**Audit Program for Compliance**

Governmental Unit: [Client Name] Balance Sheet Date: 9/30/2021

| **Audit Procedures for Consideration** | | N/A Performed by and Date | Workpaper Index |
| --- | --- | --- | --- |
|  | BASIC PROCEDURES |  |  |
|  | Budget |  |  |
|  | 1. Review the minutes of the meeting of the Board of Supervisors adopting budgets and those adopting amendments, and determine whether the budgetary process was performed in accordance with legal requirements, including those that require public notifications and hearings. |  |  |
|  | * 1. Determine whether all necessary public hearings were held and public notices were published in regard to a proposed tax increase and in regard to the county's intention to fix its budget for the subsequent year. (Section 27-39-203) |  |  |
|  | * 1. Determine whether the budget was published at least once no later than September 30th. (Section 19-11-7)(Budget Form P) |  |  |
|  | * 1. Determine whether the budget was prepared and amended upon proper forms (Section 19-11-9) and entered in detail in the minutes (Section 19-11-11). (Note: Forms R and D.) |  |  |
|  | * 1. Obtain a copy of the original budget and the final amended budget. The final amended budget should be recorded in the board minutes on the budget forms by October 31, immediately following the close of the fiscal year.   **AUDITOR NOTE:** We can accept the budget on computer forms if the same information is available. |  |  |
|  | * 1. Determine whether expenditures were kept within the approved budget. (Section19-11-17) |  |  |
|  | * 1. Draft appropriate findings for noncompliance with applicable budget laws. |  |  |
|  | * 1. Evaluate whether expenditures in excess of appropriations in individual funds (1) are a material violation of legal requirements and (2) are appropriately disclosed. |  |  |
|  | Related-party Transactions |  |  |
|  | **AUDITOR NOTE:** Related party considerations can be extremely important in a governmental engagement because of the adverse public reaction to publicity concerning transactions that relate to county personnel, especially with public officials. The ethics statutes in Sections 25-4-101 through 25-4-121, give examples of and impose penalties on specific illegal related parties and related-party transactions. Read the statutes if you are unfamiliar generally with those parties and related-party transactions that involve conflicts of interest. Two examples of illegal related-party transactions are buying road supplies from a company owned by a member of the Board of Supervisors and leasing time on a county computer to a business owned by a county official.  **AUDITOR NOTE:** The county may have issued certificates of participation, which involve related-party transactions. (Consult your supervisor before proceeding if you have these certificates). |  |  |
|  | 1. Perform the following procedures for related parties, relationships and transactions: |  |  |
|  | * 1. If necessary, update risk assessment procedures regarding understanding the entity’s process for identifying, authorizing, approving, accounting for, and disclosing related parties, relationships and transactions. |  |  |
|  | * 1. Update your inquiries of management about the existence of related parties and related-party transactions. Obtain a completed “Related Party Questionnaire” from all appropriate county officials and employees. |  |  |
|  | * 1. Test the accuracy and completeness of related parties, relationships, and transactions that were identified by the county, considering information collected during the audit. |  |  |
|  | * 1. Considering the risks of material misstatement associated with the county’s intergovernmental accounts, perform procedures on intergovernmental account balances on a concurrent date, even if the fiscal years of the entities differ. |  |  |
|  | * 1. If information is identified that indicates that related parties, relationships, or associated transactions were previously not disclosed to the auditor, consider the need to perform additional procedures. |  |  |
|  | * 1. For related –party transactions that are either significant risks or required to be disclosed: |  |  |
|  | (1) Read underlying contracts or agreements and evaluate whether the terms and other information about the transaction are consistent with inquiries and other evidence obtained about the transactions’ business purpose (or lack thereof). Consider whether there are indications that the transaction was entered into for fraudulent purposes. |  |  |
|  | (2) Ensure that the transaction has been properly authorized and approved based on the entity’s policies and procedures for related parties. |  |  |
|  | (3) Perform any additional procedures necessary to respond to identified and assessed risks of material misstatements. |  |  |
|  | * 1. Communicate to those charged with governance about the evaluation of the entity’s identification of, accounting for, and disclosure of related-party transactions, as well as other significant matters that arose through the audit regarding related parties. |  |  |
|  | * 1. Obtain written representations from management regarding the completeness of related parties, relationships, and associated transactions and the proper accounting for and disclosure of related-party relationships and transactions. |  |  |
|  |  |  |  |
|  | Minutes, Contracts, Ordinances, and Laws |  |  |
