

# Common Audit Findings

Lee Ann West, CPA, CGFM  
*Local Government Audit*

10.1.26

TENNESSEE COMPTROLLER OF THE TREASURY







# Local Government Audit

**Bryan Burklin, Director**

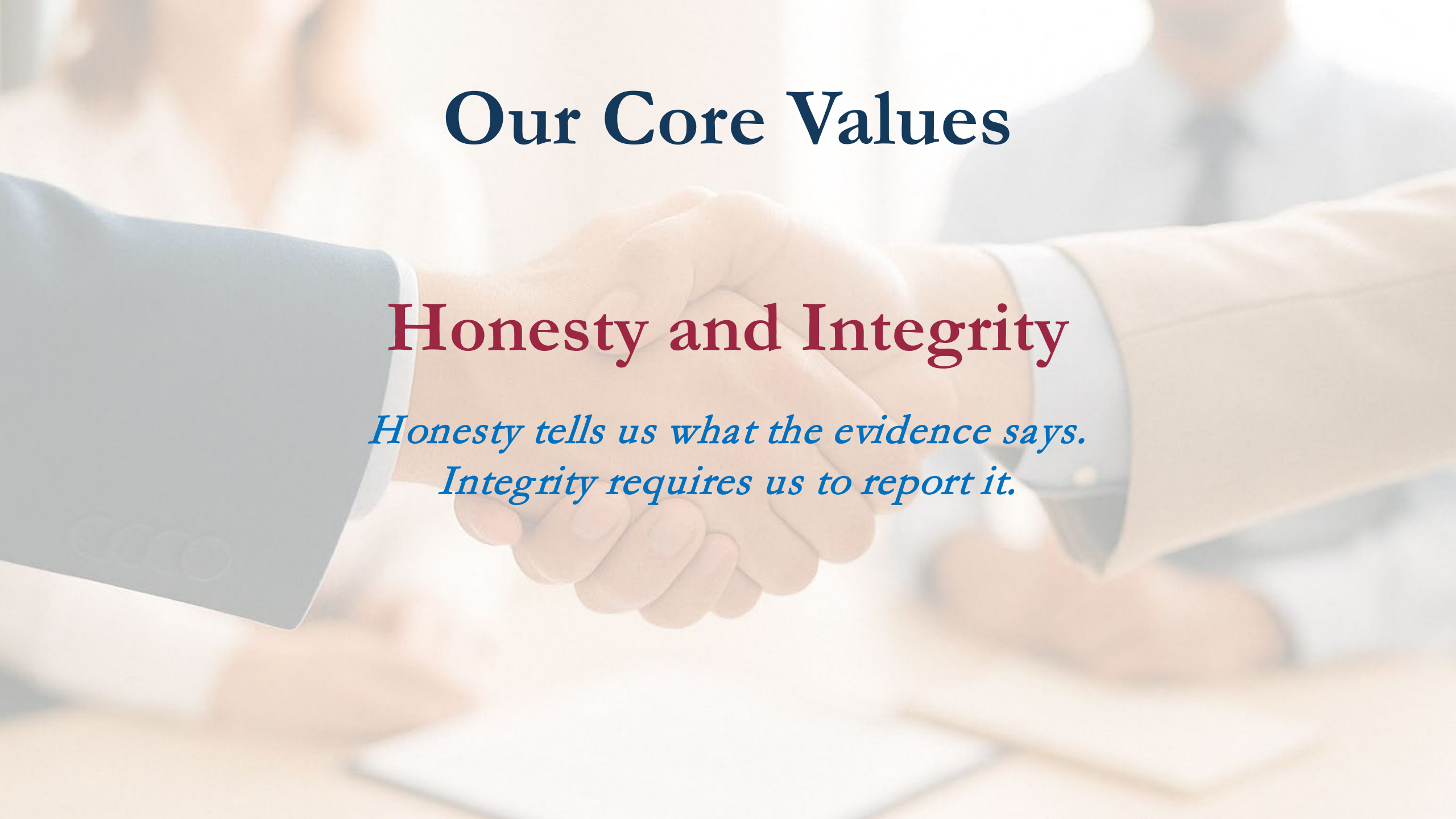


My Team

**MAKE  
GOVERNMENT  
WORK BETTER!**

**TENNESSEE COMPTROLLER OF THE TREASURY**



A background image showing a close-up of two hands shaking in a firm grip. The hand on the left is wearing a dark grey suit sleeve, and the hand on the right is wearing a light beige suit sleeve. The background is blurred, showing other people in business attire in an office setting.

