

ITAWAMBA COUNTY, MISSISSIPPI

Special Reports
For the Year Ended September 30, 2017

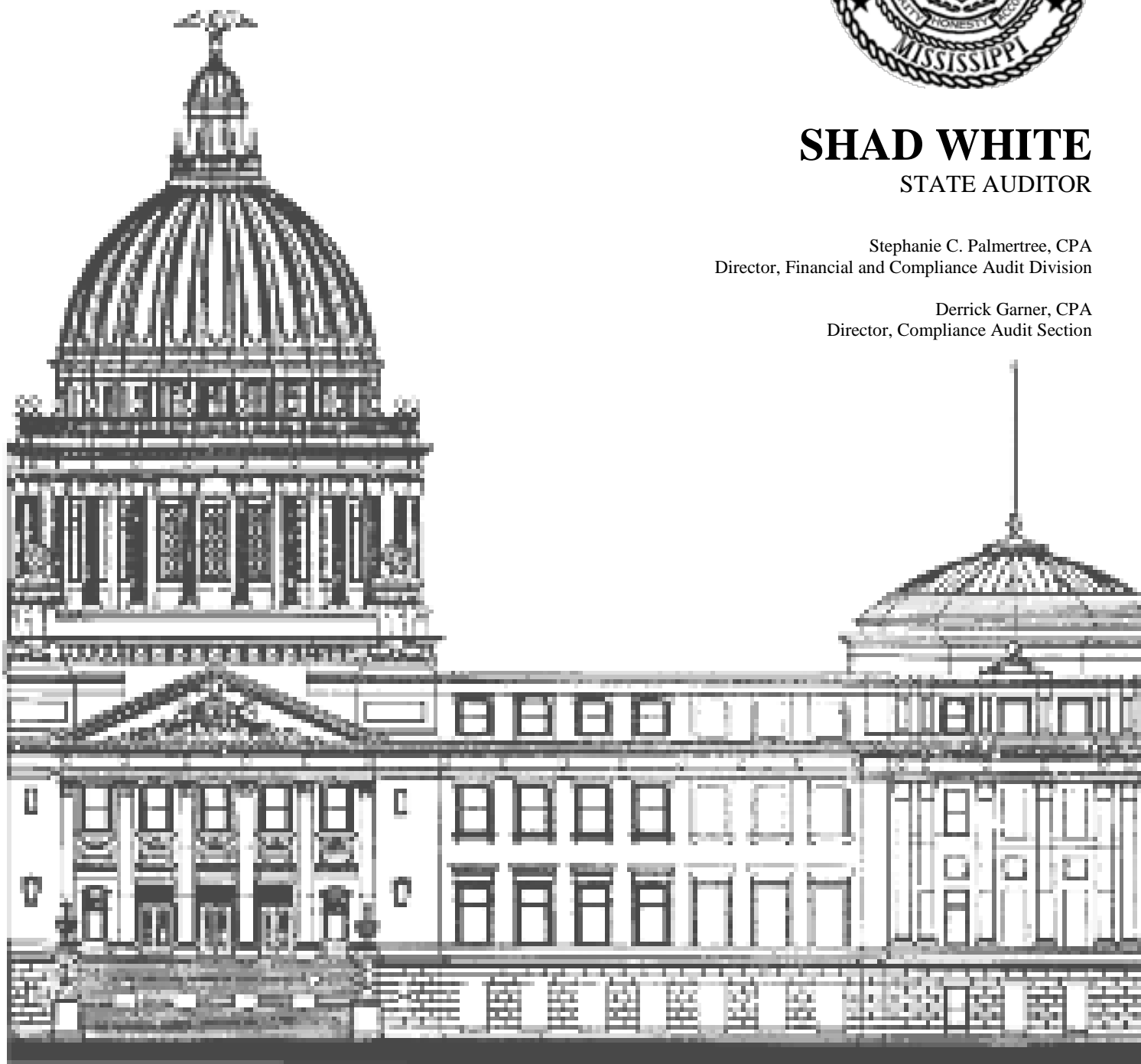


SHAD WHITE

STATE AUDITOR

Stephanie C. Palmertree, CPA
Director, Financial and Compliance Audit Division

Derrick Garner, CPA
Director, Compliance Audit Section



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ITAWAMBA COUNTY

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ITAWAMBA 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
Itawamba County, Mississippi

We have examined Itawamba County, Mississippi's (the County) 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 Itawamba County, Mississippi is responsible for the County's compliance with those requirements.

Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Itawamba 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 procedures disclosed certain instances of noncompliance with the aforementioned code sections. Our findings and recommendations and your responses are disclosed below:

Purchase Clerk.

1. State contract price is less than amount paid on the claim invoice.

Repeat Finding No.

Criteria Section 31-7-12(2), *Mississippi Code Annotated (1972)* provides that the governing authorities may use state contracts, approved for governing authorities, without bidding. Governing authorities may also buy from anyone selling the exact same item for the same or less without bidding.

Condition	We noted the County purchased a John Deere Flex-Wing Rotary Cutter, from State Contract, in the amount of \$14,274; however, the price paid was \$571 more than the state contract price of \$13,703.
Cause	The County paid greater than State contract price.
Effect	Payment of a claim invoice that is higher than the state contract price may result in excessive expenditures to the County, and can lead to waste and abuse.
Recommendation	The Purchase Clerk should ensure that the amount paid on a claim invoice is consistent with the State Contract price.
Official's Response	Will pay better attention to minutes and contracts in the future.

2. Improper quotes received or maintained for purchases greater than \$5,000 but less than \$50,000.

Repeat Finding No.

Criteria Section 31-7-13(b), Mississippi Code Annotated (1972) states, "Purchases which involve an expenditure of more than Five Thousand Dollars (\$5,000.00) but not more than Fifty Thousand Dollars (\$50,000), exclusive of freight and shipping charges, may be made from the lowest and best bidder without publishing or posting advertisement for bids, provided at least two (2) competitive written bids have been obtained.....The purchasing agent, or the purchase clerk, or their designee, as the case may be, and not the governing authority, shall be liable for any penalties and/or damages as may be imposed by law for any act or omission of the purchasing agent or purchase clerk, or their designee, constituting a violation of law in accepting any bid without approval by the governing authority..."

Condition We noted the following deviations from the prescribed system:

- There were three (3) instances where the Purchase Clerk failed to obtain proper quotes where the purchase price exceeded \$5,000 but less than \$50,000.
- Three (3) instances where quotes were not signed.
- The Purchase Clerk received two (2) quotes for the purchase of a used dump truck; however, both quotes were provided by Thompson Machinery, who was awarded the lowest and best quote of \$30,000.
- One (1) instance where quotes were received, but the highest quote did not have a date on the quote. By not having a date listed on the quote, we could not detail if the quote was received during the same time period that the other quote was received. McClendon Farms' quote of \$20,000, was accepted over the higher quote of \$21,600 from Dendy Equipment Co. Inc.

Cause The Purchase Clerk did not receive or maintain proper quote documentation related to the purchases addressed in Section 31-7-13(b).

Effect	Failure to obtain at least two (2) written bid quotes for purchases over \$5,000 but not over \$50,000 could result in the loss of public funds.
Recommendation	The Purchase Clerk should ensure that purchases over \$5,000, but not over \$50,000 are made from the lowest and best bid of at least two (2) competitive written bid quotes, which have been signed by a representative of the bidder, as required by state law.
Official's Response	Will pay more attention to dates, pricing, and signatures.

3.	<u>Purchase transaction documentation was either missing, not completed with sufficient detail, or signed by unauthorized person.</u>
Repeat Finding	No.
Criteria	Section 31-7-103, <i>Mississippi Code Annotated (1972)</i> , provides for a purchase requisition, purchase order and receiving report for all purchases, except for those items enumerated by the Office of the State Auditor under the authority of Section 31-7-113, <i>Mississippi Code Annotated (1972)</i> .
Condition	We noted the following deviations from the prescribed system: <ul style="list-style-type: none"> • One (1) instance where the County paid a claim missing an invoice date. • One (1) instance where the purchase requisition was not signed. • Two (2) instances where an unauthorized signor authorized a purchase requisition.
Cause	Purchase Clerk did not comply with purchase documentation requirements.
Effect	Failure to ensure documents are present, completed with required detail and specific amounts and in the proper time sequence, results in noncompliance with Section 31-7-103.
Recommendation	The Purchase Clerk should ensure all purchasing transactions have the required information as required by <i>Mississippi Code Annotated (1972)</i> .
Official's Response	Purchase requisitions will all be signed in the future.