|  | 1. Review the minutes of the governing body and any committees of the governing body, and extract information relevant to the audit for the current workpapers or the permanent file. Information to be documented for compliance purposes should include, but is not restricted to the following: |  |  |
|  | * 1. Emergency purchase items. |  |  |
|  | * 1. Other than low bid purchases. |  |  |
|  | * 1. Sole source item purchases. |  |  |
|  | * 1. Interfund transactions (loans, transfers). |  |  |
|  | * 1. Original and final amended budget (Forms R and E). |  |  |
|  | * 1. Evidence that depositories were selected only after advertising for bids (Section 27-105-305). |  |  |
|  | * 1. Evidence that a complete and correct record of all board orders and proceedings were kept. This includes that the president or vice-president signed the minutes at least once a month. (Section 19-3-27) |  |  |
|  | * 1. A list of employees authorized to issue requisitions and receiving reports. (Sections 31-7-103 and 31-7-109) |  |  |
|  | * 1. Authorization of petty cash. (Section 7-7-60) |  |  |
| S | 1. Review general state statutes to the extent considered necessary. |  |  |
|  | * 1. Have the county prepare a Schedule of Officials’ Bonds? Audit this schedule in detail during the first year of each term. During other years, focus examination on revisions, additions, and deletions to this schedule. Determine that the county officials are properly bonded as follows: |  |  |
|  | * + 1. **Board of Supervisors**: Amount should equal 5% of the sum of all the state and county taxes (do not include motor vehicle tax collections) shown by the assessment rolls and levies to have been collectible in the county for the year immediately preceding the commencement of the term of office, not to exceed $100,000. (Section 19-3-5) |  |  |
|  | * + 1. **Chancery Clerk**: Amount should equal 5% of the sum of all the state and county taxes (do not include motor vehicle tax collections) shown by the assessment rolls and levies to have been collectible in the county for the year immediately preceding the commencement of the term of office, not to exceed $100,000. (Section 9-5-131) |  |  |
|  | * + 1. **County Administrator**: Amount should equal 3% of the sum of all the state and county taxes (do not include motor vehicle tax collections) shown by the assessment rolls and levies to have been collectible in the county for the year immediately preceding the commencement of the term of office, not to exceed $100,000. (Section 19-4-9) |  |  |
|  | * + 1. **Sheriff**: $100,000. (Section 19-25-5) |  |  |
|  | * + 1. **Purchase Clerk**: $100,000. (Section 31-7-124) |  |  |
|  | * + 1. **Assistant Purchase Clerk(s)**: $50,000. (Section 31-7-124) |  |  |
|  | * + 1. **Receiving Clerk:**  $75,000. (Section 31-7-124) |  |  |
|  | * + 1. **Assistant Receiving Clerk(s):** $50,000 (Section 31-7-124) |  |  |
|  | * + 1. **Inventory Control Clerk**: $75,000. (Section 31-7-124) |  |  |
|  | * + 1. **Assistant Inventory Control Clerk**: $50,000. (Section 31-7-124) |  |  |
|  | * + 1. **Road Manager(s):** Not less than $50,000 at the discretion of the Board of Supervisors. (Section 65-17-1(3)) |  |  |
|  | * + 1. **Constables**: $50,000. (Section 19-19-3) |  |  |
|  | * + 1. **Circuit Clerk:**  Amount of bond should equal 3% of the sum of all the state and county taxes (do not include motor vehicle tax collections) shown by the assessment rolls and levies to have been collectible in the county for the year immediately preceding the commencement of the term of office, not to exceed $100,000. (Section 9-7-121) |  |  |
|  | * + 1. **Deputy Circuit Clerk(s):** Amount should equal 3% of prior year’s taxes, with a minimum of $50,000 and a maximum of $100,000. (Section 9-7-123(2)) |  |  |
|  | * + 1. **Sheriff's deputies**: $50,000. Only deputies hired under Section 45-5-9 are required to be bonded. |  |  |
|  | * + 1. **Justice Court Judges:** $50,000 (Section 9-11-7) |  |  |
|  | * + 1. **Justice Court Clerk:** $50,000 (Section 9-11-29(2)) |  |  |
|  | * + 1. **Justice Court Deputy Clerk(s):** $50,000 (Section 9-11-29(2)) |  |  |
|  | * + 1. **Tax Collector:** Amount of bond should equal 5% of the sum of all the state and county taxes (do not include motor vehicle tax collections) shown by the assessment rolls and levies to have been collectible in the county for the year immediately preceding the commencement of the term of office, not to exceed $100,000. (Section 27-1-7) |  |  |
|  | * + 1. **Tax Assessor**: $50,000 (Section 27-1-1).   **AUDITOR NOTE**: If the Collector and Assessor is a combined office, there is no separate Assessor bond required. Only the 5% bond as above is required, not to exceed $100,000. |  |  |
|  | * + 1. **Deputy Tax Collectors**: $50,000. (Section 27-1-9(a)) |  |  |
|  | * + 1. **Deputy Tax Assessor(s)**: $10,000 (Section 27-1-3) |  |  |
|  | * 1. Determine whether the previous year's audit synopsis has been published (Section 7-7-221), and whether the purchasing information has been published with it. (Section 31-7-115). If the county is not in compliance, issue a finding. |  |  |
|  | * 1. Determine compliance with the county's other applicable state laws and regulations by completing the “County Reorganization Act Checklist.” |  |  |
|  | 1. If any legal requirements relevant to the audit are unclear, request a written interpretation from the governmental unit’s legal counsel. |  |  |
|  | Cash |  |  |
