



Alabama Department of Examiners of Public Accounts

Report on the **Greene County Commission** **Greene County, Alabama**

October 1, 2019 through September 30, 2021

Filed: November 29, 2024

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ALABAMA STATE HOUSE

Rachel Laurie Riddle, Chief Examiner



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Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

An examination was conducted on the Greene County Commission, Greene County, Alabama, for the period October 1, 2019 through September 30, 2021. Under the authority of the ***Code of Alabama 1975***, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the examination.

Respectfully submitted,

Madelyn Grace Plowman
Examiner of Public Accounts

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Department of **Examiners of Public Accounts**

SUMMARY

Greene County Commission October 1, 2019 through September 30, 2021

The Greene County Commission (the “Commission”) is governed by a five-member body elected by the citizens of Greene County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 1. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of Greene County.

The objectives of a traditional audit are to determine whether the financial statements present fairly the financial position and results of financial operations. It is a standard business and best practice for governments to reconcile, adjust and close financial accounts at the end of each accounting cycle and to prepare financial statements. Financial statements are used to communicate to management, citizens, investors, creditors and other stakeholders the resources received by the County, how those resources were used and what resources remain at the end of each reporting period. Financial statements are the core of financial reporting and are the principal means of communicating financial information to external users.

Several attempts were made to obtain year-end financial statements in order to perform a financial statement audit of the Commission’s activities and the results of its operations. However, the Commission did not prepare financial statements for fiscal years 2020 and 2021, as indicated in Finding 2021-001. On February 15, 2024, the Chief Examiner informed the Commission that the Department has a duty to audit and examine the Commission’s books and records; therefore, a legal compliance examination would have to be performed in lieu of traditional financial statement audits for the fiscal years ended September 30, 2020 and September 30, 2021.

The Commission’s failure to have traditional financial statement audits for the above referenced fiscal years may impact the Commission’s credit rating and/or ability to borrow money in the future. Additionally, if the Commission expended \$750,000 or more in federal awards during any fiscal year, its failure to have the federal awards audited as required by Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* may result in the loss of future federal funding.

This report presents the results of an examination of the Commission and a review of the Commission's compliance with applicable laws and regulations of the State of Alabama in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12.

FINDINGS

The following instances of noncompliance with state and local laws and regulations and other matters were found during the examination, as shown on the Schedule of State and Local Compliance and Other Findings, and they are summarized below.

- ◆ 2021-001: The Commission did not produce financial statements, including a Schedule of Expenditures of Federal Awards, for the fiscal years ended September 30, 2020 and September 30, 2021.
- ◆ 2021-002: The Commission did not have policies and procedures in place to ensure all financial information was accurately recorded.
- ◆ 2021-003: The Commission did not have policies and procedures in place to ensure capital assets were properly valued and reported in the financial records.
- ◆ 2021-004: The Commission did not have policies and procedures in place to ensure beer tax collections were properly distributed.
- ◆ 2021-005: The Commission did not maintain all documentation for bid and public works projects. This finding was previously reported as Finding 2019-013.

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 1, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Finance Director Mac Underwood and Commission Members Tennyson Smith and Allen Turner, Jr. Representing the Department of Examiners of Public Accounts were Shelley Patrenos, Audit Manager and Grace Plowman, Examiner.

*Schedule of State and Local
Compliance and Other Findings*

Schedule of State and Local Compliance and Other Findings

October 1, 2019 through September 30, 2021

Ref. No.	Finding/Noncompliance
2021-001	<p><u>Finding:</u></p> <p>The <i>Governmental Accounting Standards Board's (GASB) Codification of Governmental and Financial and Reporting Standards</i>, Section 1100.101, provides that a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance related legal and contractual provisions. Pursuant to the <i>Code of Alabama 1975</i>, Section 41-5A-21, the Chief Examiner of Public Accounts has prescribed the Alabama County Commission Finance Manual as the required accounting system for all County Commissions and as such, each county commission must have the ability to produce a complete set of financial statements in a timely manner. Additionally, any entity that expends more in federal awards than the thresholds established under the audit requirements of Title 2 U. S. <i>Code of Federal Regulations</i> Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)</i> during any fiscal year is required to report the federal expenditures on the Schedule of Expenditures of Federal Awards and to have a single audit conducted for that year. The Commission did not produce financial statements, including the Schedule of Expenditures of Federal Awards, for the 2020 and 2021 fiscal year covered by this examination period. Procedures were not in place to ensure financial statements were prepared. As a result, a financial audit could not be conducted, and a determination could not be made as to whether a federal single audit was necessary.</p> <p><u>Recommendation:</u></p> <p>The Commission should prepare financial statements in a timely manner at the end of each fiscal year. In addition, the Commission should determine whether a Single Audit is required and, if so, prepare a Schedule of Expenditures of Federal Awards.</p>