4.	<u>The Purchase Clerk failed to include all applicable items on the Schedule of Emergency Purchases.</u>
Repeat Finding	No.
Criteria	Section 31-7-115, <i>Mississippi Code Annotated (1972)</i> states, "The audit report include a schedule of purchases not made for the lowest bidder under the authority of Section 31-7-13(d). The audit report shall include a schedule of emergency purchases made under the authority of Section 31-7-13(k). The audit report shall

include a schedule of purchases made noncompetitively from a sole source under the authority of Section 31-7-13(m).”

Condition	As a result of procedures performed, we noted the Purchase Clerk failed to include the purchase made to P & M Automatic Fire Protection for sprinklers. The purchase was described on the minutes as an emergency purchase “because the current sprinklers were not working properly during their inspection.”
Cause	County employee did not follow the Mississippi statute listed above.
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’s Response	This shouldn’t have been put in the minutes as an emergency purchase. Should have been paid without a “PO” because they failed to get one. These things will be corrected in the future.

5.	<u>Assistant Purchase Clerk’s bond was not on file for entire fiscal year of 2017.</u>
Repeat Finding	No.
Criteria	According to Section 31-7-124, <i>Mississippi Code Annotated (1972)</i> , the Purchase Clerk shall have a bond in the amount of \$75,000 and the Assistant Purchase Clerk shall have a bond in the amount of \$50,000.
Condition	The Assistant Purchase Clerk did not have a bond on file for the period 10/1/2016 – 6/1/2017.
Cause	County employee did not follow the Mississippi statutes listed above.
Effect	Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The Purchase Clerk should ensure that all bonds secured list a term of office covered, and secure a new bond every four (4) years concurrent with the normal election cycle of the Governor. These bonds shall be filed with the Chancery Clerk.
Official’s Response	Will be corrected in the future.

Receiving Clerk.

6.	<u>Assistant Receiving Clerks’ bonds not on file for entire 2017 Fiscal Year.</u>
Repeat Finding	No.

Criteria	According to Section 31-7-124, <i>Mississippi Code Annotated (1972)</i> , Receiving Clerks shall be bonded in the amount of \$75,000 and Assistant Receiving Clerks shall be bonded in the amount of \$50,000.
Condition	We noted that one Assistant Receiving Clerk did not have a bond on file for the 2017 Fiscal Year. Additionally, two (2) additional Assistant Receiving Clerks did not have a bond on file for the entire 2017 Fiscal Year.
Cause	County employees did not follow the Mississippi statutes listed above.
Effect	Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The Receiving Clerk should ensure that all bonds secured list a term of office covered and secure a new bond every four (4) years concurrent with the normal election cycle of the Governor. These bonds shall be filed with the Chancery Clerk.
Auditor's Note	The Receiving Clerk acknowledged this finding but failed to provide an official response.

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, in our opinion, is fairly presented in relation to that examination.

Itawamba 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 for use in evaluating Itawamba 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

ITAWAMBA COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2017

The Purchase's Clerk schedules did not identify any purchases from other than the lowest bidder.

ITAWAMBA COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2017

Schedule 2

The Purchase's Clerk schedules did not identify any emergency purchases.

ITAWAMBA COUNTY

Schedule 3

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

The Purchase's Clerk schedules 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
Itawamba 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	<u>Exceptions noted with the Board of Supervisors' surety bonds.</u>
Repeat Finding	No.
Criteria	Section 19-3-5, <i>Mississippi Code Annotated (1972)</i> states, "Each member of the Board of Supervisors, before entering upon the duties of his office, shall give bond, with sufficient surety."
Condition	During work performed, we noted that District 1 Supervisor did not have a bond on file during the 2017 Fiscal Year. In addition to this exception, District 2 Supervisor did not have coverage from the period 10/1/2016-4/3/2017.

Cause	County employees did not follow the Mississippi statute listed above.
Effect	Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The Board of Supervisors should ensure that all Supervisors are bonded. The Board should also ensure bonds secured, list a term of office covered and secure a new bond every four (4) years concurrent with the normal election cycle of the Governor.
Officials' Response	All Supervisors are currently bonded.

2017-002 Special meeting notices shall be entered in full on the minutes of said meeting, and business shall not be transacted which is not specified in the order or notice for such meeting.

Repeat Finding No.

Criteria Section 19-3-19(2), *Mississippi Code Annotated (1972)* states, "The president.....may call special meetings when deemed necessary. Notice shall be given of all special meetings, for at least five (5) days, by advertisement posted at the courthouse door, or published in a newspaper of the county, and the notice thereof, whether posted or published in a newspaper of the county, shall be entered in full on the minutes of said meeting. The notice of a special meeting, shall specify each matter of business to be transacted thereat, and at such special meetings business shall not be transacted which is not specified in the order or notice for such meeting."

Condition During review of the board minutes, it was noted that there were four (4) special called meetings which require that Notice be given for at least five (5) days, and that the notice thereof, whether posted or published in a newspaper, shall be entered in full on the minutes of said meeting. There were no notices for such meetings spread upon the official board minutes, as required by Mississippi Code Section 19-3-19(2).

Furthermore, reviews of the agendas, spread upon the official board minutes, showed that at one (1) meeting business was transacted, which was not specified on the agenda, as required by Mississippi Code Section 19-3-19(2).

Cause The County did not spread upon the official board minutes the notice for the Special meetings, and at one meeting business was transacted that was not specified on the agenda for the meeting.

Effect Failure to spread upon the official board minutes the notice of such meetings is a violation of state statute. Any business transacted which was not specified on the agenda could be held invalid.

Recommendation The Board of Supervisors shall enter in full the notice of such meetings upon the official board minutes, and shall not transact business which was not specified in the order or notice for such meeting

Officials' Response	We will review closer in the future.
<hr/>	
2017-003	<u>Monthly Travel Report not published in the newspaper.</u>
Repeat Finding	No.
Criteria	Section 19-3-67 (5), <i>Mississippi Code Annotated (1972)</i> states, "Expenses authorized in this section shall be published by the board of supervisors in a newspaper of general circulation published in the county; and, if no such newspaper is published in the county, then in a newspaper published elsewhere in the state which has a general circulation in such county. The publication shall be a detailed accounting of the expenses authorized to each member of the board. The cost of publishing such expense accounts shall be paid by the county pursuant to the provisions of Section 19-3-35."
Condition:	The travel expenses incurred by the Board of Supervisors were not published in any newspaper as required by Miss. Code Section 19-3-67(5).
Cause:	Failure to publish travel expenses incurred by the Board of Supervisors.
Effect:	Failure to publish travel expenses incurred by the Board of Supervisors results in noncompliance with Miss. Code Section 19-3-67(5).
Recommendation:	The Board of Supervisors should ensure that travel expenses incurred are properly published.
Officials' Response	We will review and publish in future.
<hr/>	
2017-004	<u>Budget estimates were exceeded.</u>
Repeat Finding	No.
Criteria	<p>Section 19-11-17, <i>Mississippi Code Annotated (1972)</i> states, "No expenditures shall be made, or liabilities incurred, or warrants issued, in excess of the budget estimates as finally determined by the board of supervisors, or as thereafter revised under the provisions of this chapter."</p> <p>Section 19-11-19(1), <i>Mississippi Code Annotated (1972)</i> states, "The board of supervisors may revise the budget of expenses at any regular meeting during the fiscal year by increasing or decreasing the items of said budget in proportion to the increase or decrease in the anticipated revenue collections and/or other sources of funds... However, revisions as herein authorized shall not be deemed to permit any expenditures in excess of the various items of the budget as then approved, and any expenditures made in excess of the budget as then approved shall be invalid, and subsequent revision shall not validate such expenditures. The revisions made in the budget, from time to time, shall be spread upon the official minutes of the board at the meeting at which any such revision is made."</p>
Condition	The County approved three (3) budget amendments during the fiscal year, and on October 17, 2017 approved amending the 2017 Fiscal Year Budget to Actual.