|  | 1. Determine whether the funds of **all** county offices are deposited with the county depositories as approved by the Board of Supervisors. (27-105-303) Bids for county depositories may be accepted either annually, but no less frequently than every four (4) years, at the discretion of the Board of Supervisors. (27-105-305) |  |  |
|  | 1. Determine whether the following fund is presented properly by fund type: |  |  |
|  | * 1. (1) mill mandatory levy (Section 27-39-329): General.   **AUDITOR NOTE**: If the county spends from the 1 mill mandatory before the date of the approval letter from the Tax Commission, write a finding. |  |  |
|  | 1. A new collateral reporting process went into effect on 1/01/2013. Counties no longer receive a quarterly report from the Office of the State Treasurer. Instead, the public depositories (the banks) are now required to submit a similar report to the county annually within 30 days of fiscal year-end. |  |  |
|  | * 1. Determine whether the county reconciled the information on the annual report received from the county depositories to their records. Any discrepancies found are to be reconciled with 60 days of fiscal year-end. [27-105-5(5)(b)] |  |  |
|  | * 1. Determine whether the county submitted The Public Depositors Annual Report to the Office of the State Treasurer within 30 days of fiscal year-end. [27-105-5(6)(b)] |  |  |
|  | * 1. Although not statutorily required, determine whether the county notified the appropriate bank officials when increases in deposits exceeded 25% of the average daily balances (as required by the Collateral Security Agreement executed between the county and the depository). For example: tax collections for January that are settled in February, land sale settlements, homestead reimbursements and federal grants. Check January collections that were settled in February to ensure that proper notification was made. |  |  |
|  | 1. If petty cash has been authorized for purchasing information and/or evidence, determine the statutory authority. (Section 99-3-39(information) or Section 99-27-37(evidence)) |  |  |
|  | * 1. If authorized under Section 99-3-39, determine that no payment exceeded $15,000; that no payment was made to any law enforcement officer, county employee or immediate family of either; and that payments are within the purposes authorized by the statute. |  |  |
|  | * 1. If authorized under Section 99-27-37, determine that the amount of the fund does not exceed 1/3 of the fines collected for drug or liquor violations. |  |  |
|  | * 1. Whichever authority establishes the fund, ensure that every payment for information or evidence is supported by a receipt which lists: |  |  |
|  | * + 1. The exact amount paid to the confidential source payee. |  |  |
|  | * + 1. The specific date paid. |  |  |
|  | * + 1. A description of information provided or evidence purchased for payment. |  |  |
|  | * + 1. Signature of the officer making payment. |  |  |
|  | * + 1. Signature of at least one individual witnessing the payment. |  |  |
|  | * + 1. Signature of the confidential source payee (county be assumed name/signature).   (An assumed name/signature or other signature of confidential source payee on receipt can be authenticated by comparing name/signature to that on file in confidential file.) |  |  |
|  | * + 1. Bona fide case number of investigative case. |  |  |
|  | * 1. Ensure that any payment other than for information or evidence: |  |  |
|  | * + 1. Is supported by a receipt/invoice which contains a bona fide Sheriff’s office case number. |  |  |
|  | * + 1. Is made pursuant to purchasing statutes (purchasing statutes do not apply to purchases of information, evidence, or undercover living expenses). |  |  |
|  | * + 1. Is made per Board of Supervisors' approval (when applicable). |  |  |
|  | * + 1. If equipment is purchased, determine whether the item has been entered on the Sheriff’s fixed assets inventory and tagged. |  |  |
|  | **Investments and Derivatives** |  |  |
|  | 1. Determine whether investments held at year end and during the period covered by the financial statements are in compliance with legal and contractual requirements (Sections 19-9-29 and 91-13-8) as well as the investment policy of the county. |  |  |
|  | 1. Determine that interest derived from investing special purpose funds, which are outside the function of general county government, is paid into the special purpose fund. (Section 19-9-29) |  |  |
|  | **Property Taxes** |  |  |
|  | 1. Determine whether the Board of Supervisors properly levied county ad valorem taxes for the year under review for: |  |  |
|  | * 1. General county purposes. (Section 27-39-303) |  |  |
|  | * 1. Roads and bridges. (Section 27-39-305) |  |  |
|  | * 1. For any other purpose for which a levy is lawfully made. |  |  |
|  | * 1. Look for the Section 83-1-39(5)(d), .25 mill levy for fire protection if there is not an equivalent appropriation from the county's general fund. |  |  |
|  | * 1. Verify the county levies at least two mills in total for support and for enlargement, improvement and repair of the community college within the district of which the county is a member. Also, ensure that current year settlements to community colleges are at least equal to prior year dollar amounts. (If not, a finding should be issued.)   **AUDITOR NOTE:** Refer to Attorney General’s opinion No. 2005-0417 to Stonecypher, dated October 7, 2005. |  |  |
|  | 1. Obtain a copy of the levy sheet for audit documentation. Look up each listed code section. Verify that each levy is expended for authorized purposes. Tick-mark each levy on the levy sheet to indicate proper authorization and authorized expenditures. Also, verify that levies that have state-imposed limitations do not exceed those limitations. |  |  |
