

CLAIBORNE COUNTY MISSISSIPPI

COMPLIANCE REPORT

Special Reports

For the year ended *September 30, 2017*

SHAD WHITE

State Auditor

Stephanie C. Palmertree, CPA, CGMA

Director, *Financial and Compliance Audit Division*

Derrick Garner, CPA, CFE

Director, *Compliance Audit Division*



*The Office of the State Auditor does not discriminate on the basis of
race, religion, national origin, sex, age or disability.*

CLAIBORNE COUNTY

TABLE OF CONTENTS

SPECIAL REPORTS.....	4
Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required By <i>Section 31-7-115, Mississippi Code Annotated (1972)</i>).....	5
Limited Internal Control and Compliance Review Management Report.....	10

CLAIBORNE COUNTY

SPECIAL REPORTS



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
Shad White
AUDITOR

**INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISSISSIPPI CODE ANNOTATED (1972))**

Members of the Board of Supervisors
Claiborne County, Mississippi

We have examined Claiborne County, Mississippi's compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with *Sections 31-7-101 through 31-7-127, Mississippi Code Annotated (1972)*, and compliance with the purchasing requirements in accordance with bid requirements of *Section 31-7-13, Mississippi Code Annotated (1972)*, during the year ended September 30, 2017. The Board of Supervisors of Claiborne County, Mississippi is responsible for the County's compliance with those requirements.

We believe our examination provides a reasonable basis for our findings. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Claiborne County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The results of our examination procedures disclosed a certain instance of noncompliance with the aforementioned code sections. Our findings and recommendations and your responses are disclosed below:

Purchase Clerk.

1. Purchase Clerk Schedules Should Include All Items Meeting the Applicable Criteria.

Repeat Finding No.

Criteria *Section 31-7-115, Mississippi Code Annotated (1972)*, requires the audit report to include a schedule of purchases not made from the lowest bidder under the authority of *Section 31-7-13(d)*, with the reasons given therefor; a schedule of emergency purchases made under the authority of *Section 31-7-13(k)*; and a schedule of purchases made noncompetitively from a sole source under the authority of *Section 31-7-13(m)*.

Condition The Purchase Clerk's schedule of emergency purchases failed to include the emergency purchase of a motor grader on July 20, 2017.

Cause	The Purchase Clerk failed to provide accurate purchasing schedules.
Effect	Failure to maintain accurate purchasing records could result in violation of state purchasing statutes or the misappropriation of public funds.
Recommendation	The Purchase Clerk should ensure all items meeting the applicable criteria are included in the purchase schedules.
Official Response	I, the Purchase Clerk/Director, will comply to include a schedule of emergency purchases.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with *Section 31-7-115, Mississippi Code Annotated (1972)*. The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination and is fairly presented in relation to that examination.

Claiborne County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

This report is intended for use in evaluating Claiborne County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Sincerely,



STEPHANIE C. PALMERTREE, CPA, CGMA
 Director, Financial and Compliance Audit
 Office of the State Auditor

CLAIBORNE COUNTY

Schedule 1

Schedule of Purchases Not Made from the Lowest Bidder
For the Year Ended September 30, 2017

Our tests did not identify any purchases from other than the lowest bidder.

CLAIBORNE COUNTY

Schedule 2

Schedule of Emergency Purchases

For the Year Ended September 30, 2017

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
7/20/2017	Motor grader	\$	58,800	Jeff Martin Auctioneers	Road condition created imminent danger to travelers

CLAIBORNE COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2017

Our tests did not identify any purchases made noncompetitively from a sole source.



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
Shad White
AUDITOR**

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Claiborne County, Mississippi

In accordance with *Section 7-7-211, Mississippi Code Annotated (1972)*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions to ensure compliance with legal requirements. The scope of our review covered the 2017 fiscal year.

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. Our procedures 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.

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.

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

Board of Supervisors.

2017-001 Meetings of the Board of Supervisors Should Not be Held Outside the County.

Repeat Finding No.

Criteria *Section 19-3-11, Mississippi Code Annotated (1972)*, states, "In counties having only one (1) court district, the Board of Supervisors shall hold regular meetings at the courthouse or in the Chancery Clerk's office in those counties where the Chancery Clerk's office is in a building separate from the courthouse. However, the Board of Supervisors may meet in any other county-owned building if such building is located within one (1) mile of the courthouse and if, more than thirty (30) days prior to changing the meeting place, the Board posts a conspicuous, permanent notice to that effect in the Chancery Clerk's office and in one (1) other place in the courthouse, publishes notice thereof in a newspaper published in the County, and enters an order upon its minutes designating and describing in full the building and room to be used as the meeting room of the Board of Supervisors."

