICER**

I concur with the finding.