|  | 1. Perform the 110% CAP limitation test, which is both an effective analytical review procedure and a compliance test. This test will provide some pervasive evidence of the valuation, completeness and presentation assertions in the property tax transaction class as a whole. For purposes of the analytical review, the Excel model must be modified to reflect the variances on a fund type basis. Our predetermined variance in collections between this year and last year will be set at 10% after taking into effect new growth and the 10% CAP. If a fund type variance exceeds 10%, we need to ascertain why and document the explanation. For compliance purposes, debt service funds, the reappraisal maintenance fund and tax levies for programs mandated by the legislature for the first year of the tax levy are exempt from the 10% CAP; however, these funds will need to be included in the test for analytical review purposes.   **AUDITOR NOTE:** Except for the 1 mill mandatory levy which should stand alone, as long as the county does not exceed the 110% cap in total, it is permissible to exceed 110% in a fund type. |  |  |
|  | 1. For legal compliance, determine whether: |  |  |
|  | * 1. The county assessment rolls have been certified by the State Tax Commission (Section 27-35-127); |  |  |
|  | * 1. Reports of all taxes and fees collected during the preceding month were made on the first day of each month or within 20 days thereafter (Section 27-29-11); |  |  |
|  | * 1. Ad valorem tax exemptions granted for new enterprises (Section 27-31-101(1)) or expansion/equipment replacement of existing facilities (Section 27-31-105(1)) do not exempt school taxes; |  |  |
|  | * 1. Ad valorem tax exemptions granted for new enterprises do not exempt taxes levied under the old 4 mill state levy, including the Pat Harrison levy (Section 27-39-329(2)(c)); |  |  |
|  | * 1. Ad valorem tax exemptions granted for new enterprises do not exempt the 1 mill mandatory levy (Sections 27-39-329(2)(b) and 27-39-329(2)(c)); |  |  |
|  | **NOTE TO AUDITOR**: A fee-in-lieu of taxes granted under Section 27-31-104 for new enterprises or under Section 27-31-105(2) for expansion of existing enterprises, includes taxes levied for school purposes. |  |  |
|  | * 1. Fees were properly collected; |  |  |
|  | * 1. Interest at the rate of ½ of 1% per month or any fraction thereof was assessed on taxes collected after February 1 of each year. [Section 27-41-9(1)]   **AUDITOR NOTE**: If February 1 falls on a Saturday, Sunday or legal holiday, the taxes due on February 1 can be paid on the first working day afterwards without interest. |  |  |
|  | * 1. Damages were charged on late payment of motor vehicle property taxes (Section 27-51-43); |  |  |
|  | * 1. A list is maintained of amendments in assessments on each tax roll with an affidavit to correctness (Section 27-29-5); |  |  |
|  | * 1. The homestead roll has been corrected (Section 27-33-51(a)); |  |  |
|  | * 1. Credit slips have been processed correctly (Section 27-51-41(5)); and |  |  |
|  | * 1. Legislative credit is computed correctly when an old tag is surrendered for credit. If an old tag is surrendered for credit that had the legislative credit on the old tag, the credit on the new tag must be pro-rated to refund to the state a portion of the old legislative credit. (Consult your supervisor if you do not understand.) |  |  |
|  | **Chancery Clerk** |  |  |
|  | 1. Perform the following procedures for the Chancery Clerk's fee journal:   **AUDITOR NOTE**: Fee journal audit should be performed for each calendar year. Determine last year audited. May be required to audit 2 years. |  |  |
|  | * 1. **Perform a risk assessment based on problems in prior years**. (Exceptions would be considered high risk.) The supervising senior can tailor some of the following work based on that risk assessment. |  |  |
|  | * 1. Add 2 or 3 months of the Chancery Clerk's fee journal for accuracy. |  |  |
|  | * 1. Obtain the December 31, bank reconciliation prepared by the Chancery Clerk and determine whether: |  |  |
|  | * + 1. The bank balance on the reconciliation agrees with the balance on the bank statement. |  |  |
|  | * + 1. The reconciled book balance agrees with the cash balance in the fee journal. |  |  |
|  | * + 1. Reconciling items appear valid and subsequent clearance of items appears reasonable. |  |  |
|  | * + 1. No unusual changes in balance per bank and balance per books occurred from previous month. If so, investigate such changes |  |  |
|  | * + 1. Reconciliation was prepared on a timely basis. |  |  |
|  | * 1. Judgmentally select a few transactions (15 to 20) from UCC filings, deeds, deeds of trusts, bankruptcies, adoptions, court dockets, etc. and determine whether: |  |  |
|  | * + 1. Additions and extensions on receipt are correct. |  |  |
|  | * + 1. Fees were collected in the correct amount. |  |  |
|  | * + 1. Receipt/transaction properly posted to the fee journal or accounts receivable subsidiary ledger. |  |  |
|  | * + 1. Receipt deposited on a timely basis. |  |  |
|  | * 1. Obtain a list of all payments by the county to the Chancery Clerk (payroll and vendor) for the audited calendar year. Judgmentally select five or six of these payments and determine whether: |  |  |
|  | * + 1. Payment is properly posted to fee journal. |  |  |