When comparing the final budget to the original budget, several departments were found to have expended greater than the original budget without the benefit of a budget amendment. As there were no revisions to these department's original budgets, it is impossible to verify when expenditures exceeded budget estimates, thus invalidating the expenditure. The following were exceeded:

<u>Type of Expenditure</u>	<u>Number of Instances</u>
• Personal Services	Eighteen (18) instances
• Contractual Services	Twenty-nine (29) instances
• Consumable Services	Twenty-four (24) instances
• Grants, Subsidies & Allocations	Five (5) instances
• Debt Service	Five (5) instances
• Capital Outlay	Fourteen (14) instances

Cause	County employees did not follow Mississippi statute listed above.
Effect	Any violation for approval of expenditures made, liabilities incurred, or warrants issued in excess of the budget estimates shall make the Board of Supervisors voting for same, and the surety upon their official bonds, liable for the full amount of the claims allowed, the contract entered into, or the public work provided for. Any expenditure made in excess of the budget as then approved shall be invalid, and subsequent revision shall not validate such expenditures.
Recommendation	The Board of Supervisors should ensure that no expenditures are made, liabilities incurred, or warrants issued in excess of the budget estimates approved by the Board of Supervisors, or prior to a revision of the county budget being made and spread upon the official minutes of the board.
Officials' Response	We receive budget quarterly and amend as soon as actual exceeds budget.

2017-005	<u>Board of Supervisors shall appropriate a lump sum for Tax Assessor, Tax Collector, and Sheriff for the expenses of the office during the current quarter.</u>
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Repeat Finding	No.
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Criteria	Section 19-25-13, <i>Mississippi Code Annotated (1972)</i> states, "The board of supervisors shall, at its first meeting of each quarter beginning on October 1, January 1, April 1 and July 1, appropriate a lump sum for the sheriff for the expenses of his office during the current quarter. The quarterly appropriation shall be one-fourth (1/4) of the amount approved in the annual budget unless the sheriff requests a different amount."
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Section 27-1-9(c), *Mississippi Code Annotated (1972)* states, "The board of supervisors shall, at its first meeting of each quarter beginning on October 1, January 1, April 1, and July 1, appropriate a lump sum for the assessor and tax collector for the expenses of his office during the current quarter. The quarterly appropriation shall be one-fourth (1/4) of the amount approved in the annual budget unless the assessor and tax collector requests a different amount."

Condition	The Board of Supervisors did not spread upon the official board minutes of the first meeting of each quarter beginning on October 1, January 1, April 1 and July 1, the appropriations of a lump sum for the Sheriff, Tax Assessor, or the Tax Collector for the expenses of the offices during the current quarter.
Cause	County employees did not follow the state statute listed above.
Effect	Failure to spread upon the official board minutes of the first meeting of each quarter, the appropriations of a lump sum for the Sheriff, Tax Assessor, and the Tax Collector for the expenses of the offices during the current quarter is a violation of state statutes 27-1-9 (c) and 19-25-13 and the misappropriation of public funds.
Recommendation	The Board of Supervisors should spread upon the official board minutes of the first meeting of each quarter, the appropriations of a lump sum for the Sheriff, Tax Assessor, and the Tax Collector for the expenses of the offices during the current quarter.
Officials' Response	We will comply in future.

2017-006	<u>Payment of incomplete travel vouchers approved by Board of Supervisors.</u>
Repeat Finding	No.
Criteria	Section 25-3-41(1), <i>Mississippi Code Annotated (1972)</i> states, "Subject to the provisions of subsection (10) of this section, when any officer or employee of the State of Mississippi, or any department, agency or institution thereof, after first being duly authorized, is required to travel in the performance of his official duties, the officer or employee shall receive as expenses for each mile actually and necessarily traveled, when the travel is done by a privately owned automobile or other privately owned motor vehicle, the mileage reimbursement rate allowable to federal employees for the use of a privately owned vehicle while on official travel."
Condition	As a result of procedures performed, we noted the following exceptions with travel reimbursement claims: <ul style="list-style-type: none"> • Eleven (11) instances where incomplete information was provided on the Travel Voucher. • Fourteen (14) instances where the travel voucher was not signed by an approver or verifier.
Cause	The County failed to correctly complete travel vouchers as prescribed by the Mississippi Department of Finance and Administration.
Effect	Failure to follow proper travel reimbursement procedures may result in unallowed and excess travel cost to the County.
Recommendation	The Board of Supervisors should take steps necessary to ensure that travel vouchers are completed properly.

Officials' Response	We will do a better job documenting.
<hr/>	
2017-007	<u>Duties of the Road Manager not reflected in the Personnel Policy.</u>
Repeat Finding	No.
Criteria	Section 65-17-1(2), <i>Mississippi Code Annotated (1972)</i> states, "...The board of supervisors shall adopt the general policies to be followed in administration of the county road department...The county road manager, under the policies determined by the board of supervisors and subject to the board's general supervision and control, shall administer the county road department, superintend the working, construction and maintaining of the public roads and the building of bridges in such county, and carry out the general policies of the board in conformity with the estimates of expenditures fixed in the annual budget as finally adopted by the board or as thereafter revised by appropriate action of the board. All requisitions for the purchase and repair of all equipment, heavy equipment, machinery, supplies, commodities, materials and services for the county road department shall be prepared by the county road manager and submitted to the county department of purchasing for processing in accordance with the central purchasing system..."
Condition	During work performed, we noted the duties of the Road Manager were not reflected in the County's Personnel Policy.
Cause	The County did not include the duties of the Road Manager in their Personnel Policy.
Effect	Failure to have duties defined for the Road Manager could result in lack of proper management of the Road department employees; failure to control expenditures within budget estimates; and unauthorized expenditures within the Purchasing guidelines.
Recommendation	The Board of Supervisors should include the duties of the Road Manager in the County's Personnel Policy.
Officials' Response	The Board adopted organizational structure identifying duties not listed in personnel policy.

2017-008	<u>Internal controls over the receiving process should be strengthened.</u>
Repeat Finding	No.
Criteria	Internal controls over the receiving process should be strengthened.
Condition	As a result of procedures performed and inquiry of the Receiving Clerk, we noted that there were several exceptions noted with the receiving process:

- The Receiving Clerk's signature is digitally stamped on the receiving reports; however, employees other than the Receiving Clerk have access to this digital stamp.
- We also noted that there was not an authorized Assistant Receiving Clerk in all departments; therefore, we are unable to determine if items received were actually received by the Receiving Clerk or Assistant Receiving Clerks.
- Packing slips were not attached to the claim.
- The individual authorized to sign purchase requisitions should not be the same individual who receives said goods.
- The employees receiving the items in some departments do not have oaths on file or bonded as Assistant Receiving Clerks.

Cause	County did not implement adequate controls over the receiving process.
Effect	Failure to implement adequate controls over the receiving process could lead to goods being improperly received which could result in the loss of public funds.
Recommendation	The Board of Supervisors should ensure that adequate controls are implemented over the receiving process; which may include the appointment and bonding of additional Assistant Receiving Clerks.
Officials' Response	I will review with Receiving Clerk.

Bookkeeper.

2017-009	<u>Monthly Report of Clerk not submitted to Supervisors.</u>
Repeat Finding	No.
Criteria	Section 19-11-23, <i>Mississippi Code Annotated (1972)</i> states, "At the regular meeting in each month, the clerk shall submit to the board of supervisors of the county a report showing the expenditures and liabilities incurred against each separate budget item during the preceding calendar month, and like information for the whole of the fiscal year to the first day of the month in which such report is made, together with the unexpended balance of each budget item and the unencumbered balance in each fund. He shall also set forth the receipts from property tax and, in detail, the receipts from other taxes and all other sources by each fund for the same period."
Condition	The Bookkeeper did not provide a monthly report to the Clerk of the Board; therefore such monthly report was not submitted to the Board of Supervisors at the regular meetings each month. In addition, the Bookkeeper failed to provide to the Clerk of the Board with such report to set forth the receipts from property tax and receipts from other taxes and all other sources by each fund for the same monthly reports.
Cause	Bookkeeper did not provide monthly reports to the Clerk of the Board for presentation to the Board.