Condition	On June 13, 2017, the Board of Supervisors held a recessed meeting in Harrison County, Mississippi, during which nine (9) items of county business were transacted including: <ul style="list-style-type: none"> a. The creation of a new voting precinct; b. Salary and wage increases for four (4) road department employees; c. Increases in the amount of \$35,000 per year to the salaries of the individual serving as both the county administrator and director of the port commission; and d. Accepted proposals for renewal of health and other insurance for county employees.
Cause	The Board held a meeting outside the County.
Effect	The meeting held on June 13, 2017, was an improper meeting of the Board of Supervisors and all actions approved during the meeting are void.
Recommendation	The Board of Supervisors should not hold meetings outside Claiborne County.
Official Response	Claiborne County should not conduct meetings outside of the County.

2017-002	<u>Emergency Meetings of the Board of Supervisors Should be Called for Authorized Purposes Only.</u>
Repeat Finding	No.
Criteria	<i>Section 19-3-19(3), Mississippi Code Annotated (1972)</i> , states that emergency meetings of the Board of Supervisors may be called in cases of an emergency arising as a result of serious damage to county property, or to roads or bridges, or emergencies arising as a result of epidemic conditions or weather conditions. Written notice shall be given of such meetings that states the time of the meeting and distinctly specify the subject matters of business to be acted upon.
Condition	Eleven (11) emergency meetings were held by the Board in fiscal year 2017. Nine of these meetings were called to discuss the financial condition of the county hospital, a subject matter that does not meet the criteria for an emergency meeting. The following additional noncompliance concerning emergency meetings was noted: <ul style="list-style-type: none"> a. The public notices for ten (10) of the emergency meetings did not distinctly specify the subject matter of business to be acted upon, listing things such as “Protecting County Resources”, “Executive Session”, “Extraordinary Circumstances”, and “Claiborne Medical Center” as the purpose for the meetings. b. The public notice for the meeting held on March 3, 2017 stated the time of the meeting to be 7:30 a.m. However, according to the board minutes, the meeting was called to order at 7:17 a.m. and adjourned at 7:20 a.m.
Cause	The Board called emergency meetings for purposes other than those authorized by state law.
Effect	The Board violated state law and the actions taken at the meetings for which the notice did not distinctly identify the subject matter could be considered null and void.
Recommendation	The Board should ensure that (1) emergency meetings are called only for authorized purpose, (2) the notices for emergency meetings include the specific subject matter of the meeting, and (3) that meetings do not begin or end prior to the time stated for the meeting.
Official Response	The County hospital was on the verge of closing. The meetings were conducted pursuant to <i>MS Code 25-41-7(4)(f)</i> . The County shall state the particular code section in meetings going forward and be specific.
Auditor Note	<i>Section 25-41-7(4)(f) Mississippi Code Annotated (1972)</i> addresses executive sessions, not emergency meetings.

2017-003	<u>Details of Budget Amendments Should be Documented in the Board Minutes.</u>
Repeat Finding	No.
Criteria	<i>Section 19-11-19(1), Mississippi Code Annotated (1972), states that when it appears that collection of revenues for any fund or funds of the County will be more or less than the amounts estimated, the Board of Supervisors may revise the budget by increasing or decreasing the items of said budget in proportion to the increase or decrease in the anticipated collection of revenues. The Board may also transfer funds to and from items within the budget when it appears that some item of the budget is in excess of the requirements of said item, and that the amount budgeted to such item will not be needed during the fiscal year. However, no such transfer shall be made from fund to fund, or from item to item, which will result in the expenditure of any money for a purpose different from that for which the tax was levied.</i>
Condition	Two amendments were approved by the Board for which the items to be adjusted were not specifically identified.
Cause	Controls were not in place to ensure that the details of budget amendments were recorded in the board minutes.
Effect	It is impossible to determine whether the amendments to the County's budget were in violation of state law.
Recommendation	The Board of Supervisors should ensure that specific budget items to be amended are included in the order spread on the minutes.
Official Response	The Board shall, going forward, make certain that the items to be adjusted are specifically identified.

2017-004	<u>Meal Logs for Feeding the Prisoners Should be Approved Monthly by the Board of Supervisors.</u>
Repeat Finding	No.
Criteria	<i>Section 19-25-74, Mississippi Code Annotated (1972), states that meal logs of the Sheriff's Office are required to be filed monthly and presented to the Board of Supervisors for approval. The statute also states that no claims for the cost or expenses of feeding prisoners shall be approved by the Board of Supervisors for any month unless and until such log for that month is filed.</i>
Condition	The jail meal logs are not listed within the minutes as being approved by the Board of Supervisors. There is no approval for any month during fiscal year 2017.
Cause	The meal logs are not presented at each board meeting for approval.
Effect	This could result in the payment for meals not received and places the County in violation of state law.
Recommendation	The Sheriff should file the meal log each month with the Board of Supervisors. The Board of Supervisors should not approve claims for feeding prisoners until the monthly log has been received from the Sheriff.
Official Response	The Sheriff's Office does file monthly jail meal logs with the Chancery Clerk's Office and the same for FY2017 was provided to the Auditor's staff upon their request. The deficiency in meeting the requirements of <i>Miss. Code Section 19-25-74</i> lies in the fact that the Sheriff does not present the log to the Board of Supervisors for approval prior to the approval of the monthly docket. This will be corrected starting with the Board's first monthly meeting on November 5, 2018.