Schedule of State and Local Compliance and Other Findings

October 1, 2019 through September 30, 2021

Ref. No.	Finding/Noncompliance
2021-002	<p><u>Finding:</u></p> <p>The <i>Code of Alabama 1975</i>, Sections 11-3-11(a)(3) and (4), gives the Commission the authority to examine, settle, and allow all accounts and claims chargeable against the county and to examine and audit the accounts of all officers having care, management, collection, or disbursement of money belonging to the county or appropriated for its use and benefit. The <i>Code of Alabama 1975</i>, Section 11-3-18, further provides that the county commission may employ a chief administrative officer who shall carry out certain administrative duties including maintaining at all time a detailed record of the financial status of the county which shall be kept up to date at all times and shall reflect the true status of all outstanding obligations of the county and estimated revenue for the current fiscal year and any other duties with reference to accounting, auditing claims, issuing warrants, and supplying the county commission with information they may deem necessary for the administration of the financial affairs of the county. Therefore, to fulfill this responsibility, it is incumbent upon the management of the Commission to establish, implement and maintain policies and procedures to accurately record balances in the financial records. The following problems were noted:</p> <ul style="list-style-type: none">✓ The Commission did not accurately reconcile bank account balances to the cash recorded in the general ledger at September 30, 2021.✓ The Commission did not reconcile interfund receivables and interfund payables to ensure that they balanced in fiscal years 2020 and 2021.✓ The Commission did not reconcile interfund transfers in and interfund transfers out to ensure that they balanced in fiscal years 2020 and 2021. <p>The Commission failed to ensure procedures were in place to ensure financial activity was accurately recorded. As a result, cash, interfund activity and operating transfers may contain errors and not be accurately recorded in the financial information.</p> <p><u>Recommendation:</u></p> <p>The Commission should implement policies and procedures to ensure bank accounts are reconciled to the cash reported in the accounting records, interfund activity is accurately recorded, and operating transfers are accurately recorded in the financial information.</p>

Schedule of State and Local Compliance and Other Findings

October 1, 2019 through September 30, 2021

Ref. No.	Finding/Noncompliance
2021-003	<p><u>Finding:</u> The <i>Governmental Account Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards</i>, Section 1400, requires capital assets to be properly valued, depreciated and reported in the financial records. To comply with this standard, internal controls should be in place to ensure a reconciliation of capital outlay expenditures to additions to capital assets is performed and additions, deletions and capital asset balances are accurately recorded in the general ledger. A reconciliation of capital outlay expenditures to additions to capital assets was not performed. In addition, additions and deletions of capital assets were not accurately recorded in the general ledger. Procedures were not in place to ensure additions to capital assets were reconciled to capital outlay expenditures and additions and deletions of capital assets were recorded in the general ledger. Failure to perform a reconciliation of capital outlay expenditures to additions of capital assets, and to record additions and deletions of capital assets may result in undetected errors and capital asset balances not being properly reported in the general ledger.</p> <p><u>Recommendation:</u> The Commission should implement policies and procedures to ensure additions to capital assets are reconciled to capital outlay expenditures and capital asset balances are properly recorded in the general ledger.</p>
2021-004	<p><u>Finding:</u> The <i>Code of Alabama 1975</i>, Section 28-3-190, requires "The entire amount of the beer tax shall be paid to the Judge of Probate of Greene County and distributed by him or her as follows: two and one-half percent to the probate judge as commission for collection and administration; two-fifths of the remainder to the general fund of the county; two-fifths of the remainder to the county board of education; and one-fifth prorated among the municipalities within the county upon the basis of their respective populations." The Greene County Commission did not maintain records in a manner in which it could be determined that the Commission distributed all beer tax received to the proper entities. Procedures were not in place to adequately document that all distributions of beer taxes were properly made to the appropriate entities. As a result, the proper entities did not receive all distributions for beer tax collected in fiscal years 2020 and 2021. Once the error was brought to the Commission's attention, payments were made to the appropriate entities to correct the error.</p> <p><u>Recommendation:</u> The Commission should implement policies and procedures to ensure all beer tax collections are properly distributed.</p>

Schedule of State and Local Compliance and Other Findings
October 1, 2019 through September 30, 2021

Ref. No.	Finding/Noncompliance
2021-005	<p><u>Finding:</u> The <i>Code of Alabama 1975</i>, Title 39, commonly referred to as the “Public Works Law” and the <i>Code of Alabama 1975</i>, Section 41-16-50, commonly referred as the “Alabama Competitive Bid Law”, require competitive bids be let for certain public works projects and certain expenditures for goods and services, respectively. During the examination, the Commission was unable to provide complete documentation for all requested bid and public works projects. Procedures were not in place to ensure complete documentation was maintained for purchases that should have been made in accordance with the Public Works Law and the Alabama Competitive Bid Law. As a result, the Commission could not provide sufficient documentation to support that purchases were made in accordance with the Public Works Law and the Alabama Competitive Bid Law. This finding was previously reported as Finding 2019-013.</p> <p><u>Recommendation:</u> The Commission should maintain all documentation for bids and public works projects.</p>

Additional Information

Commission Members and Administrative Personnel
October 1, 2019 through September 30, 2021

Commission Members		Term Expires
Hon. Roshanda Summerville	Chairman	2022
Hon. Lester Brown	Commissioner	Deceased
Hon. Tennyson Smith	Commissioner	2022
Hon. Corey Cockrell	Commissioner	2022
Hon. Allen Turner, Jr.	Commissioner	2022
<u>Administrative Personnel</u>		
Mac Underwood	Finance Director	Indefinite
Paula Bird	Finance Director	2020