Effect	Without monthly reports to review, the Board of Supervisors may not be able to make appropriate decisions as to approval to allow or disallow any expenditures or liabilities incurred, or warrants to be issued in excess of budget estimates that if approved, will exceed budget estimates, and therefore invalidate any expenditures made in excess of the budget as then approved.
Recommendation	The Bookkeeper should provide to the Clerk of the Board with the required monthly report to ensure compliance with state law for over submitting the required monthly report to the Board of Supervisors. In addition, the Bookkeeper should provide the receipts from property tax and, in detail, the receipts from other taxes and all other sources by each fund.
Official's Response	I will begin printing monthly budget reports.
<hr/>	
2017-010	<u>Controls over cash receipts in the Bookkeeper's Office should be strengthened and monies should be deposited timely.</u>
Repeat Finding	No.
Criteria	Section 25-1-72, <i>Mississippi Code Annotated (1972)</i> states, "All county officers who receive funds payable into the county treasury shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter."
Condition	Based on procedures performed, observations, and inquiry of the Bookkeeper, we noted the following exceptions: <ul style="list-style-type: none"> • Seventeen (17) of the twenty-four (24) employee payroll reimbursement checks, from the Chancery Clerk to the County, were not deposited timely. After speaking with both the Chancery Clerk and the Bookkeeper, auditor determined Chancery Clerk is leaving checks for the Bookkeeper to deposit before payroll is disbursed; however, the Bookkeeper is not making deposits timely. • Six (6) of the twelve (12) settlements from the Tax Collector were not deposited timely, which is a deficiency of internal control, and results in the Bookkeeper not being in compliance with Section 25-1-72, <i>Mississippi Code Annotated (1972)</i>.
Cause	The County's Bookkeeper did not make timely deposits.
Effect	Failure to implement proper controls could result in the loss or misappropriation, fraud, waste, and abuse of public funds.
Recommendation	The County's Bookkeeper should strengthen internal controls to ensure compliance with state laws over cash receipts and that all bank deposits are made daily.
Official's Response	I will make deposits in a more timely fashion.

Chancery Clerk.

2017-011 The Chancery Clerk deducted unallowable expenses on the Annual Financial Report.

Repeat Finding No.

Criteria Section 9-1-43, *Mississippi Code Annotated (1972)*, limits the compensation of the Chancery Clerk to \$90,000 after making deductions for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. A business expense must be both ordinary and necessary to be deductible.

Condition The Chancery Clerk claimed \$810 in expenses which were unallowable. The following were unallowable due to lack of documentation:

- \$50 to Pilot Club of Mantachie
- \$25 to Itawamba Co Times
- \$75 to Area Promoter

The following were unallowable due to the expenses not being valid Schedule C Expenses:

- \$50 to Mantachie Basketball
- \$100 to MHS Band Booster
- \$50 to Ratliff RCD
- \$75 to Mantachie Cheerleaders
- \$25 to IAHS Project Grad
- \$60 to MHS Yearbook
- \$150 to IAHS Fastbreak Club
- \$100 to Greater Mantachie Fire
- \$50 to Houston RCDC

Cause County employee did not follow the Mississippi statute listed above.

Effect Failure to ensure proper authorization for additional fees could result in improper use of funds.

Recommendation The Chancery Clerk will not owe the \$810 to the county due to the fact she did not exceed the salary cap; however, she should file an amended Annual Financial Report.

Official's Response Going forward, I do not intend to count advertising expenses on my AFR just income taxes.

2017-012 Bank information not submitted to State Treasurer's office.

Repeat Finding No.

Criteria Section 27-105-5(6)(b), *Mississippi Code Annotated (1972)* states, "... A public depositor shall not later than thirty (30) days following its fiscal year end, a public

depositor shall notify the State Treasurer of its official name, address, federal tax identification number, and provide a listing of all accounts that it had with qualified public depositories, including the deposit balance in those accounts, as of its fiscal year end. A public entity established during the year shall furnish its official name, address and federal tax identification number to the State Treasurer before making any public deposit.”

Condition	Procedures performed revealed that the Chancery Clerk’s clearing account and Youth Court’s account were not submitted to the State Treasurer’s Office within thirty (30) days of the fiscal year end.
Cause	The Chancery Clerk’s court clearing account and youth court account were not filed on the Public Depositors Annual Report as required by state statute above.
Effect	Without notifying the State Treasurer of its official name, address, federal tax identification number, and the fiscal year-end balance in this account increases a risk that the county’s total deposits may not be properly collateralized and not complying with section 27-105-5(6)(b).
Recommendation	We recommend the Chancery Clerk strengthen controls to ensure all account information is filed with the State Treasurer’s office within thirty (30) days following the fiscal year end.
Official’s Response	Because I was putting the reconciled balances on my report rather than the actual September 30 th balance, my Chancery Court was listed but showed a zero balance. At the time this report was done I did not realize the youth court account was set up under the county’s tax ID number and that is why it wasn’t reported.

2017-013	<u>Internal controls over bank deposits should be strengthened.</u>
Repeat Finding	No.
Criteria	Section 25-1-72, <i>Mississippi Code Annotated (1972)</i> states, “All county officers who receive funds payable into the county treasury shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter.”
Condition	As a result of procedures performed, we noted 17 instances out of the twenty-five (25) receipts tested, where the Chancery Clerk failed to make timely deposits.
Cause	The Chancery Clerk failed to make timely deposits.
Effect	Failure to make timely bank deposits could result in the loss or misappropriation of public funds.
Recommendation	The Chancery Clerk should implement internal controls to ensure that bank deposits are made on a timely basis.
Official’s Response	If we have only take in checks and/or credit cards with very little cash, we do only deposit weekly. However, this is on an as needed basis. There have been times

where we have taken in quite a bit of cash that we do make that daily deposit. We will try to make more timely deposits.

Circuit Clerk.

2017-014	<u>The Circuit Clerk deducted unallowable and undocumented expenses on the annual financial report.</u>
Repeat Finding	No.
Criteria	Section 9-1-43, <i>Mississippi Code Annotated (1972)</i> , limits the compensation of the Circuit Clerk to \$90,000 after making deductions for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. All fees received in excess of this amount, less any allowable expenses, are to be paid to the county's General Fund on or before April 15th for the preceding calendar year.
Condition	<p>The Circuit Clerk claimed \$355 in expenses in 2017 for which there was insufficient documentation or was not an allowable business expense. The expenses were as follows:</p> <ul style="list-style-type: none">• \$25 advertisement to the Mantachie Cheerleaders• \$25 advertisement to Mantachie Lions Club• \$50 advertisement to the Ratliff Community Center• \$60 advertisement to the Mantachie Yearbook• \$75 advertisement to the Mantachie Fire Department• \$30 advertisement to the Masters Quartet• \$40 advertisement to the Fairview Attendance Center• \$50 advertisement to the Tremont Eagle
Cause	County employee did not follow Mississippi statute listed above.
Effect	Due to inadequate documentation and the noncompliance with Miss. Code Section 9-1-43(1), the Circuit Clerk had \$355 in disallowed expenses for 2017.
Recommendation	The Circuit Clerk will not owe the \$355 to the county due to the fact she did not exceed the salary cap; however, the Clerk should file an amended Annual Financial Report. In addition, we recommend that the Clerk maintains adequate documentation for all expenses reported on the annual financial report.
Official's Response	Will not use fee account for this advertising.

2017-015	<u>Circuit Clerk's bond was a "Continuation Certificate."</u>
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Repeat Finding	No.
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Criteria	Section 25-1-15(2), <i>Mississippi Code Annotated</i> (1972) states, “A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.”
Condition	As a result of procedures performed, we noted that the Circuit Clerk had only a “Continuation Certificate” on file.
Cause	County employee did not follow the Mississippi statute listed above.
Effect	Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The Circuit Clerk should ensure that all bonds secured list a term of office covered and secure a new bond every four (4) years concurrent with the normal election cycle of the Governor.
Official’s Response	I will contact insurance company.

2017-016

Statement of Economic Interest not timely filed.

Repeat Finding

No.