# Our Core Values

## Honesty and Integrity

*Honesty tells us what the evidence says.*

*Integrity requires us to report it.*

# Our Core Values

## Accuracy and Reliability

*Audit findings are rooted in facts – publishing them adds credibility.*

# Our Core Values

## Accountability

*Accountability doesn't stop at identifying a problem  
– it includes sharing knowledge and encouraging  
action.*

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# CONSISTENCY



# What is an Audit Finding?

An audit finding is a reportable condition identified during an audit that warrants communication because it involves noncompliance, a deficiency in internal control, or another matter significant enough to bring to management's and the public's attention.

# 2025 Audit Results

- ✅ 248 Audit Findings
- ✅ 2.73 Avg per County
- 🌟 15 Counties = 0 Findings
- ❌ Most findings published = 12!

# 5-Year Comparison

| FINDINGS DATA       |  | FY 21 | FY 22 | FY 23 | FY 24 | FY 25 |
|---------------------|--|-------|-------|-------|-------|-------|
| Total Findings      |  | 278   | 308   | 325   | 260   | 248   |
| Findings/County     |  | 3.05  | 3.38  | 3.57  | 2.86  | 2.73  |
| No Finding Counties |  | 12    | 9     | 9     | 14    | 15    |

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# FY 25 Audit Recap – Counties with No Findings

| WEST      | MIDDLE    | MID-EAST | EAST    |
|-----------|-----------|----------|---------|
| Henderson | Cheatham  | Cannon   | Hawkins |
| Stewart   | Robertson | Meigs    | Loudon  |
|           |           | Putnam   | McMinn  |
|           |           | Warren   | Sevier  |
|           |           | White    | Unicoi  |
|           |           |          | Union   |

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# 2025 Audit Results

Most prevalent audit findings:

Accounting Deficiencies

# 2025 Audit Results – Accounting Deficiencies

- ❖ Material Audit Adjustments
- ❖ Material Recurring Audit Finding
- ❖ Failure to Properly Reconcile
- ❖ Fund Deficit and Cash Overdraft
- ❖ Accounting Records Not Closed by 8/31

## Section 9-2-102(b), *Tennessee Code Annotated:*

**(b)** It is the duty of all local governments that are subject to the audit requirements of the comptroller of the treasury and that handle public funds to close their official accounting records and to have those records available for audit no later than two (2) months after the close of their fiscal year.



# 2025 Audit Results

Other prevalent audit findings:

**Purchasing Deficiencies**

## Purchasing Deficiencies:

- ❖ Purchase Orders
- ❖ Lack of Documentation
- ❖ Receiving Reports Not Signed
- ❖ Failure to Bid
- ❖ Travel Deficiencies

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## Section 12-3-1209, *Tennessee Code Annotated*:

(a) Contracts by counties, cities, metropolitan governments, towns, utility districts and other municipal and public corporations of this state for legal services, fiscal agent, financial advisor or advisory services, **services from an insurance producer**, as that term is defined in § 56-6-102, educational consultant services, and similar services by professional persons or groups of high ethical standards, **must not be based upon competitive solicitations, but must be awarded on the basis of recognized competence and integrity...**



STATE OF TENNESSEE  
OFFICE OF THE ATTORNEY GENERAL  
July 25, 2022

Opinion No. 22-10

**Requirement that Local Governmental Entities Seek Competitive Bids for the Purchase of Insurance Following Passage of Chapter 719 of the 2022 Tennessee Public Acts    Question 1**

If a local governmental entity is using the professional services of an insurance producer under 2022 Tennessee Public Acts, chapter 719, may it purchase insurance from a private corporation without requiring competitive bids?

**Opinion 1**

No. Tennessee Code Annotated § 12-3-1209(a), as amended by 2022 Tennessee Public Acts, chapter 719, does not relieve a local governmental entity from complying with competitive-bidding requirements when it purchases insurance.

<https://www.tn.gov/content/dam/tn/attorneygeneral/documents/ops/2022/op22-10.pdf>

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# 2025 Audit Results

Other prevalent audit findings:

## Budget Deficiencies

- ❁ Expenditures Exceeded Appropriations
- ❁ Budgeted Fund Deficit
- ❁ Budget Amendment Approval

**SECTION 4. BE IT FURTHER RESOLVED** that any appropriations made by this resolution which cover the same purpose for which a specific appropriation is made by statute is made in lieu of, but not in addition to, said statutory appropriation. 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 resolution. Provided, however, that appropriations for such salaries, wages, or other remuneration hereby authorized shall in no case be construed as permitting expenditures for an office, agency, institution, division or department of the county in excess of the appropriation made herein for such office, agency, institution, division or department of the county. Such appropriation shall constitute the limit to the expenditures of any office, agency, institution, division or department for the year ending June 30, 2025. The aggregate expenditures for any item of appropriation shall in no instance be more than the amount herein appropriated for such item.