|  | * + 1. Payment is deposited to fee account. |  |  |
|  | * 1. Judgmentally select fees/commissions received from land redemption and mineral stamps for 3 or 4 months and determine whether: |  |  |
|  | * + 1. Fee/commission is properly posted to fee journal. |  |  |
|  | * + 1. Fee/commission is deposited to fee account. |  |  |
|  | * 1. Judgmentally select four or five accounts from accounts receivable records for subsequent collection and determine whether: |  |  |
|  | * + 1. Amount collected is properly posted to fee journal. |  |  |
|  | * + 1. Amount collected is deposited to fee account. |  |  |
|  | * 1. Review the November and December fee journal and accounts receivable records to see if an unusual amount of credit transactions were recorded. This could indicate a deliberate attempt to circumvent the salary cap. |  |  |
|  | * 1. Examine documentation for several (15) expenses posted to the fee journal and determine whether they are valid Schedule C expenses. Scan all expenses in fee journal for allowability. Refer to list of allowed/disallowed expenses. |  |  |
|  | * 1. Obtain a copy of the Chancery Clerk's annual report filed with the Office of the State Auditor. Verify amounts reported on the fee journal agree to the annual report. |  |  |
|  | * 1. Determine whether the Chancery Clerk exceeded the salary cap. Salary cap is $94,500. (Section 9-1-43(1)) |  |  |
|  | * 1. For legal compliance, determine whether: |  |  |
|  | * + 1. No salaries or expenses are paid for employees who are related to the Chancery Clerk by blood or marriage within the first degree of kinship according to the civil law method of computing kinship as provided in Sections 1-3-71 and 1-3-73. The spouse and/or children of the Chancery Clerk may be paid a salary; however, the combined annual salaries of the clerk, spouse and any child of the clerk may not exceed an amount equal to the salary limitation. [Section 9-1-43(2)] |  |  |
|  | * + 1. The Chancery Clerk maintains accounting system as required. (Fee journal and accounts receivable subsidiary ledger.) [Section 9-1-43(6)] |  |  |
|  | * + 1. Receipts are issued for all services over $10. [Section 9-1-43(6)] |  |  |
|  | * + 1. Any amount in excess of the salary cap of $94,500 is settled to the county by April 15 of the subsequent year. [Section 9-1-43(1)] |  |  |
|  | * + 1. The Chancery Clerk filed an annual report with the Office of the State Auditor by April 15 of the subsequent year. [Section 9-1-45(1)] |  |  |
|  | * 1. Prepare memo to notify PERS of any disallowed expenses or erroneous amounts on the annual report that you are aware of, even if the clerk does not exceed the cap. |  |  |
|  | **AUDITOR NOTE**: All services that only the Chancery Clerk can perform are subject to the salary cap. Services that the Chancery Clerk performs that could be performed by someone else are not subject to the salary cap. |  |  |
|  | **Land Redemption** |  |  |
|  | 1. Perform the following audit procedures (**at least once every three years**) to determine that land redemption collections are being properly accounted for, that collections are settled on a timely basis and with the proper authorities, and that the processing of land redemption collections is in compliance with statutory requirements: |  |  |
|  | * 1. Determine if an accounting is made for missing and voided releases during the period under audit. |  |  |
|  | * 1. Examine the land redemption account for the year looking for unusual checks such as even amounts written to the chancery clerk or their employees which could be loans. |  |  |
|  | * 1. Perform a cash count for the current period. |  |  |
|  | * + 1. Determine the amount of unsettled receipts as of the period the cash count is being performed. |  |  |
|  | * + 1. In the presence of the custodian, count the cash on hand. Custodian should sign the cash count sheet verifying the cash was returned intact. |  |  |
|  | * + 1. Obtain a cut-off bank statement as of the period the cash count is being performed. |  |  |
|  | * + 1. Total of unsettled receipts should equal total of cash on hand plus cash in bank. If amounts do not equal, investigate material differences and obtain adequate explanations for such differences. |  |  |
|  | * 1. Judgmentally select a few releases and test the following compliance attributes: |  |  |
|  | * + 1. Release payable to the proper party. |  |  |
|  | * + 1. Extensions and additions on release are mathematically correct. |  |  |
|  | * + 1. The proper amount of taxes, fees, interest and damages have been paid and collected. |  |  |
|  | * + 1. Amount of taxes paid agrees to "Land Sold" listing prepared by Tax Collector. |  |  |
|  | * + 1. All land redemption collections are deposited into an account styled "Land Redemption Account". (Section 27-45-5) |  |  |
|  | * + 1. Prenumbered checks are used when making land redemption settlements. (Section 27-45-5) |  |  |
|  | * + 1. Land redemption collections are settled within twenty days after the end of each month and the required report is made to the Board of Supervisors. |  |  |
|  | Circuit Clerk |  |  |
|  | 1. Perform the following procedures for the Circuit Clerk's fee journal:   **AUDITOR NOTE:** Fee journal audit should be performed for each calendar year. Determine last year audited. May be required to audit 2 calendar years. |  |  |
|  | * 1. **Perform a risk assessment based on problems in prior years.** (Exceptions would be considered high risk.) The supervising senior can tailor some of the following work based on that risk assessment. |  |  |