2017-005	<u>Bond Should be Obtained for County Surveyor in Accordance with State Law.</u>
Repeat Finding	No.

Criteria	<i>Section 19-27-1, Mississippi Code Annotated (1972)</i> , requires the County Surveyor to give bond, with sufficient surety, to be payable, conditioned and approved as provided by law and in the same manner as other county officials, in a penalty not less than \$50,000.
Condition	The County Surveyor has not obtained the required bond.
Cause	The County had no controls in place to ensure the County Surveyor was bonded as required.
Effect	Failure of the County Surveyor to provide the required bond could result in the loss of public funds.
Recommendation	A surety bond in the amount of \$50,000 should be obtained immediately for the County Surveyor.
Official Response	It was an oversight that the County Surveyor was not bonded. This oversight has been corrected and he is currently bonded for \$50,000.
Auditor's Note:	The Official Response has been edited to exclude the name of the County Surveyor.

2017-006 Public Defenders Should be Appointed by the Circuit Court Judge.

Repeat Finding No.

Criteria *Section 25-32-3(1), Mississippi Code Annotated (1972)*, states, "When the office of Public Defender is established, the Circuit Judge or the Senior Circuit Judge, if there be more than one (1) Circuit Judge, shall appoint a practicing attorney to serve the County as Public Defender until the end of the term of office of the District Attorney and thereafter for a term of four (4) years to coincide with the term of the District Attorney." "In the event a vacancy shall occur in the office of the Public Defender, the Circuit Judge or the Senior Circuit Judge, if there be more than one (1) Circuit Judge, shall appoint another person to serve as Public Defender until the end of the regular term of office."

Condition The Public Defenders were appointed by the Board of Supervisors and when one of the appointed attorneys resigned, the Board also appointed the replacement.

Cause No controls to ensure the appointment of Public Defenders was in compliance with state law.

Effect This places the County in violation of state law.

Recommendation The Board of Supervisors should ensure that Public Defenders are appointed by the Circuit Court Judge in the future.

Official Response The Board has, through practice and procedure, simply appointed the individuals that the Judge would submit to the Board. Going forward the Board shall not appoint the same.

2017-007 The Board of Supervisors Should Enter Executive Session for Authorized Purposes Only. The Minutes of Executive Sessions Should Not be a Matter of Public Record.

Repeat Finding No.

Criteria *Section 25-41-7(4), Mississippi Code Annotated (1972)* specifies fourteen (14) reasons why a public body may hold an executive session. Included in these reasons are the following:

- a. "Transaction of business and discussion of personnel matters relating to the job performance, character, professional competence, or physical or mental health of a person holding a specific position, or matters relating to the terms of any potential or current employment or services agreement with any physicians or other employees of public hospitals, including any discussion of any person applying for medical staff privileges or membership with a public hospital."

- b. "Cases of extraordinary emergency which would pose immediate or irrevocable harm or damage to persons or property, or both, within the jurisdiction of the public body."
- c. "Transaction of business and discussions regarding employment or job performance of a person in a specific position or termination of an employee holding a specific position. The exemption provided by this paragraph includes transaction of business and discussion in executive session by the board of trustees of a public hospital regarding any employee or medical staff member or applicant for medical staff privileges and any such individual's credentialing, health, performance, salary, raises or disciplinary action. The exemption provided by this paragraph includes the right to enter into executive session concerning a line item in a budget which might affect the termination of an employee or employees. All other budget items shall be considered in open meetings and final budgetary adoption shall not be taken in executive session."
- d. "Transaction of business and discussion regarding prospective strategic business decisions of public hospitals, including without limitation, decisions to open a new service line, implement capital improvements, or file applications for certificates of need or determinations of non-reviewability with the State Department of Health."
- e. "Transaction of business of the boards of trustees of public hospitals that would require discussion of any identifiable patient information, including without limitation, patient complaints, patients' accounts, patients receiving charity care, or treatment that could be identified to a patient."

Condition	The Board of Supervisors entered executive session thirty (30) times during fiscal year 2017, all of which included topics not authorized to be discussed in executive session. While twenty-three (23) executive sessions also included business for which executive session is authorized, no authorized business was discussed in the remaining seven (7) sessions. The most common unauthorized business discussed in executive session was personnel decisions (hiring, rates of pay, and transfers of personnel), the financial condition of and the County's loans to the county hospital, and the County's infrastructure. Additionally, all business conducted in executive session was documented in the minutes of the Board's meetings, which are a matter of public record.
Cause	The Board discussed unauthorized matters in executive session.
Effect	The County is in violation of the Open Meetings Act and also made the details of legitimate executive session discussions available to the general public.
Recommendation	The Board of Supervisors should ensure that only authorized discussions occur in executive session and that the details of these discussions remain private.
Official Response	The county hospital was on the verge of closing. The meetings were conducted pursuant to MS Code 25-41-7(4)(f). The County shall state the particular code section in meetings going forward and be specific.