Criteria

Section 25-4-25(a), *Mississippi Code Annotated* (1972) states, “Each of the following individuals shall file a statement of economic interest with the commission in accordance with the provisions of this chapter: a) Persons elected by popular vote...”

Section 25-4-29, *Mississippi Code Annotated* (1972) states, “(1)Required statements hereunder shall be filed as follows: a) Every incumbent public official required....to file a statement of economic interest shall file such statement with the commission on or before May 1 of each year that such official holds office, regardless of duration.....2) Any person who fails to file a statement of economic interest within thirty (30) days of the date of the statement is due shall be deemed delinquent by the commission...a fine of Fifty Dollars (\$50.00) per day, not to exceed a total fine of One Thousand Dollars (\$1,000.00) shall be assessed against the delinquent filer for each day thereafter in which the statement of economic interest is not properly filed. The commission shall enroll such assessment as a civil judgment with the circuit clerk in the delinquent filer’s county of residence....”

Condition

The Circuit Clerk failed to file a Statement of Economic Interest by May 1st, as required by State law; however, such statement was filed on May 8, 2018.

Cause

The Circuit Clerk did not file required statement by May 1st as required by state law.

Effect

Failure to file the Statement of Economic Interest, as required by state law, results in non-compliance with Section 25-4-25 and could result in fines being assessed

and a civil judgment being enrolled against the delinquent filer, as allowed by Section 25-4-29.

Recommendation The Circuit Clerk should file the Statement of Economic Interest annually, no later than May 1st of each year that such official holds office, regardless of the duration.

Official's Response File in timely manner in future.

2017-017 Jurors shall be paid by County Treasurer.

Repeat Finding No.

Criteria Section 25-7-63, *Mississippi Code Annotated (1972)* states, "The amount of compensation due to each grand juror, petit juror, and juror summoned on a special venire and regularly discharged by the court shall, after the discharge of such juror, be determined on the oath of the juror, allowed in open court, and entered on the minutes thereof. The clerk shall thereupon give a certificate of the same to the juror, and said certificate shall be negotiable and shall be paid by the county treasurer upon presentation by the payee or the holder in due course."

Condition As noted during procedures performed, the Circuit Clerk maintains a separate bank account that she uses to pay jurors. The County issues money from the General Fund into this account.

Cause The County is providing monies to the Circuit Clerk to pay jurors.

Effect The payments to jurors by the Circuit Clerk is in violation of the referenced state statutes and circumvents internal controls. The failure to pay these individuals directly from the County Treasury could result in the loss of public funds.

Recommendation The Circuit Clerk should close the account from which jurors are paid and return the account balance to the county. The County Treasurer shall then pay jurors from the County Treasury as required by law.

Official's Response Will meet with Bookkeeper and determine how to close this account.

2017-018 Segregation of duties in the Circuit Clerk's Office should be strengthened.

Repeat Finding 2016

Criteria An effective system of internal controls should include an adequate segregation of duties.

Condition As reported in the prior year's audit report, cash collection and disbursement functions are not adequately segregated for effective internal controls. The Circuit Clerk receipts collections, calculates the monthly settlements, posts the cash journal, reconciles the bank statements and disburses all funds.

Cause County employee did not follow the Mississippi statute listed above.

Effect	Failure to implement adequate segregation of duties could result in the loss of public funds.
Recommendation	The Circuit Clerk should take steps to ensure adequate segregation of duties in the collection and disbursement functions of the Circuit Clerk's Office are implemented or take steps to see that a system of external oversight over operating procedures of the Circuit Clerk's office is implemented.
Official's Response	Will try to comply.

2017-019	<u>Internal controls over bank deposits should be strengthened.</u>
Repeat Finding	No.
Criteria	Section 25-1-72, <i>Mississippi Code Annotated (1972)</i> states, "All county officers who receive funds payable into the county treasury shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter."
Condition	the Circuit Clerk failed to make daily deposits on 12 out of the 25 receipts tested for deposit.
Cause	The Circuit Clerk failed to make daily deposits.
Effect	Failure to make timely bank deposits could result in the loss or misappropriation of public funds.
Recommendation	The Circuit Clerk should implement internal controls to ensure that bank deposits are made on a timely basis.
Official's Response	Will make deposits regularly.

Constable.

2017-020	<u>Constable's bond was a "Continuation Certificate."</u>
Repeat Finding	No.
Criteria	Section 25-1-15(2), <i>Mississippi Code Annotated (1972)</i> states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor."
Condition	As noted during procedures performed, the West Post Constable had a "Continuation Certificate."
Cause	County employee did not follow the Mississippi statute listed above.
Effect	Failure to have a bond in place for a specific term of office could limit the amount

available for recovery if a loss occurred over multiple terms.

Recommendation The West Post Constable should ensure that all bonds secured list a term of office covered and secure a new bond every four (4) years concurrent with the normal election cycle of the Governor.

Official's Response I am looking into it now.

Coroner.

2017-021 Statement of Economic Interest not filed.

Repeat Finding No.

Criteria Section 25-4-25(a), Mississippi Code Annotated (1972) states, "Each of the following individuals shall file a statement of economic interest with the commission in accordance with the provisions of this chapter: a) persons elected by popular vote..."

Section 25-4-29, *Mississippi Code Annotated (1972)* states, "(1) Required statements hereunder shall be filed as follows: a) every incumbent public official required....to file a statement of economic interest shall file such statement with the commission on or before May 1 of each year that such official holds office, regardless of duration.....2) Any person who fails to file a statement of economic interest within thirty (30) days of the date of the statement is due shall be deemed delinquent by the commission...a fine of Fifty Dollars (\$50.00) per day, not to exceed a total fine of One Thousand Dollars (\$1,000.00) shall be assessed against the delinquent filer for each day thereafter in which the statement of economic interest is not properly filed. The commission shall enroll such assessment as a civil judgment with the circuit clerk in the delinquent filer's county of residence...."

Condition The Coroner failed to file a Statement of Economic Interest by May 1st, as required by State law, and such statement remained unfiled as of November 30, 2018.

Cause The Coroner did not file required statement.

Effect Failure to file the Statement of Economic Interest, as required by state law, results in non-compliance with Section 25-4-25 and could result in fines being assessed and a civil judgment being enrolled against the delinquent filer, as allowed by Section 25-4-29(2).

Recommendation The Coroner should file the Statement of Economic Interest annually, no later than May 1st of each year that such official holds office, regardless of the duration.

Official's Response I will take care of.

Election Commissioners.

2017-022 Election Commissioners completed the claim forms incorrectly; which resulted in

the Election Commissioners being underpaid.

Repeat Finding

No.

Criteria

Section 23-15-153(4b), *Mississippi Code Annotated (1972)* states, “The election commissioners shall be entitled to receive a per diem in the amount of One Hundred Fifty Dollars (\$150.00).”

Section 23-15-153(10), *Mississippi Code Annotated (1972)* states, “Every election commissioner shall sign personally a certification setting forth the number of hours actually worked in the performance of the commissioner’s official duties and for which the commissioner seeks compensation....When properly completed and signed the certification must be filed with the clerk of the county board of supervisors before any payment may be made.”

Condition

Based on test work performed, the January 1st claims, paid to the Election Commissions, were understated by \$330. The Election Commissioners were underpaid \$66 each, due to the Election Commissioners incorrectly completing the compensation forms.

Also, the claim forms were not completed correctly due to the following issues:

- The Miss. Code Section was not completed on any of the forms submitted to the County.
- The claim forms, for the 3/1/2017 payroll check, did not have the beginning time, ending time, or actual hours completed.

Cause

Election Commissioners did not follow state statutes.

Effect

The failure to properly prepare and submit claim forms could result in the loss or misappropriation, fraud, waste, and abuse of public funds.

Recommendation

The County should pay the Election Commissioners additional money earned for working an Election Day in the amounts of \$66.00 to the respective Election Commissioners

Election Commissioners should complete all sections of the required form including: the Miss. Code Section, beginning time, ending time, and actual hours on all claim forms submitted to the County.

Officials’ Response

Will follow up with county for pay and completion of per diem.

Inventory Clerk.

2017-023

Inventory Clerk’s bond had an indefinite term date.

Repeat Finding

No.

Criteria

Section 25-1-15(2), *Mississippi Code Annotated (1972)* states, “A new bond in an amount not less than that required by law shall be secured upon employment and

coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor.”

