



## State of Mississippi

OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

January 31, 2007

### LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Oktibbeha County, Mississippi

In planning and performing our audit of the financial statements of Oktibbeha County, Mississippi for the year ended September 30, 2004, we considered Oktibbeha 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 September 13, 2006.

In addition, for areas not considered material to Oktibbeha 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 June 13, 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 September 13, 2006, on the financial statements of Oktibbeha County, Mississippi.

Due to the reduced scope, these review procedures and compliance 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

Section 19-3-67, Miss. Code Ann. (1972) requires that itemized expense accounts shall be submitted by board members on forms prescribed by the Auditor of Public Accounts for reimbursement of expenses for state officers and employees. This form requires that receipts paid for lodging and other expenses must accompany this voucher. Travel expenses for lodging were not always supported by receipts.

Recommendation

The Board of Supervisors should ensure that travel expenses for lodging are not reimbursed unless there are receipts to support the expenses.

Board of Supervisors' Response

Only expenses that are supported by receipts will be reimbursed.

2. Finding

Section 19-3-68, Miss. Code Ann. (1972), specifies the requirements governing the use of a county credit card for travel. The Chancery Clerk or Purchase Clerk shall maintain complete records of all credit card numbers and all receipts and other documents relating to the use of such credit cards. The supervisors and county employees shall furnish receipts for the use of such credit cards each month to the Chancery Clerk or Purchase Clerk, who shall submit a written report monthly to the Board of Supervisors. The report shall include an itemized list of all expenditures and use of the credit cards for the month, and such expenditures may be allowed for payment by the county in the same manner as other items on the claims docket. Any supervisor or county employee who uses the credit card to make an expenditure that is not approved for payment by the board shall be personally liable for the expenditure and shall reimburse the county accordingly.

Travel charged to the credit card was not in complete compliance with this section. Receipts were not always furnished for charges to the county credit card for travel. There are no written reports itemizing the expenditures made on the credit card. Failure to enforce these requirements, could result in the misuse of the credit card for unauthorized and unallowable expenditures.

Recommendation

The Board of Supervisors should ensure that all receipts related to travel expenses charged to the county's credit card are submitted as required. They should also ensure that a monthly report itemizing the expenditures and use of the credit card is submitted to the Board of Supervisors as required.

Board of Supervisors' Response

The Purchase Clerk will maintain complete records relating to the use of credit cards. All receipts will be provided to the Purchase Clerk for documentation. The Purchase Clerk will submit a monthly report to the board to be filed.

3. Finding

Section 65-7-117, Miss. Code Ann. (1972) states each member of the Board of Supervisors shall inspect every road and bridge in the county under the jurisdiction of the county not less than once each fiscal year. Each member shall file with the Clerk of the Board a report, under oath, of the condition of the roads and bridges inspected by him with recommendations by him for a four-year plan for construction and major maintenance of such roads and bridges. Based upon such reports, the Board of Supervisors shall, on or

before February 1 of each year, adopt and spread upon its minutes a four year plan for the construction and maintenance of county roads and bridges. A four year road plan was not adopted.

Recommendation

A four year road plan should be adopted and spread upon the minutes every year.

Board of Supervisors' Response

We will comply.

Chancery Clerk.

4. Finding

Section 27-39-317, Miss. Code Ann. (1972) requires the Board of Supervisors to specify the purpose of each tax levy when approving the tax levy. As reported in the prior year's audit report, the tax levy for the 2003-2004 year did not include the purpose nor the code section authorizing each separate tax.

Recommendation

The Chancery Clerk, as Clerk of the Board, should properly prepare the annual tax levy in accordance with the aforementioned section.

Chancery Clerk's Response

I will include tax levy description in minutes.

5. Finding

Section 9-1-43(1), Miss Code Ann. (1972), limits the compensation of the Chancery Clerk to \$83,160 after making deductions for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. This limit on the Chancery Clerk's compensation was increased to \$90,000 effective October 1, 2004. Therefore, the Chancery Clerk was entitled to \$84,870 for the calendar year ending December 31, 2004. We noted several expenses deducted against income that were either not supported by receipts or could not be construed as ordinary or necessary. The total of these disallowed expenses is \$1,288.24.

Recommendation

The Chancery Clerk should refrain from claiming expenses that are not supported by receipts or that are not ordinary or necessary and should repay the amount of the disallowed expenses to the General Fund of the county. The Chancery Clerk should also file an amended report with the Office of the State Auditor and the Mississippi Public Employees' Retirement System.

Chancery Clerk's Response

Attached to this finding is a mileage report totaling 2,308 miles which can be applied to \$1,035.35 of travel expenses reported as disallowed due to no documentation.