2017-008	<u>Bonds Should be Obtained for Port Commissioners in Accordance with State Law.</u>
Repeat Finding	No.
Criteria	<i>Section 59-7-125(1), Mississippi Code Annotated (1972)</i> , requires each Port Commissioner to give bond, to be approved by the Board of Supervisors, in the sum of five thousand dollars (\$5,000), conditioned upon the faithful performance of their duties.
Condition	None of the Port Commissioners have executed the required bond.
Cause	The County had no controls in place to ensure all officials are bonded in accordance with state law.
Effect	Failure to execute the required bonds could result in the loss of public funds.
Recommendation	Each Port Commissioner should obtain bonds as required by state law.
Official Response	All six (6) of the appointed members of the Port Commission have been bonded for \$5,000 each.

2017-009	<u>Each Member of the Board of Supervisors Should Inspect County Roads and Bridges as Required by State Statute.</u>
Repeat Finding	No.
Criteria	<i>Section 65-7-117, Mississippi Code Annotated (1972)</i> , requires each member of the Board of Supervisors to inspect every road and bridge in the county under the jurisdiction of the county not less than once each fiscal year. Each member is also required to 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.
Condition	The annual road inspection was conducted by the Office of State Aid Road Construction, the County Engineer and the County Road Manager.
Cause	No controls were in place to ensure total compliance with the above-referenced statute.
Effect	The delegation of the Board's responsibility to inspect county roads resulted in a violation of state statute.
Recommendation	The members of the Board of Supervisors should perform the annual inspections of roads and bridges and file the required report in the future.
Official Response	The members of the Board of Supervisors do inspect the roads and bridges of the County on at least an annual basis generally along with the County Engineer, the Road Department Manager and the State Aid Engineer in mid-December. Their recommendations are incorporated in the report issued by the County Engineer. The statutory deficiency lies in the fact that the Board members have not been filing their recommendations separately with the Clerk of the Board under oath. This practice will be accordingly adjusted in FY 2019.
Auditor's Note	No documentation was provided to the auditor to support the County's response.

2017-010	<u>Travel Expenses Paid with the County Credit Card Should be Approved, Accounted for, and Reported as Required by State Law.</u>
Repeat Finding	No.
Criteria	<i>Section 19-3-68, Mississippi Code Annotated (1972)</i> , states, "The supervisors and county employees shall furnish receipts for the use such of 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."
Condition	There was no preparation and submission to the Board of an itemized monthly report. For nine (9) of the fifteen (15) credit card transactions tested, there was either no board approval documented in the minutes or unspecified approval for travel.
Cause	The County had no controls in place to ensure credit card transactions were approved, accounted for, and reported as required.
Effect	Failure of credit card users to turn in receipts to the Chancery Clerk or Purchase Clerk and the Clerks' failure to submit the required monthly written report resulted in the payment of unauthorized expenses.
Recommendation	The Board of Supervisors should implement procedures to ensure that all credit card receipts are furnished to the Chancery Clerk or Purchase Clerk as required. The Board should also ensure the required monthly report of credit card charges is submitted prior to approving payment of the claim.
Official Response	I, the Purchase Clerk/Director, furnished all receipts for the use of the credit card monthly to the Chancery Clerk along with an itemized list of all expenditures and use of the credit card.

Chancery Clerk.

2017-011

The Salaries of All Employees of the Chancery Clerk Should be Paid by the Clerk.

Repeat Finding

No.

Criteria

Section 9-5-133, Mississippi Code Annotated (1972), states, "The Clerk of the Chancery Court shall have power, with the approbation of the court, or of the judge in vacation, to appoint one or more deputies, who shall take the oath of office, and who thereupon shall have power to do and perform all the acts and duties of which their principal may lawfully do." *Section 9-1-43* states that the deputy clerks are employees of the Chancery Clerk. All salaries are to be paid by the Clerk.

Condition

In reviewing the Chancery Clerk's Annual Financial Report, we became aware that there was only \$3,300 recorded for employee wages. The Clerk has three (3) deputies who assist in the Chancery Clerk's office. The clerk should reimburse the County \$118,529 for the three (3) deputy clerks who are deemed to be employees of the Chancery Clerk based on oaths, job duties, and titles.

Cause

The Chancery Clerk was not aware that she should pay employee salaries.

Effect

Payment of these salaries and related expenses by the County resulted in an illegal diversion of public funds and an unauthorized interest-free loan from the County to the Chancery Clerk.

Recommendation

The Chancery Clerk should reimburse the County \$118,529 for three (3) deputies employed.