Condition	As a result of procedures performed, we noted that the Inventory Clerk’s bond had an indefinite term date.
Cause	County employee did not follow the Mississippi statute listed above.
Effect	Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms. Additionally, failure to comply with the state statute, by being correctly and sufficiently bonded, could result in the loss of public funds.
Recommendation	The Inventory Clerk should ensure that all bonds secured list a term of office covered and secure a new bond every four (4) years concurrent with the normal election cycle of the Governor.
Official’s Response	This will be corrected.

Justice Court Clerk.

2017-024	<u>Bank information not submitted timely to State Treasurer’s office.</u>
Repeat Finding	No.
Criteria	Section 27-105-5 (6)(b), <i>Mississippi Code Annotated (1972)</i> states, “... A public depositor shall not later than thirty (30) days following its fiscal year end, a public depositor shall notify the State Treasurer of its official name, address, federal tax identification number, and provide a listing of all accounts that it had with qualified public depositories, including the deposit balance in those accounts, as of its fiscal year end. A public entity established during the year shall furnish its official name, address and federal tax identification number to the State Treasurer before making any public deposit.
Condition	Our test work revealed that the Justice Court’s public depositor report was submitted 23 days after fiscal year end.
Cause	The Justice Court’s account was not filed on the Public Depositors Annual Report as required by state statute above.
Effect	Without notifying the State Treasurer of its official name, address, federal tax identification number, and the fiscal yearend balance in these accounts, increases a risk that the county’s total deposits may not be properly collateralized and not complying with section 27-105-5(6)(b).
Recommendation	We recommend the Justice Court Clerk strengthen controls to ensure their account information is filed with the State Treasurer’s office within thirty (30) days following its fiscal year end.
Official’s Response	Fixed error in 2018.

Justice Court Judge.**2017-025**Statement of Economic Interest not filed.**Repeat Finding**

No.

Criteria

Section 25-4-25(a), *Mississippi Code Annotated (1972)* states, "Each of the following individuals shall file a statement of economic interest with the commission in accordance with the provisions of this chapter: a) Persons elected by popular vote..."

Section 25-4-29, *Mississippi Code Annotated (1972)* states, "1) Required statements hereunder shall be filed as follows: a) every incumbent public official required....to file a statement of economic interest shall file such statement with the commission on or before May 1 of each year that such official holds office, regardless of duration.....2) Any person who fails to file a statement of economic interest within thirty (30) days of the date of the statement is due shall be deemed delinquent by the commission...a fine of Fifty Dollars (\$50.00) per day, not to exceed a total fine of One Thousand Dollars (\$1,000.00) shall be assessed against the delinquent filer for each day thereafter in which the statement of economic interest is not properly filed. The commission shall enroll such assessment as a civil judgment with the circuit clerk in the delinquent filer's county of residence...."

Condition

The East Justice Court Judge failed to file a Statement of Economic Interest by May 1, as required by State law, and such statement remained unfiled as of November 30, 2018.

Cause

The East Justice Court Judge did not file required statement.

Effect

Failure to file the Statement of Economic Interest, as required by state law, results in non-compliance with Section 25-4-25 and could result in fines being assessed and a civil judgment being enrolled against the delinquent filer, as allowed by Section 25-4-29.

Recommendation

The East Justice Court Judge should file the Statement of Economic Interest annually, no later than May 1st of each year that such official holds office, regardless of the duration.

Official's Response

Just slipped my mind.

Payroll Clerk.**2017-026**Cafeteria Plan is not listed on the approved providers list.**Repeat Finding**

No.

Criteria

Section 25-17-9(2), *Mississippi Code Annotated (1972)* states, "The State Auditor shall compile a list of providers of cafeteria plans which shall contain those

providers he deems acceptable to provide benefits or services related to a cafeteria plan of a state agency or local government entity.”

Section 25-17-9(3), *Mississippi Code Annotated (1972)* states, “Only providers who appear on the most recent list compiled by the State Auditor shall, directly or indirectly, provide benefits included in or administrative services related to cafeteria plans of a state agency or local governmental entity.”

Condition	Itawamba County’s cafeteria plan provider was not on the list of approved cafeteria plan providers.
Cause	County employee did not follow the Mississippi statutes listed above.
Effect	Failure to select a provider from the list of approved providers could result in misappropriation of public funds.
Recommendation	The payroll clerk should only chose providers listed on the current year approved cafeteria providers.
Official’s Response	It is approved now.

Purchase Clerk.

2017-027 Purchase Clerk did not collect and maintain all receipts and other documentation relating to the use of credit cards. In addition, Purchase Clerk did not submit a written report monthly to the Board of Supervisors.

Repeat Finding No.

Criteria Section 19-3-68, *Mississippi Code Annotated (1972)* provides that 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. The supervisors and county employees shall furnish receipts for the use of such credit cards each month to the Chancery Clerk or Purchase Clerk who shall submit a written report monthly to the board of supervisors. The report shall include an itemized list of all expenditures and use of the credit cards for the month, and such expenditures may be allowed for payment by the county in the same manner as other items on the claim docket.

Condition We noted the following deviations from the prescribed system:

- The Inventory Clerk currently maintains the credit card instead of the Purchase Clerk or the Chancery Clerk as required by Section 19-3-68.
- There is no monthly credit card report submitted to the Board of Supervisors by the Purchase Clerk or the Chancery Clerk.
- There were three (3) instances where hotel reservations were paid by the credit card, but no hotel receipts were provided to the Purchase Clerk or the Chancery Clerk.

Cause	Purchase Clerk did not maintain the credit card, no monthly report was written, and receipts were not submitted or collected.
Effect	The failure to enforce the requirements of this section could result in the misuse of the credit card for unauthorized and unallowed expenditures.
Recommendation	The Purchase Clerk should maintain all credit cards, ensure that a monthly report itemizing the expenditures and use of the credit card is submitted to the Board of Supervisors as required, and receipts of expenditures are maintained.
Official's Response	Will start getting reports of credit cards monthly.

2017-028	<u>Purchase Clerk's bond had an indefinite term date.</u>
Repeat Finding	No.
Criteria	Section 25-1-15 (2), <i>Mississippi Code Annotated (1972)</i> states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor."
Condition	As a result of procedures performed, we noted the Purchase Clerk's bond had an indefinite term date. Also, the Assistant Purchase Clerks' bonds did not have a definite four (4) year term as required.
Cause	County employees did not follow the Mississippi statutes listed above.
Effect	Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The Purchase Clerk should ensure that all bonds secured list a term of office covered and secure a new bond every four (4) years concurrent with the normal election cycle of the Governor.
Official's Response	This will be corrected.

Receiving Clerk.

2017-029	<u>The Receiving Clerk and the Assistant Receiving Clerks' had "Continuation Certificates."</u>
Repeat Finding	No.
Criteria	Section 25-1-15 (2), <i>Mississippi Code Annotated (1972)</i> states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor."
Condition	As a result of procedures performed, we noted that the Receiving Clerk and three Assistant Receiving Clerks had "Continuation Certificates."

Cause	County employees did not follow the Mississippi statutes listed above.
Effect	Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The Receiving Clerk should ensure that all bonds are secured, list a term of office covered, and secure a new bond every four (4) years concurrent with the normal election cycle of the Governor.
Official's Response	We relied on information communicated to us by the Technical Assistance Division of the State Auditor, that these positions could be continuation bonds.
Auditor's Note	If the County employee has a Continuation Certificate, the insurance company must put something into writing that the bonding company will cover losses under the previous dates of the expire bond. These Continuation Certificate did not have such language. Therefore, they are in violation of the state statute.

2017-030	<u>Internal controls over the receiving process should be strengthened.</u>
Repeat Finding	No.
Criteria	Internal controls over the receiving process should be strengthened.
Condition	<p>As a result of procedures performed and inquiry of the Receiving Clerk, we discovered that there are several exceptions noted with the receiving process:</p> <ul style="list-style-type: none"> • The Receiving Clerk's signature is digitally stamped on the receiving reports; however, employees other than the Receiving Clerk, have access to this digital stamp. • We also noted that there were not authorized Assistant Receiving Clerks in all departments; therefore, we are unable to determine if items received were actually received by the Receiving Clerk or Assistant Receiving Clerks. • Packing slips were not attached to the claim. • The individual authorized to sign purchase requisitions should not be the same individual who receives said goods. • The employees receiving the items in some departments do not have oaths on file or bonded as Assistant Receiving Clerks.