# 2025 Audit Results

Other prevalent audit findings:

Operating Deficiencies

# Common Operating Deficiencies Findings

- Segregation of Duties
- Separate Cash Drawers
- No Receipt Issued
- Other Receipting Problems
- Not Depositing Intact
- Deposit Delays

# 2025 Audit Results – Other Findings

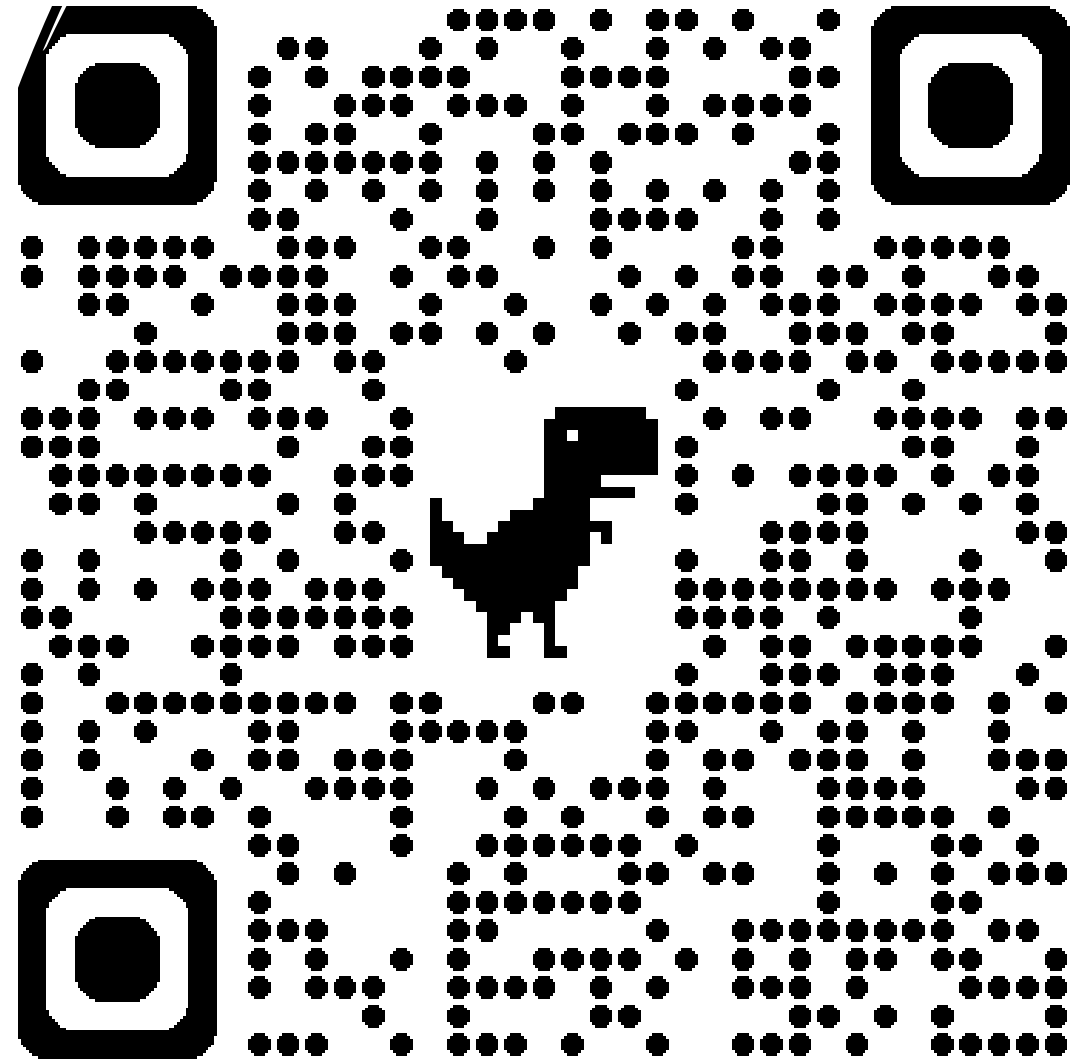
- ⊛ Pending or Completed Investigations/Cash Shortages
- ⊛ Information Systems Findings
- ⊛ Single Audit Findings
- ⊛ Audit Committee Findings
- ⊛ Debt Not Issued Properly
- ⊛ IRS Interest and Penalties
- ⊛ Property Assessments Findings

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# LGA

## Audit Reports



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# THANKS!

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*Principal of Audit Operations*

Comptroller of the Treasury

Local Government Audit

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