



State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

January 5, 2007

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Choctaw County, Mississippi

In planning and performing our audit of the financial statements of Choctaw County, Mississippi for the year ended September 30, 2004, we considered Choctaw County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control. Our opinions on the financial statements have been previously submitted to you in a separately issued document dated April 13, 2006.

In addition, for areas not considered material to Choctaw County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. The fieldwork for these review procedures and tests was completed on April 25, 2006. Our procedures and tests were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated April 13, 2006, on the financial statements of Choctaw County, Mississippi.

However, because of the reduced scope, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings and recommendations and your responses are disclosed below:

Board of Supervisors.

1. Finding

An effective system of internal control should include an adequate separation of duties. As reported in the prior year's audit report, cash collection and disbursement functions are not adequately separated for effective internal control over the solid waste user fees. One employee receipts funds, prepares all deposits, calculates the monthly settlements, posts the cash journal and reconciles the bank statement. Failure to have an adequate separation of duties could result in the loss of public funds.

Recommendation

The Board of Supervisors should implement a system of review of the accounting records by another person.

Board of Supervisors' Response

The Chancery Clerk will review the monthly bank statements and will sign off on each.

2. Finding

Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor. As reported in the prior year's audit report, several required employee bonds were written as "indefinite" coverage for the entire period of employment rather than the term. This would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation

The Board of Supervisors should cancel the current bonds and secure new ones for the duration of the current term.

Board of Supervisors' Response

All bonds are now being required to have a term status.

3. Finding

Section 19-13-31, Miss. Code Ann. (1972), requires that the President or Vice-president of the board, in the absence of the President, shall sign his name at the end of the docket entries covering the day's business and the board shall enter an order on its minutes approving the demands and accounts allowed by the claim number as it appears on the claims docket. The President and/or Vice-president failed to sign at the end of the docket, entries covering each day's business and did not list the demands approved for payment in the board minutes by claim number. Failure to sign the docket and record claim numbers could allow claims not approved by the board to be added to the claims docket and paid without board approval.

Recommendation

The President and/or Vice-president should sign the claims docket at the end of the docket entries covering each day's business. The signed claims docket should be kept and filed by date. All demands approved by the board for payment should be listed in the board minutes by claim the number as it appears on the claims docket.

Board of Supervisors' Response

Effective November 1, 2006 the board president or vice-president will sign the claims docket.

4. Finding

Section 25-3-41, Miss. Code Ann. (1972), allows the county to reimburse county employees and officials for expenses incurred while traveling on official business. The Board of Supervisors approved reimbursements to the Chancery Clerk for meals with no travel involved.

Recommendation

The Board of Supervisors should not authorize meal reimbursements for county employees or officials who are not traveling outside the county.

Board of Supervisors' Response

The Board will not authorize any meal reimbursements if travel is not outside of county.

Chancery Clerk.

5. Finding

Section 25-3-41, Miss. Code Ann. (1972), allows the county to reimburse county employees and officials for expenses incurred while traveling on official business. The Chancery Clerk received \$4,060.24 in reimbursements for meals for himself and other county officials with no travel involved from May 23, 2003 through December 8, 2005.

Recommendation

The Chancery Clerk should repay \$4,060.24 to the General Fund of the county.

Chancery Clerk's Response

I will immediately issue a warrant to the county. I thought that this expense was allowed. This practice was discontinued upon our notification of the issue.

Auditor's Note

The Chancery Clerk repaid \$4,060.24 to the General Fund on November 8, 2006, as evidenced by receive warrant number 14813.

Circuit Clerk.

6. Finding

An effective system of internal control should include an adequate separation of duties. As reported in the prior year's audit report, cash collection and disbursement functions are not adequately separated for effective internal control. One person receipts funds, prepares all deposits, calculates the monthly settlements, posts the cash journal, reconciles the bank statements and disburses all funds. Failure to have an adequate separation of duties could result in the loss of public funds.

Recommendation

The Circuit Clerk should implement a system for review of the accounting records by another person.

Circuit Clerk's Response

The above finding has been discussed with me by the audit department and is understood. Unfortunately, the Choctaw County Board of Supervisors does not allow adequate funding in the Circuit Clerk's budget to hire additional office personnel.

Sheriff.

7. Finding

An effective system of internal control should include an adequate separation of duties. As reported in the prior year's audit report, cash collection and disbursement functions are not adequately separated for effective internal control. One person receipts funds, prepares all deposits, calculates the monthly settlements, posts the cash journal, reconciles the bank statements and disburses all funds. Failure to have an adequate separation of duties could result in the loss of public funds.