Cause	County did not implement adequate controls over the receiving process.
Effect	Failure to implement adequate controls over the receiving process could lead to goods being improperly received; therefore, could result in the loss of public funds.
Recommendation	The Receiving Clerk should ensure that adequate controls are implemented over the receiving process; which may include the appointment and bonding of additional Assistant Receiving Clerks.

Official's Response	There are no designated Assistant Receiving Clerks in some departments. Elected Officials/Departments Heads receive and sign as receiving items in these department. Packing slips are now being attached when applicable.
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Road Manager.

2017-031	<u>The Road Manager did not have a bond on file for the entire 2017 Fiscal Year.</u>
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Repeat Finding	No.
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Criteria	Section 25-1-15(2), <i>Mississippi Code Annotated (1972)</i> states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage, shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor."
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Section 65-17-1(3), *Mississippi Code Annotated (1972)* states, "The road manager, before entering upon his duties, shall give bond, with sufficient surety..."

Condition	As noted during procedures performed, the Road Manager did not have a bond on file for the entire 2017 Fiscal Year. The bond on file that only covered part of the fiscal year was not for a definite four-year period.
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Cause	County employee did not follow the Mississippi statute listed above.
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Effect	Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms.
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Recommendation	The Road Manager should ensure that all bonds secured list a term of office covered and secure a new bond every four (4) years concurrent with the normal election cycle of the Governor.
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Official's Response	Will call and check on it.
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Sheriff.

2017-032	<u>The Sheriff or a Sheriff Deputy shall attend all meetings of the Board of Supervisors.</u>
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Repeat Finding	No.
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Criteria	Section 19-3-25, <i>Mississippi Code Annotated (1972)</i> states, "The sheriff of the county shall attend all meetings of the board of supervisors, either in person or by a deputy, and shall execute all its process and orders."
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Condition	As noted during procedures performed, the Sheriff was not listed in attendance for seventeen (17) of the twenty-seven (27) meetings held during Fiscal Year 2017, either in person or by deputy.
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Cause	The Sheriff did not attend all meetings.
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Effect	Failure to attend meetings could result in failure to execute all the Board of Supervisors meetings' process and orders.
Recommendation	The Sheriff or a deputy should attend all meetings of the Board of Supervisors.
Official's Response	I will always sign the sheet and at least have a deputy.

2017-033 Sheriff did not file report of all expenses of his office incurred during the preceding month with the Board for approval at its regular monthly meeting.

Repeat Finding No.

Criteria Section 19-25-13, *Mississippi Code Annotated (1972)* states, "The Sheriff shall file a report of all expenses of his office incurred during the preceding month with the board of supervisors for approval at its regular monthly meeting in a form to be prescribed by the Director of the State Department of Audit, and upon filing thereof, and approval by the board, the clerk of the board shall issue warrants in payment thereof but not to exceed the budget appropriation for that quarter..."

Condition The official board minutes do not reflect:

- Submission of a report of all expenses of the Sheriff's office incurred during the preceding month.
- Approval by the board of such report, thus authorizing the clerk of the board to issue warrants in payment thereof, but not to exceed the budget appropriation for that quarter.

Cause The Sheriff did not comply with Section 19-25-13, *Mississippi Code Annotated (1972)*.

Effect Failure to file a report of all expenses of his office incurred during the preceding month with the board of supervisors for approval at its regular meeting is a violation of state statute 19-25-13.

Recommendation The Sheriff should file a report of all expenses of his office incurred during the preceding month with the board of supervisors for approval at its regular monthly meeting.

Official's Response The County Administrator will assist me with this.

2017-034 Sheriff did not have a bond on file.

Repeat Finding No.

Criteria According to Section 19-25-5, *Mississippi Code Annotated (1972)*, the Sheriff shall give bond, with sufficient surety of \$100,000.

Condition As a result of procedures performed, we noted the Sheriff did not have a bond on file for the 2017 Fiscal Year.

Cause	County employees did not follow the Mississippi statute listed above.
Effect	Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The Sheriff should ensure that a bond is secured and shall be renewed every four (4) years concurrent with the normal election cycle of the Governor.
Official's Response	When I received the paperwork for the bond I would give it to the clerk or bookkeeper. I will now give this paperwork to the Chancery Clerk and look into a four year bond.

2017-035 Meal logs and affidavit as to the correctness thereof are not being presented to the Board of Supervisors monthly.

Repeat Finding No.

Criteria Section 19-25-74, *Mississippi Code Annotated (1972)* states, "...in respect to the feeding of prisoners..., the Sheriff shall maintain a log, showing the name of each prisoner, the date and time of incarceration and release, to be posted daily, which shall record the number of meals served to prisoners at each mealtime, and the hours of the days served, and shall make affidavit to correctness thereof and file the same monthly with the Board of Supervisors." In addition, the Board is not allowed to pay claims for food expenses if this report has not been filed.

Condition: During procedures performed, we noted that both the inmate meal logs and an affidavit to the correctness thereof were not being filed monthly with the Board of Supervisors; additionally, the Board approved claims for food expenses without this report being filed.

Cause The Sheriff did not file the meal logs or affidavit to correctness thereof, and the Board approved claims for food expenses without this report being filed.

Effect Failure to submit meal logs to the Board of Supervisors for approval as spread upon the official board minutes, and an affidavit to the correctness thereof, could result in a loss or misappropriation of public funds by paying for an incorrect number of meals.

Recommendation The Sheriff should ensure the meal log is maintained and filed monthly with the Board of Supervisors, and an affidavit to the correctness thereof before meal expenses are approved through the claims docket.

Official's Response These logs will be added to the agenda.

2017-036 Statement of Economic Interest not filed.

Repeat Finding No.

Criteria	<p>Section 25-4-25, <i>Mississippi Code Annotated</i> (1972) states, “Each of the following individuals shall file a statement of economic interest with the commission in accordance with the provisions of this chapter: a) Persons elected by popular vote...”</p> <p>Section 25-4-29, <i>Mississippi Code Annotated</i> (1972) states, “1)Required statements hereunder shall be filed as follows: a) Every incumbent public official required....to file a statement of economic interest shall file such statement with the commission on or before May 1 of each year that such official holds office, regardless of duration.....2) Any person who fails to file a statement of economic interest within thirty (30) days of the date of the statement is due shall be deemed delinquent by the commission...a fine of Fifty Dollars (\$50.00) per day, not to exceed a total fine of One Thousand Dollars (\$1,000.00) shall be assessed against the delinquent filer for each day thereafter in which the statement of economic interest is not properly filed. The commission shall enroll such assessment as a civil judgment with the circuit clerk in the delinquent filer’s county of residence....”</p>
Condition	The Sheriff failed to file a Statement of Economic Interest by May 1 st , as required by State law, and such statement remained unfiled as of November 30, 2018.
Cause	The Sheriff did not file required statement.
Effect	Failure to file the Statement of Economic Interest, as required by state law, results in noncompliance with Section 25-4-25 and could result in fines being assessed and a civil judgment being enrolled against the delinquent filer, as allowed by Section 25-4-29(2).
Recommendation	The Sheriff should file the Statement of Economic Interest annually, no later than May 1 st of each year that such official holds office, regardless of the duration.
Official’s Response	I will file a statement at once.
<hr/>	
2017-037	<u>Internal controls over maintaining and reconciling Sheriff Department income and expenses should be strengthened.</u>
Repeat Finding	No.
Criteria	Proper internal controls would include a monthly reconciliation of the Sheriff Department bank accounts.
Condition	Audit test work revealed the Sheriff department was not reconciling the bank accounts every month.
Cause	The Sheriff Department’s bookkeeper did not reconcile each bank accounts for each account.
Effect	Failure to accurately reconcile the bank accounts could result in misappropriation of public funds.
Recommendation	The Sheriff should ensure that each bank account is properly reconciled on a

monthly basis.

Official's Response

I will instruct office administrator to file monthly report on paper or computer.