|  | * 1. Add 2 or 3 months of the Circuit Clerk’s fee journal for accuracy. |  |  |
|  | * 1. Obtain the December 31, bank reconciliation prepared by the Circuit Clerk and determine whether: |  |  |
|  | * + 1. The bank balance on the reconciliation agrees with the balance on the bank statement. |  |  |
|  | * + 1. The reconciled book balance agrees with the cash balance in the fee journal. |  |  |
|  | * + 1. Reconciling items appear valid and subsequent clearance of items appears reasonable. |  |  |
|  | * + 1. Any unusual changes in balance per bank and balance per books occurred from previous month. If so, investigate such changes. |  |  |
|  | * + 1. Reconciliation was prepared on a timely basis. |  |  |
|  | * 1. Judgmentally select a few transactions (5) from marriage license records, court files or dockets, etc. and determine whether: |  |  |
|  | * + 1. Additions and extensions on receipt are correct. |  |  |
|  | * + 1. Fees collected appear proper. |  |  |
|  | * + 1. Receipt/transaction properly posted to the fee journal or accounts receivable subsidiary ledger. |  |  |
|  | * + 1. Receipt deposited on a timely basis. |  |  |
|  | * 1. Trace all fees from settlement reports to determine whether: |  |  |
|  | * + 1. Fee/commission is properly posted to the fee journal |  |  |
|  | * + 1. Fee/commission is deposited to fee account. |  |  |
|  | * 1. Obtain a list of all payments by the county to the Circuit Clerk (payroll and vendor) for the audited calendar year. Judgmentally select five or six of these payments and determine whether: |  |  |
|  | * + 1. Payment is properly posted to fee journal. |  |  |
|  | * + 1. Payment is deposited to fee account. |  |  |
|  | * 1. Examine documentation for several (15) expenses posted to the fee journal and determine that they are valid Schedule C expenses. Scan all expenses in fee journal for allowability. Refer to the list of allowed/disallowed expenses. If the Circuit Clerk only has a few expenses, the number to be examined can be reduced with the Supervisor’s approval. |  |  |
|  | * 1. Obtain a copy of the Circuit Clerk’s annual report filed with the Office of the State Auditor. Verify amounts reported on the fee journal agree to the annual report. |  |  |
|  | * 1. Determine whether the Circuit Clerk exceeded the salary cap. Salary cap is $94,500. [Section 9-1-43(1)] |  |  |
|  | * 1. For legal compliance, determine whether: |  |  |
|  | * + 1. Any salaries or expenses are paid for employees who are related to the Circuit Clerk by blood or marriage within the first degree of kinship as provided in Sections 1-3-71 and 1-3-73. The spouse and/or children of the Circuit Clerk may be paid a salary; however, the combined annual salaries of the clerk, spouse and any child of the clerk may not exceed an amount equal to the salary limitation. [Section 9-1-43(2)] |  |  |
|  | * + 1. The Circuit Clerk maintains accounting system as required. (Fee journal and accounts receivable subsidiary ledger.) [Section 9-1-43(6)] |  |  |
|  | * + 1. Receipts are issued for all services over $10. [Section 9-1-43(6)] |  |  |
|  | * + 1. Any amount in excess of the salary cap of $94,500 is settled to the county by April 15 of the subsequent year. [Section 9-1-43(1)] |  |  |
|  | * + 1. The Circuit Clerk filed an annual report with the Office of the State Auditor by April 15 of the subsequent year. [Section 9-1-45(1)] |  |  |
|  | * 1. Prepare memo to notify PERS of any disallowed expenses or erroneous amounts on the annual report that you are aware of, even if the clerk does not exceed the cap. |  |  |
|  | **AUDITOR NOTE:** All services that only the Circuit Clerk can perform are subject to the salary cap. Services that the Circuit Clerk performs that could be performed by someone else are not subject to the salary cap. |  |  |
|  | **Expenditures for Goods and Services** |  |  |
|  | 1. Obtain the following schedules from the Purchase Clerk: |  |  |
|  | * 1. Purchases from other than the lowest bidder. |  |  |
|  | * 1. Emergency purchases. |  |  |
|  | * 1. Sole source item purchases. |  |  |
|  | **AUDITOR NOTE:** Add items not on the schedules discovered through audit procedures and inform county officials. |  |  |
|  | **AUDITOR NOTE:** Delete items on the schedule for which it has been determined that they do not meet the criteria for being included and include a finding in the report about such items. |  |  |
|  | 1. In regard to the above three schedules, review board minutes documentation to establish that: |  |  |
|  | * 1. All items in minutes are on schedules. |  |  |
|  | * 1. All items on schedules are documented in minutes. |  |  |
|  | * 1. Documentation appears adequate. |  |  |
|  | 1. Evaluate the items on the schedules with your supervisor to determine if appropriate findings should be written.   **AUDITOR NOTE:** For example, a finding should be written on an item on the emergency purchase schedule that is not an emergency purchase. |  |  |
|  | 1. Perform a compliance test on the central purchasing system: |  |  |
|  | * 1. Haphazardly select items for testing until you have a total of 25 purchases with purchasing attributes. Each purchase should exceed $2,000. Then test each purchase for the following attributes:   **AUDITOR NOTE:** Your test should not consist entirely of ISI items. Refer to Section 31-7-13 and 31-7-103 for the latest applicable law for bid and quote requirements on all purchasing tests. |  |  |