In the future, I will be careful to maintain all receipts and documentation to ensure that disallowed expenses are not incurred.

#### Auditor's Note

After giving the Chancery Clerk credit for the 2,308 miles claimed at a reimbursement rate of thirty-six cents per mile for a total of \$830.88, the Chancery Clerk still owes the General Fund \$457.36. On January 26, 2007, the Chancery Clerk paid \$457.36 to the General Fund as evidenced by receive warrant number 15448.

#### 6. Finding

Section 9-1-43(1), Miss Code Ann. (1972), limits the compensation of the Chancery Clerk to \$83,160 after making deductions for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. This limit on the Chancery Clerk's compensation was increased to \$90,000 effective October 1, 2004. Therefore, the Chancery Clerk was entitled to \$84,870 for the calendar year ending December 31, 2004. All fees received in excess of this amount, less any allowable expenses, are to be deposited by the Clerk into the county General Fund on or before April 15 for the preceding calendar year. The Chancery Clerk did not deposit the excess into the General Fund until December 13, 2005.

#### Recommendation

In the future, the Chancery Clerk should deposit the excess of the salary limitation into the General Fund on or before April 15 for the preceding calendar year.

#### Chancery Clerk's Response

I will comply with the April 15<sup>th</sup> deposit deadline.

#### 7. Finding

Section 19-3-27, Miss. Code Ann. (1972) requires the Clerk of the Board of Supervisors to keep and preserve a complete and correct record of all board proceedings. Some contracts and other documentation were not included in the board minutes.

#### Recommendation

The Chancery Clerk should keep a complete and correct record of all board proceedings.

#### Chancery Clerk's Response

I will adhere to the recommendation of the audit department and keep a complete and correct record of all board proceedings.

#### 8. Finding

An effective system of internal control over land redemption collections and settlements should include a unique number for each land redemption release. It should also include the reconciliation of the land redemption book balance to the land redemption bank statement. Audit procedures revealed the following deficiencies in the internal controls for land redemption:

- a. Receipt numbers are manually entered into the computer system which resulted in duplicate receipt numbers.
- b. The Chancery Clerk did not reconcile the land redemption bank statement to the land redemption records.

Failure to implement these controls could result in the loss of public funds.

#### Recommendation

The Chancery Clerk should ensure that the computer system is set up to automatically assign the receipt number and that the cash per land redemption records is reconciled to the bank statement.

#### Chancery Clerk's Response

I will see that the computer system is programmed to automatically assign redemption numbers as well as ensure that redemption bank statements are reconciled to the cash journal.

Tax Assessor-Collector.

#### 9. Finding

An effective system of internal control over the collection of public utility taxes should include a reconciliation or comparison of assessed valuations per the public utility roll to valuations entered on tax receipts. Controls were inadequate over the computation of public utility taxes. We noted that one public utility was double assessed resulting in a \$12,163 overpayment of taxes.

#### Recommendation

The Tax Assessor-Collector should make sure controls are in place over the computation of public utility taxes to ensure the collection of the proper amount of taxes.

#### Tax Assessor-Collector's Response

I work with the public utilities, and when I have made an error, the utilities have brought it to my attention.

#### Auditor's Note

As of January 30, 2007, the Tax Assessor-Collector has refunded \$3,565.52 to the public utility.

Sheriff.

#### 10. Finding

An effective system of internal control over the inmate commissary account should include signed records documenting items ordered and received by inmates. It should also include records documenting balances in inmate's accounts that are reconciled to the bank statement. The Sheriff's office did not maintain signed records from the inmate commissary account documenting what the inmate ordered. The Sheriff's office only maintained signed records documenting that the inmate did not receive all that was ordered. The Sheriff's office did not print all the necessary reports for the inmate commissary account.

#### Recommendation

The Sheriff's office should maintain signed records stating what the inmate ordered and receipt of that order. The Sheriff's office should print and maintain the inmate order summary report.

#### Sheriff's Response

I will comply.

County Administrator.

11. Finding

Section 19-4-9, Miss. Code Ann. (1972) requires the County Administrator to obtain a bond that is payable, conditioned and approved as provided by law, in a penalty equal to three percent (3%) of the sum of all the state and county taxes shown by the assessment rolls and the levies to have been collectible in the county for the year immediately preceding the commencement of the term of office for such administrator; however, such bond shall not exceed \$100,000. 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 or with the normal election cycle of the local government applicable to the employee. The County Administrator's bond is written as "indefinite" coverage for the entire period of employment rather than for the term. This limits the amount available for recovery if a loss occurred over multiple terms.