Official Response

I disagree with the position that the Chancery Clerk should reimburse the County \$118,529 for the following reasons:

The Honorable Circuit Court Judge administered the Oath of Office for Claiborne County elected officials and employees in the Claiborne County Circuit Courtroom on December 30, 2015.

Claiborne County Chancery Clerk's Office is a small office servicing a small County which does not have a lot of Chancery Court matters or land transfers. Therefore, the Board of Supervisors hired the employees to carry out their administrative and fiscal responsibilities. These deputies have been continually employed, one prior to my becoming the Chancery Clerk and two subsequent. Attached is a copy of the Board Minutes where the Board of Supervisors approved the prior Chancery Clerk Frank Wilson's request to employ Deputy Clerk I in the Chancery Clerk Office on October 6, 1997. The Board of Supervisors employed Deputy Clerk I on February 9, 2000. The minutes provide that the Supervisors ordered the hiring of Deputy Clerk I in the Chancery Clerk's Office and the Board resolved to approve employment of Renee Terrell as Accounts Payable Clerk on November 1, 2005. In addition to the Board minutes, attached is a description of their duties.

Deputy Clerk I is paid \$500 monthly to process pleadings, etc. relevant to Youth Court matters. The Administrative Office of Courts (AOC) reimburses Claiborne County for the wages and expenses relevant to the Youth Court Support Grant.

Deputy Clerk II is paid \$200 monthly for preparing the indexes to the Board minutes and executive session minutes, numbering the pages, copying the attachments, etc. and putting the minutes in the appropriate binders.

Thank you for your cooperation in this matter. If additional information is needed for a favorable response to this matter, please do not hesitate in contacting me.

Auditor's Note

Although the employees working in the Chancery Clerk's office may perform some duties that fall under the purview of the Board of Supervisors, the Chancery Clerk was unable to provide us with a reasonable breakdown of the time the employees spent on work for the Board as opposed to work required to be performed by the Chancery Clerk's office. We noted that more than 90 percent of receipts tested during the examination were signed by the Deputy Clerks. The majority of deeds were recorded and filed by clerks other than the Chancery Clerk. The Chancery Clerk's name is preprinted or hand stamped on receipts; however,

the receipt is recorded and signed by a deputy clerk.

The Chancery Clerk stated that two (2) deputies spend 99 percent of their time performing work for the Board of Supervisors and that another clerk spent 75 percent of her time working for the Board of Supervisors. After observation and inquiries during the examination, we believe this to be unreasonable as each of the deputies performed multiple chancery clerk duties. Also, the deputies could not produce general reports for payroll and accounts payable when requested without the assistance of the Chancery Clerk which led auditors to believe the deputies did not perform the specific payroll and accounts payable duties for the Board of Supervisors. In a typed response, the Chancery Clerk informed us that the Clerks performed the following chancery clerk duties:

- Redeem delinquent taxes for customers if necessary.
- Assist taxpayers with editing the real and personal property rolls after the rolls were equalized.
- Accept objections to assessments from taxpayers for the real and personal property rolls, if applicable.
- Reconcile bank statements on a monthly basis with the assistance of the Chancery Clerk.
- Record, file, and deposit recording fees for land records, court documents, adoptions, commitments, DHS child support general probate when applicable.
- After the board minutes are approved, copies of the attachments are made, the minutes are filed in the minute book and indexed.
- Collect and process Youth Court data.

The duties listed above are responsibilities of the Chancery Clerk and she should reimburse the County for any work performed for the Chancery Clerk. This matter has been recommended to OSA's Investigation Division.

2017-012	<u>The Chancery Clerk Should Submit the Justice Court Clerk's Report of Collections to the Board of Supervisors as Required by Law.</u>
Repeat Finding	No.
Criteria	<i>Section 9-11-19(1), Mississippi Code Annotated (1972)</i> , requires the Justice Court Clerk to report monthly in writing all fees, costs, fines and penalties charged and collected in the Justice Court to the Clerk of the Board of Supervisors who shall upon receipt submit such report to the Board of Supervisors.
Condition	Although the amounts collected were reported to the Clerk of the Board as required, the reports were not submitted to the Board of Supervisors.
Cause	The monthly collection reports were not submitted to the Board of Supervisors by the Chancery Clerk.
Effect	The Board was not informed of the monthly justice court collections.
Recommendation	The Chancery Clerk should implement procedures to ensure the Justice Court Clerk's report of collections is submitted to the Board of Supervisors each month.
Official Response	I will comply and present the Justice Court Clerk's report to the Board pursuant to <i>Section 9-11-19(1)</i> .

2017-013	<u>The Chancery Clerk Should Keep and Preserve a Complete and Correct Record of all Proceedings and Orders of the Board of Supervisors.</u>
Repeat Finding	No.
Criteria	<i>Section 19-3-27, Mississippi Code Annotated (1972)</i> , requires the Clerk of the Board of Supervisors to keep and preserve a complete and correct record of all of the proceedings and orders of the Board.
Condition	The noted instances of noncompliance are:

- a. No information to identify the claims approved by the Board is documented in the minutes.
- b. The lists of delinquent mobile home and personal property taxes submitted by the Tax Collector were not documented.
- c. Resolutions, contracts, and other agreements approved by the Board, including a resolution authorizing the Board President to secure a \$1.7 million loan for the county hospital. This resolution was approved unanimously by the Board based on the Board Attorney's reading of the resolution via telephone.