|  | * + 1. Whether the receiving report is signed by an authorized person in the receiving department. |  |  |
|  | * + 1. Whether all purchasing documents are present, properly completed, and the date sequence is logical. |  |  |
|  | * 1. Judgmentally check some bids and quotes on purchases (not fixed assets) such as gravel, asphalt, tires, etc. that would normally require bids or quotes. |  |  |
|  | * 1. Test compliance with the quote and bidding requirements for some fixed asset purchases. |  |  |
|  | * 1. Judgmentally select a few purchases for examination to determine that invoices are not being split to circumvent purchasing laws. (Refer to Section 31-7-13.) |  |  |
|  | 1. Evaluate compliance with central purchasing system after completion of all related test work. |  |  |
|  | **Credit Cards** |  |  |
|  | 1. Test compliance with Section 19-3-68, which allows the Board of Supervisors to acquire one or more credit cards which may be used by members of the Board of Supervisors and county employees to pay expenses incurred by them when traveling in or out of the state in the performance of their official duties. Compliance includes: |  |  |
|  | * 1. The chancery clerk or county 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. |  |  |
|  | * 1. The supervisor or county employee 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. |  |  |
|  | * 1. The monthly 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. |  |  |
|  | * 1. Credit cards can only be used for expenses incurred while on official travel status for the county and are not for personal use. |  |  |
|  | * 1. Credit cards may be used to pay for meals and motel bills. All expenses are still subject to the restrictions established by Section 25-3-41. Any expenses charged to the credit card in excess of the limitations established by Section 25-3-41 must be reimbursed to the county. Any personal expenses (telephone, movie rental, etc.) charged on the credit card must be reimbursed. |  |  |
|  | * 1. Credit cards may be used to purchase fuel for a county-owned vehicle while on travel status. Credit cards may not be used to purchase fuel for a personal vehicle. |  |  |
|  | * 1. In the discretion of the Board of Supervisors, credit cards may be used to pay for minor repairs to county-owned vehicles while on travel status. Section 31-7-103 may be used for guidance when establishing policy. Repairs that require the issuance of a purchase order should be handled through the central purchasing system. |  |  |
|  | **Payroll and Related Liabilities** |  |  |
|  | 1. Ensure that salaries are paid in accordance with statutory requirements by complete the Schedule of Statutory Fees and Salaries. |  |  |
|  | 1. If the county has a cafeteria plan: |  |  |
|  | * 1. Verify that the plan provider is listed on the Office of the State Auditor’s list of approved providers. |  |  |
|  | * 1. Verify that the county is not administering the cafeteria plan. |  |  |
|  | * 1. Review the county’s plan document and a copy of the employee’s summary plan document. |  |  |
|  | * 1. Consult your supervisor as to how to check compliance with Sections 25-17-1 through 25-17-11 and IRS regulations. |  |  |
|  | 1. Scan payroll records for any employees that do not have retirement withholding withheld from their payroll check.   **AUDITOR NOTE:** Section 25-11-127, Miss. Code Ann. (1972), addresses reemployment of Public Employees Retirement System (PERS) retirees by an entity covered under the PERS System. PERS should be notified when any current retiree of the PERS receiving retirement benefits is hired by the county as either an employee or a true independent contractor. |  |  |
|  | * 1. If an individual is not in the retirement system and it is determined that the individual should be, prepare a memo to your supervisor. PERS will be notified. |  |  |
|  | * 1. Determine if any current PERS retirees are employed by the county as an employee. Verify that PERS Form 4B “Certification/Acknowledgment of Reemployment of Retiree” has been filed with PERS within five days of employment. |  |  |
|  | * 1. Determine if any current PERS retirees are employed by the county as a true independent contractor. Verify that PERS Form “Employee vs. Independent Contractor Form” has been filed with PERS. |  |  |
|  | * 1. If required forms have not been filed with PERS, inform payroll clerk of the requirement to file. Also, prepare a memo to your supervisor. PERS will be notified that the county has not complied with the law. |  |  |
|  | * 1. On a test basis, verify that any current PERS retiree has not been paid more than allowed by law based on Form 4B. The allowed amount is based on the State’s fiscal year. If an individual has been paid more than allowed, a memo to your supervisor should be prepared for notifying PERS of the violation. |  |  |
|  | 1. Scan payroll records using experience and judgment looking for possible irregularities. At a minimum, check that fee paid officials are paying their "fringes". (Do limited work. Only see if it appears fringes are being paid. Don't recalculate amounts unless it appears they are not paying.) For example, the county should not be paying the retirement and social security on land redemption fees for the Chancery Clerk.   **AUDITOR NOTE:** Consult supervisor as to the extent of this scanning process. Be alert for additional small payments. This could be illegal payments for accrued leave, bonuses, blanket travel reimbursements, etc. |  |  |