Recommendation

The Sheriff should implement a system for review of the accounting records by another person.

Sheriff's Response

All dispatchers/jailers have the authority to receive money on their shift and receipt that money. Effective the date of the last audit, the Sheriff signs all accounting records, cash journal pages, settlement reports, bank reconciliations, etc., when he reviews them. The Sheriff has been, and is the only person that signs settlement checks.

8. Finding

Section 41-29-181, Miss. Code Ann. (1972), authorizes the procedure for disposal of seized and forfeited property and funds. Funds should be deposited into the General Fund and credited to the law enforcement budget, subject to the usual accounting and audit procedures of the county. As reported in the prior year's audit report, the Sheriff maintained the 'seized and forfeited' funds separate from the county and made expenditures without the approval of the Board of Supervisors or compliance with state purchase laws.

Recommendation

The Sheriff should settle all seized and forfeited funds remaining to the General Fund and pay \$1,147.07 to the General Fund for expenditures made without board approval from August 7, 2002 through November 18, 2004.

Sheriff's Response

As of October 10, 2005, \$5,221.93 was signed over to Chancery Clerk's office. A money order in the amount of \$419.62 costing 90 cents was purchased and mailed to Mississippi Department of Corrections for an inmate. This zeroed out this account.

Auditor's Note

The Sheriff settled \$5,221.93 to the General Fund as evidenced by receive warrant number 13874. The Sheriff has not paid the \$1,147.07 to the General Fund as of December 21, 2006. This matter has been referred to the Investigative Division of the Office of the State Auditor.

9. Finding

Section 19-25-13, Miss. Code Ann. (1972), requires the Sheriff to settle all collections of fees and charges for services to the General Fund on a monthly basis. The Sheriff maintained a separate bank account called "Choctaw County Sheriff Special Account" which appears to consist of funds received from the Social Security Administration. The Sheriff made expenditures from this account without the approval of the Board of Supervisors or compliance with state purchase laws.

Recommendation

The Sheriff should settle all remaining funds in the "Choctaw County Sheriff Special Account" to the General Fund and also pay \$2,282.18 to the General Fund for expenditures made without board approval from August 9, 2002 through December 22, 2005.

Sheriff's Response

"Choctaw County Sheriff's Special Account" will be settled to the Chancery Clerk's office for the General Fund on October 31, 2006.

Auditor's Note

The Sheriff has not settled the remaining balance in this account nor has he repaid the county for the expenditures that were made without board approval as of December 21, 2006. This matter has been referred to the Investigative Division of the Office of the State Auditor.

Justice Court Clerk.

10. Finding

An effective system of internal control should include an adequate separation of duties. As reported in the prior year's audit report, cash collection and disbursement functions are not adequately separated for effective internal control. One person receipts funds, prepares all deposits, calculates the monthly settlements, posts the cash journal, reconciles the bank statements and disburses all funds. Failure to have an adequate separation of duties could result in the loss of public funds.

Recommendation

The Justice Court Clerk should implement a system for review of the accounting records by another person.

Justice Court Clerk's Response

Chancery Clerk, Don Threadgill, is to review the records quarterly.

11. Finding

Section 11-9-105, Miss. Code Ann. (1972), requires the Justice Court Clerk to assign the cases to each Justice Court Judge in the county on a rotating basis to ensure equal distribution of cases among the judges of the county. A random review of case files revealed that one judge usually hears cases filed by individuals while the other judge hears cases based on tickets issued by law enforcement. Cases do not appear to be equally distributed between the judges as required by law.

Recommendation

The Justice Court Clerk should rotate the cases to ensure the proper distribution of the cases.

Justice Court Clerk's Response

I will attempt to rectify this.

The Mississippi Office of the State Auditor has taken exception to certain costs. The details of the exceptions and dispositions are as follows:

Exception Issued On:

Doug McHan, Sheriff

Nature of Exception:

See Sheriff's Finding # 8 described in this report.

Amount of Exception:

\$ 1,147.07

Disposition of Exception:

This matter has been turned over to the Investigative Division of the Office of the State Auditor.

Exception Issued On:

Doug McHan, Sheriff

Nature of Exception:

See Sheriff's Finding # 9 described in this report.

Amount of Exception:

\$ 2,282.18

Disposition of Exception:

This matter has been turned over to the Investigative Division of the Office of the State Auditor.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than this party. However, this report is a matter of public record and its distribution is not limited.



PHIL BRYANT
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division