Cause	The Chancery Clerk failed to maintain a complete and detailed record of Board actions.
Effect	The lack of complete and correct Board minutes makes the actions taken by the Board undeterminable and increases the likelihood of unlawful acts and the loss or misappropriation of public funds.
Recommendation	The Chancery Clerk should implement procedures to ensure that board minutes are complete.
Official Response	<p>All claims will be presented to the Board of Supervisors for approval.</p> <p>I disagree with the finding. The Board approved the request presented by the Tax Collector to accept submission of the insolvency and delinquent tax listings which include state property, personal property and mobile homes. Please note the minutes reflect what was presented and approved by the Board. A copy of the Tax Collector letter dated October 1, 2016 is attached.</p> <p>I disagree with the finding in reference to the following: The resolution in the finding authorizing the Board President to negotiate and secure a \$1.7 million loan for the county hospital is recorded in Minute Book number 121, page 364 through 392. Attached please find a copy of the following pages: April 17, 2017 Board minutes page 313, 364 through 392. Please note when resolutions, contracts and other agreements are presented to the Chancery Clerk they are included as part of the Board minutes.</p>
Auditor's Note	Although the letter from the Tax Assessor/Collector was entered into the board minutes, the actual listings of properties on which the taxes were delinquent were not entered into the minutes, as required by law. The resolution approved by the Board at the March 31 meeting should have been included in minutes of that meeting

2017-014	<u>All Claims Presented to the Chancery Clerk for Payment Should be Disposed of in the Manner Authorized by State Law.</u>
Repeat Finding	No.
Criteria	<i>Section 19-13-31(1), Mississippi Code Annotated (1972)</i> , requires the claims docket to be called at each regular meeting of the Board. All claims then on file, not previously rejected or allowed, shall be passed upon in the order in which they are entered upon the docket. The Board is also required to enter an order on its minutes approving the demands and accounts allowed, but it shall only be necessary to refer to such demands and accounts by the numbers as they appear on the claims docket.
Condition	We noted 286 claims totaling \$2,342,650 that were paid by the Chancery Clerk without being presented to the Board of Supervisors for approval. No information to identify the claims that were approved by the Board was recorded in the minutes of the board meetings. When requested from the Chancery Clerk, this information was not available for nine (9) months tested for fiscal year 2017.
Cause	There was a lack of oversight to ensure all claims were approved by the Board of Supervisors and were adequately documented in the board minutes.
Effect	Failure of the Chancery Clerk to submit all claims to the Board of Supervisors for approval and to document the claims approved could result in the misappropriation of public funds.
Recommendation	The Chancery Clerk should ensure that all claims are submitted to the Board for approval prior to payment and that the claims approved by the Board are adequately identified in the minutes.
Official Response	All claims will be presented to the Board of Supervisors for approval.

2017-015	<u>Land Redemption Settlements Must be Posted to the Fee Journal and Deposited in a Timely Manner.</u>
Repeat Finding	No.
Criteria	<i>Section 27-45-5, Mississippi Code Ann. (1972)</i> , requires the Chancery Clerk to immediately deposit in the county depository of his county all sums of money paid to him by any person for the redemption of land sold for taxes in his county.
Condition	The November 2017 land redemption settlement of \$843 was not posted to the Chancery Clerk's fee journal. In addition, the funds received from land redemption was not deposited until January 2018.
Cause	The land redemption settlement was not posted to the fee journal or deposited into the bank in a timely manner.
Effect	Public funds that are not deposited timely could lead to loss, misappropriation, fraud, waste, and abuse.
Recommendation	The Chancery Clerk must ensure that all land redemption settlements are posted to the fee journal and deposited in a timely manner.
Official Response	It was an oversight on the office part in making the deposit on time. November settlement was due on or before the 20 th of the following month. The office was preparing for Christmas break. When it was discovered the check had not been printed on December 29, 2017, the check was printed and deposited. However, it was not deposited nearly a month late. We regret that the error occurred. More detailed oversight has been implemented to prevent this infraction from occurring again.

Circuit Clerk.