|  | **AUDITOR NOTE:** Based on the AG’s opinion to Roy Noble Lee, Jr., on March10, 2000, the Office of the State Auditor notified all Chancery and Circuit Clerks on July 14, 2000, that effective July 1, 2000, the following fees paid to a clerk may no longer be included in payroll and should be included on the claims docket:   * Lunacy case fees   However, if the court orders payment to the Chancery Clerk for performance of additional administrative services not statutorily required (consultations with family or friends, calling attorney, scheduling physicians, providing insurance information to hospitals, making arrangements for prescreening and follow-ups, etc.), these payments may be processed through payroll. (See AG opinion to Honorable Travis W. Childers dated January 25, 2002.)   * Fees for recording or copying on behalf of the county * UIFSA fees * Indigent criminal case fees ordered paid by the Supreme Court on a particular case * Indigent civil case fees ordered paid by the Supreme Court on a particular case * Any fee paid by the county “in the same manner as ‘like service’ in other cases”. |  |  |
|  | **Capital Assets and Related Expenditures** |  |  |
|  | 1. Consider whether there is compliance with laws and regulations pertinent to construction activity, including consideration of the following: |  |  |
|  | * 1. Contracts were bid and awarded in accordance with legal requirements. |  |  |
|  | * 1. Contractors have given appropriate bonds. |  |  |
|  | * 1. Required insurance coverage has been provided. |  |  |
|  | * 1. Contract amendments have been approved. |  |  |
|  | **Debt and Debt Service** |  |  |
|  | 1. Inquire about provisions of the charter, ordinances, or statutes related to authority to borrow, and perform the following procedures: |  |  |
|  | * 1. Review board minutes for authorization to issue debt and, if applicable, records of voter referendums approving issuance. |  |  |
|  | * 1. Confirm legal compliance of debt sales with bond counsel or the appropriate state authority. Document the items selected for confirmation. |  |  |
|  | * 1. For legal requirements, determine whether: |  |  |
|  | * + 1. The proceeds of any new general long-term debt have been utilized for purposes for which the issue was authorized. (Sections 19-9-1, 19-9-3 and 19-9-21) |  |  |
|  | * + 1. The county stayed within the limitation of indebtedness. (Section 19-9-5)   **AUDITOR NOTE:** MDA Capital Improvements Loans are not subject to the debt limitation per Section 57-1-303(6). |  |  |
|  | * + 1. The tax levy was sufficient to provide for the payment of the principal of and interest on applicable long-term debt. (Section 19-9-9) |  |  |
|  | * + 1. Any balance remaining after the purpose for which bonds were issued has been transferred to the applicable bond and interest fund. (Section 19-9-23) |  |  |
|  | * + 1. The Board of Supervisors advertised for bids when issuing debt. (Section 17-21-53) |  |  |
|  | * + 1. The Board of Supervisors advertised for bids when selling bonds or issuing notes. (Section 31-19-25) |  |  |
|  | **Fund Equities** |  |  |
|  | 1. Review applicable state statutes, local ordinances, or other legislation for matters that affect components of fund balances. |  |  |
|  | 1. For legal compliance, check to see that any unemployment compensation trust funds do not get below the minimum balance required by Section 71-5-359(5) (unless the county has elected to contribute to the state unemployment fund as provided in Section 71-5-359(9)). |  |  |
|  | **Insurance and Self-Insurance** |  |  |
|  | 1. Check the following requirements of Section 25-15-101 for self-insurance programs: |  |  |
|  | * 1. Determine whether the administration and servicing of any self-insurance or risk pool program is contracted to a third party approved by the Commissioner of Insurance. |  |  |
|  | * 1. Determine whether benefits provided in excess of the self-insurance plan (if any) are covered by group policies or contracts issued by a company licensed to do business in Mississippi. |  |  |
|  | * 1. If the county is self-insured or a member of a risk pool for group life, salary protection, health, accident, or hospitalization benefits: |  |  |
|  | * + 1. Determine whether all plans executed by the county contain a provision expressly limiting liability for the payment of all benefits for single or multiple claims to the extent of the insurance carried or to the extent of funds available under the self-insurance fund. (25-15-101) |  |  |
|  | * 1. Ensure that any county providing insurance under this section does not waive, but expressly reserves, its sovereign immunity under the laws of the State of Mississippi; and all plans and agreements executed by the county providing insurance or other coverage under this section contains a provision expressly limiting liability for the payment of all benefits for single or multiple claims to the extent of the insurance carried or to the extent of funds available under the self-insurance fund. |  |  |
|  | **Conclusion** |  |  |
|  | 1. We have performed procedures and obtained audit evidence sufficient to achieve the state legal compliance objectives. The procedures performed, relevant evidence obtained, and our conclusions are adequately documented. [If you are unable to conclude on any objective, prepare a memo documenting your reason and the implications for the engagement, including the audit report(s).] |  |  |