Recommendation

The County Administrator should cancel the current bond and secure a new bond for the duration of the current Board of Supervisors' term.

County Administrator's Response

I have already contacted the agency and requested, in writing to change my bond to meet with OSA's request.

Justice Court Clerk and Deputy Justice Court Clerks.

12. Finding

Section 9-11-29, Miss. Code Ann. (1972), requires every Justice Court Clerk and Deputy Justice Court Clerk to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law. 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 or with the normal election cycle of the local government applicable to the employee. The Justice Court Clerk's and Deputy Justice Court Clerks' bonds are written as "indefinite" coverage for the entire period of employment rather than the term. This limits the amount available for recovery if a loss occurred over multiple terms.

Recommendation

The Justice Court Clerk and Deputy Justice Court Clerks should cancel the current bond and secure new bonds for the duration of the current term.

Justice Court Clerk's and Deputy Justice Court Clerks' Response

We will comply.

13. Finding

An effective system of internal controls over collections and settlements in the Justice Court office should include properly maintaining and printing cash journals, reconciling the cash journals to the bank accounts and reconciling daily deposits to daily check-up sheets. The following deficiencies were noted in the internal controls in the Justice Court Office:

- a. The criminal, civil and clearing bank accounts were not reconciled to the cash journals.
- b. The clearing account cash journal was not printed monthly.
- c. Daily deposit slips did not always agree with daily check-up sheets.
- d. The current computer system requires the date of a cash bond receipt to be manually entered. The clerk prints the bond listing report by date; therefore, a bond could be left off the bond listing report.

Recommendation

The Justice Court Clerk should implement controls to ensure that:

- a. All cash journals are reconciled to the bank accounts.
- b. All cash journals are printed.
- c. Daily deposits are reconciled to the daily check-up sheets and all money is deposited the day it is received.
- d. The computer system is updated to automatically enter the date for bond receipts.

Failure to implement these controls could result in the loss of public funds.

Justice Court Clerk's Response

- a. The Civil and Criminal accounts are zeroed out each month. This money is turned into the Oktibbeha County Chancery Clerk. The Clearing account is balanced back to the bank statement as it is the only account with a balance. The Civil and Criminal accounts are also balanced to the bank statements. I was not on the same page with the auditor, as one might say, when I gave her this information.
- b. The Clearing account is printed monthly to balance. However, I did go back and print this report for the year. I will print only monthly cash journals.
- c. The daily deposit slip that did not match the daily check up sheets was a one time occurrence in April of 2004. It has been the practice of this Justice Court to hold checks and money orders until the ticket was turned in by the trooper; however, this practice was stopped in 2004. Money is receipted daily.
- d. This will be a good thing to have the date in the bond account automatically entered. It will eliminate errors in the bond account that have occurred in the past. Delta should have this in place this week.

I agree and will comply with all.

Auditor's Note

No evidence was ever presented to the auditor to indicate that bank accounts were reconciled.

#### Inventory Control Clerk.

##### 14. Finding

Section 31-7-124, Miss. Code Ann. (1972), requires the Inventory Control Clerk to execute a bond for \$75,000 to be payable, conditioned and approved as provided by law. 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 or with the normal election cycle of the local government applicable to the employee. The Inventory Control Clerk's bond is written as "indefinite" coverage for the entire period of employment rather than the term. This limits the amount available for recovery if a loss occurred over multiple terms.

##### Recommendation

The Inventory Control Clerk should cancel the current bond and secure a new bond for the duration of the current term.

##### Inventory Control Clerk's Response

The County Administrator has corrected this problem.

#### Receiving Clerk and Assistant Receiving Clerk.

##### 15. Finding

Section 31-7-124, Miss. Code Ann. (1972), requires the Receiving Clerk to execute a bond for \$75,000 and each Assistant Receiving Clerk to execute a bond for \$10,000 to be payable, conditioned and approved as provided by law. 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 or with the normal election cycle of the local government applicable to the employee. The Receiving Clerk's and Assistant Receiving Clerk's bonds are written as "indefinite" coverage for the entire period of employment rather than the term. This limits the amount available for recovery if a loss occurred over multiple terms.

##### Recommendation

The Receiving Clerk and Assistant Receiving Clerk should cancel the current bond and secure a new bond for the duration of the current term.

##### Receiving Clerk's and Assistant Receiving Clerk's Response

The administrative office has corrected the problem.



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.

A handwritten signature in black ink, appearing to read "Phil Bryant", written in a cursive style.

PHIL BRYANT  
State Auditor

A handwritten signature in black ink, appearing to read "Will R. Doss", written in a cursive style.

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