2017-016	<u>Bonds Should be Obtained for Deputy Circuit Clerks in Accordance with State Law.</u>
Repeat Finding	No.
Criteria	<i>Section 9-7-123(2), Mississippi Code Annotated (1972)</i> , requires each Deputy Clerk of the Circuit Court, before he enters upon the duties of the appointment, to give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in a penalty of not less than \$50,000 nor more than \$100,000.
Condition	The four (4) Deputy Circuit Clerks employed by the county were not properly bonded as required by state law.
Cause	No controls were in place to ensure the Deputies were bonded in accordance with state law.
Effect	Failure of the Deputy Circuit Clerks to execute the required bonds could result in the loss of public funds.
Recommendation	Each Deputy Clerk should obtain the required bond as required by state law.
Official Response	The County has an umbrella policy with Travelers Insurance which covers the County against theft by an employee up to \$100,000. The County had not realized that the policy excluded any employee who was by statute required to be individually bonded. All of the deputy clerks in the Circuit Clerk's office (4) have been bonded for \$50,000 each.

2017-017	<u>The Circuit Clerk Should Settle All Fees to the County in a Timely Manner.</u>
Repeat Finding	No.

Criteria	An effective system of accounting for revenue, includes the settlement of collections to the proper parties on a timely basis.
Condition	Amounts collected during the months of January through July 2017 in the amount of \$19,822 were not settled to the proper parties until August 2017.
Cause	No one was trained to handle the Circuit Clerk's duties in her extended absence from January through July 2017.
Effect	Failure to settle collections in a timely manner could lead to loss, misappropriation, fraud, waste, and abuse.
Recommendation	The Circuit Clerk should settle amounts collected to the proper parties on a timely basis. Partial payments collected should be settled monthly. The Clerk should also train employees to handle required duties should there be a time of extended absence.
Official Response	Please know that the Circuit Clerk was very ill during the above-listed dates. Henceforth, settlements will be made in timely manner.

2017-018	<u>The Circuit Clerk Should Strengthen Controls Over the Receipting and Recording of Cash.</u>
Repeat Finding	Yes. 2016
Criteria	<i>Section 9-1-43, Mississippi Code Annotated (1972)</i> , requires the Circuit Clerk to maintain cash journals to account for all monies received by her office.
Condition	Procedures performed noted three (3) receipts that were not totaled correctly and/or not recorded correctly in the cash journals.
Cause	The Circuit Clerk has not implemented sufficient internal controls to ensure receipts are properly calculated and recorded in the cash journals.
Effect	Failure to record fees properly can result in the loss of public funds and incorrect accounting records.
Recommendation	We recommend the Clerk to have receipts printed with the correct fee amounts as shown in the Mississippi Code for fees collected by the Circuit Clerk. We also recommend the Clerk fill out the receipt accurately based on the fees collected. The amounts recorded in the cash journal and the amounts recorded on the receipts should match.
Official Response	A new receipt book will be ordered.

Sheriff.

2017-020	<u>Internal Controls Over the Safeguarding of Cash and the Recording of Cash Transactions Should be Strengthened.</u>
Repeat Finding	No.
Criteria	An effective system of internal control over the safeguarding, collection, recording, and disbursement of cash should include (1) adequate measures to safeguard cash collected until it can be deposited, (2) an accounting for all receipt numbers, and (3) the maintenance of an accurate cash journal and reconciliation of the journal to the bank statement.
Condition	We noted the following deficiencies in the Sheriff's Office's controls over the handling of cash: <ul style="list-style-type: none"> a. Cash payments received after office hours are kept in the jailers' lockers until they can be delivered to the Sheriff's secretary. b. Two (2) different receipt books are used concurrently by the Sheriff's secretary and the jail personnel.

- c. For eight (8) months of the year, transactions were recorded in the cash journal for a month other than when the transaction occurred.
- d. The cash journal was not reconciled to the bank statement each month.

Cause	The Sheriff's Office does not have a safe or drop box for the safekeeping of cash received after hours. Adequate controls were not place to ensure the accuracy of the cash journal.
Effect	Inaccurate information may be reported and the possibility of the loss or misappropriation of public funds increases.
Recommendation	Payments received after hours should be kept in a locked drop box or safe with only the Sheriff and/or his secretary having access to the safe. Measures should be implemented to ensure that all receipt numbers are accounted for, transactions are posted in the cash journal in the correct month, and that the cash journal is reconciled to the bank statement each month in a timely manner.
Official Response	<p>We have never been advised of any problems with the process of money collection before, but a requisition for a drop box safe will be completed.</p> <p>The purpose of two different receipt books is that the secretary writes many receipts and so do the jail officers. When the State began this procedure with the receipts and cash journals in approximately 1986, we were informed to balance the cash journal and show where a check was written to the County Treasury at the bottom of the cash journal. We receive our bank statements after the first of the month and when we reconcile the statement, this check is listed as outstanding on the statement.</p>
Auditor Note	Settlements to the County Treasury are not expected to be made until the month following collection. Transactions should be recorded in the cash journal in the month in which they occur so that all funds received can be traced from the date of receipt until the date of settlement.

2017-021	<u>The Jail Meal Log Should be Maintained in Accordance with State Law and the Payments Received for Feeding Prisoners Should be Deposited into the County's General Fund.</u>
Repeat Finding	No.
Criteria	Section 19-25-74, <i>Mississippi Code Annotated (1972)</i> , requires the Sheriff to file the log of meals served to prisoners at the jail monthly with the Board of Supervisors. The statute also states that no claims for the cost or expenses of feeding prisoners shall be approved by the Board of Supervisors for any month unless and until such log for that month is filed.
Condition	The prisoner meal log is not filed with the Board of Supervisors as required. Additionally, the related claims for feeding prisoners were paid without the log being filed as required. The payments for feeding the prisoners are going to the Sheriff's Office instead of going to the general fund as required by state law.
Cause	No controls were in place to ensure the meal logs were spread across the Board minutes and that payments received are deposited into the general fund.
Effect	This could result in the payment for meals not received and places the County in violation of state law. When payments for feeding the prisoners go to the Sheriff's Office instead of the general fund, it could result in misappropriation or paying for unauthorized meals.
Recommendation	The Sheriff should file the meal log each month with the Board of Supervisors. The Board of Supervisors should not approve claims for feeding prisoners until the monthly log has been received from the Sheriff. The payments for feeding of prisoners should be deposited into the general fund to ensure that all payments are properly accounted for and are used for meals that are approved monthly by the Board and are presented in the board minutes.
Official Response	The log of meals is given to the Chancery Clerk's Office at the beginning of each month to be presented to the Board of Supervisors. All billings are turned into the Chancery Clerk's Office.

The Sheriff's Department is responsible for billing different law enforcement agencies for housing inmates for their departments. When invoices are sent out, a check is sent to the Claiborne County Sheriff Department and we are able to assure that the invoice has been paid. Then that money is sent to the Chancery Clerk's Office. (This is for tracking purposes.)

Tax Assessor/Collector.

2017-022	<u>Bonds Should be Obtained for Deputy Tax Assessors and Deputy Tax Collectors as Required by State Law.</u>
Repeat Finding	No.
Criteria	<i>Section 27-1-9(a), Mississippi Code Annotated (1972)</i> , requires each Deputy Assessor to give bond in an amount not less than ten thousand dollars (\$10,000) for the faithful discharge of his duties as provided in <i>Section 27-1-3</i> ; and each Deputy Tax Collector to give bond to be payable, conditioned and approved as provided by law in an amount not less than fifty thousand dollars (\$50,000) for the faithful discharge of his duties.
Condition	The four (4) Deputy Tax Assessors and/or Collectors employed are not properly bond as required by state law.
Cause	No controls were in place to ensure the Deputy Tax Assessors/Collectors were bonded in accordance with the applicable state law.
Effect	Failure of the Deputy Tax Assessors and Deputy Tax Collectors to execute the bond required by state law could result in the loss of public funds.
Recommendation	All Deputy Tax Assessors and Deputy Tax Collectors should obtain red bonds as required by state law.
Official Response	The County has an umbrella policy with Travelers Insurance which covers the County against theft by an employee up to \$100,000. The County had not realized that the policy excluded any employee who was by statute required to be individually bonded. All of the deputy clerks in the Tax Assessor/Collector's Office (4) have been bonded for \$50,000 each.

Chancery Clerk, Circuit Clerk, and Sheriff.

2017-023	<u>Payments Received Should be Deposited No More than One Business Day After Receipt.</u>
Repeat Finding	No.
Criteria	<i>Section 25-1-72, Mississippi Code Annotated (1972)</i> , states that all county officers who receive funds shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter.
Condition	Procedures performed noted the following instances of noncompliance: <ul style="list-style-type: none">• Receipts in the Chancery Clerk's office were held for as many as seven business days before they were deposited.• Four (4) of the six (6) receipts tested in the Circuit Clerk's office were deposited as many as thirteen (13) days late. We noted two instances in checks in the amount of \$10,000 each were held a week before being deposited.• We noted two (2) instances in the Sheriff's Department in which collections were held five (5) business days before being deposited.
Cause	The county officials did not have an effective system of internal controls that would ensure compliance with state law.

Effect	Failure to deposit funds within one (1) business day of receipt could lead to loss or misappropriation, fraud, waste, and abuse of public funds.
Recommendation	Daily deposits should be made for all collections. If there is a delay and collections must be held, the collections should not be held for more than one (1) business day.
Official Response	<p>Chancery Clerk: I will comply. I had a discussion with the employees in reference to making the deposits on a daily basis or no later than one day after collection of payments. A corrective plan has been implemented.</p> <p>Circuit Clerk: The Circuit Clerk will deposit as required.</p> <p>Sheriff: The Secretary makes all deposits for the Sheriff's Department. If she is out on vacation, sick leave or bereavement leave, deposits are not made until she returns. Deposits are made two (2) to three (3) times a week due to the small amounts of money collected. Chief Carl Fleming's name will be added to the account so he is able to make these deposits in the Secretary's absence.</p>

Claiborne County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

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

Sincerely,



STEPHANIE C. PALMERTREE, CPA, CGMA
 Director, Financial and Compliance Audit
 Office of the State Auditor