Surveyor.

2017-038

Statement of Economic Interest not filed.

Repeat Finding

No.

Criteria

Section 25-4-25(a), *Mississippi Code Annotated (1972)* states, "Each of the following individuals shall file a statement of economic interest with the commission in accordance with the provisions of this chapter: a) Persons elected by popular vote..."

Section 25-4-29, *Mississippi Code Annotated (1972)* states, "1)Required statements hereunder shall be filed as follows: a) every incumbent public official required....to file a statement of economic interest shall file such statement with the commission on or before May 1 of each year that such official holds office, regardless of duration.....2) Any person who fails to file a statement of economic interest within thirty (30) days of the date of the statement is due shall be deemed delinquent by the commission...a fine of Fifty Dollars (\$50.00) per day, not to exceed a total fine of One Thousand Dollars (\$1,000.00) shall be assessed against the delinquent filer for each day thereafter in which the statement of economic interest is not properly filed. The commission shall enroll such assessment as a civil judgment with the circuit clerk in the delinquent filer's county of residence...."

Condition

The County Surveyor failed to file a Statement of Economic Interest by May 1st, as required by State law, and such statement remained unfiled as of November 30th, 2018.

Cause

The County Surveyor did not file required statement.

Effect

Failure to file the Statement of Economic Interest, as required by state law, results in noncompliance with Section 25-4-25 and could result in fines being assessed and a civil judgment being enrolled against the delinquent filer, as allowed by Section 25-4-29(2).

Recommendation

The County Surveyor should file the Statement of Economic Interest annually, no later than May 1st of each year that such official holds office, regardless of the duration.

Official's Response

I will take care of this.

Tax Assessor.

2017-039

Bonds for the Tax Assessor and Deputy Tax Assessors were "Continuation Certificates."

Repeat Finding	No.
Criteria	<p>Section 25-1-15(2), <i>Mississippi Code Annotated (1972)</i> states, “A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor.”</p> <p>Section 27-1-3, <i>Mississippi Code Annotated (1972)</i> states, “The assessor may, with the approval of the board of supervisors of the county, appoint deputies, who shall take the oath of office, and shall be required by the assessor to give bond to him in an amount not less than ten thousand dollars (\$10,000.00) for faithful discharge of their duties.”</p>
Condition	As a result of procedures performed, we noted that the Tax Assessor and Deputy Tax Assessors had only “Continuation Certificates.” There was also a Deputy, who did not have a bond on file for the 2017 Fiscal Year. Three (3) additional Deputies did not have a bond on file for part of the 2017 Fiscal Year.
Cause	County employees did not follow the Mississippi statute listed above.
Effect	Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The Tax Assessor should ensure that all bonds secured list a term of office covered, and secure a new bond every four (4) years concurrent with the normal election cycle of the Governor.
Official’s Response	I called and spoke with Farm Bureau Insurance about continuing certificates. As our current bonds expire, we will roll them over to four-year bonds.

2017-040

Statement of Economic Interest not timely filed.

Repeat Finding	No.
Criteria	<p>Section 25-4-25(a), <i>Mississippi Code Annotated (1972)</i> states, “Each of the following individuals shall file a statement of economic interest with the commission in accordance with the provisions of this chapter: a) Persons elected by popular vote...”</p> <p>Section 25-4-29, <i>Mississippi Code Annotated (1972)</i> states, “1) Required statements hereunder shall be filed as follows: a) Every incumbent public official required....to file a statement of economic interest shall file such statement with the commission on or before May 1 of each year that such official holds office, regardless of duration.....2) Any person who fails to file a statement of economic interest within thirty (30) days of the date of the statement is due shall be deemed delinquent by the commission...a fine of Fifty Dollars (\$50.00) per day, not to exceed a total fine of One Thousand Dollars (\$1,000.00) shall be assessed against the delinquent filer for each day thereafter in which the statement of economic interest is not properly filed. The commission shall enroll such assessment as a civil judgment with the circuit clerk in the delinquent filer’s county of residence....”</p>

Condition	The Tax Assessor failed to file a Statement of Economic Interest by May 1 st , as required by State law, however, such statement was filed on May 18, 2018.
Cause	The Tax Assessor did not file the required statement by May 1 st as required by state law.
Effect	Failure to file the Statement of Economic Interest, as required by state law, results in non-compliance with Section 25-4-25 and could result in fines being assessed and a civil judgment being enrolled against the delinquent filer, as allowed by Section 25-4-29 (2).
Recommendation	The Tax Assessor should file the Statement of Economic Interest annually, no later than May 1 st of each year that such official holds office, regardless of the duration.
Official's Response	I will work to meet the requirements in the future.

2017-041	<u>Tax Assessor did not file a report of all expenditures of his office during the preceding month with the Board for approval at its regular monthly meeting.</u>
Repeat Finding	No.
Criteria	Section 27-1-9(d), <i>Mississippi Code Annotated (1972)</i> states, "The assessor and tax collector shall file a report of all expenditures of his office during the preceding month with the board of supervisors for approval at its regular monthly meeting in a form to be prescribed by the Director of the State Department of Audit, and upon filing thereof and approval by the board, the clerk of the board shall issue warrants in payment thereof but not to exceed the budget appropriation for that quarter..."
Condition	<p>The official board minutes do not reflect:</p> <ul style="list-style-type: none"> • Submission of a report of all expenditures of the Tax Assessor's Office incurred during the preceding month. • Approval by the board of such report, thus authorizing the clerk of the board to issue warrants in payment thereof, but not to exceed the budget appropriation for that quarter.
Cause:	The Tax Assessor did not comply with Section 27-1-9(d), <i>Mississippi Code Annotated (1972)</i> .
Effect:	Failure to file a report of all expenditures of his office incurred during the preceding month with the board of supervisors for approval at its regular meeting is a violation of state statute 27-1-9(d).
Recommendation:	The Tax Assessor should file a report of all expenditures of his office incurred during the preceding month with the board of supervisors for approval at its regular monthly meeting.
Official's Response	I will work with our county administrator to devise a plan that will get me in compliance.

Tax Collector.

2017-042

Statement of Economic Interest not timely filed.

Repeat Finding

No.

Criteria

Section 25-4-25(a), *Mississippi Code Annotated (1972)* states, "Each of the following individuals shall file a statement of economic interest with the commission in accordance with the provisions of this chapter: a) Persons elected by popular vote..."

Section 25-4-29, *Mississippi Code Annotated (1972)* states, "1) Required statements hereunder shall be filed as follows: a) Every incumbent public official required....to file a statement of economic interest shall file such statement with the commission on or before May 1 of each year that such official holds office, regardless of duration.....2) Any person who fails to file a statement of economic interest within thirty (30) days of the date of the statement is due shall be deemed delinquent by the commission...a fine of Fifty Dollars (\$50.00) per day, not to exceed a total fine of One Thousand Dollars (\$1,000.00) shall be assessed against the delinquent filer for each day thereafter in which the statement of economic interest is not properly filed. The commission shall enroll such assessment as a civil judgment with the circuit clerk in the delinquent filer's county of residence...."

Condition

The Tax Collector failed to file a Statement of Economic Interest by May 1st, as required by State law, however, such statement was filed on November 30, 2018.

Cause

The Tax Collector did not file required statement by May 1st as required by state law.

Effect

Failure to file the Statement of Economic Interest, as required by state law, results in non-compliance with Section 25-4-25 and could result in fines being assessed and a civil judgment being enrolled against the delinquent filer, as allowed by Section 25-4-29.

Recommendation

The Tax Collector should file the Statement of Economic Interest annually, no later than May 1st of each year that such official holds office, regardless of the duration.

Official's Response

It was filed on 12/2018.

2017-043

Tax Collector did not file report of all expenditures of his office during the preceding month with the Board for approval at its regular monthly meeting.

Repeat Finding

No.

Criteria:

Section 27-1-9(d), *Mississippi Code Annotated (1972)* states, "The assessor and tax collector shall file a report of all expenditures of his office during the preceding month with the board of supervisors for approval at its regular monthly meeting in a form to be prescribed by the Director of the State Department of Audit, and upon

filing thereof and approval by the board, the clerk of the board shall issue warrants in payment thereof but not to exceed the budget appropriation for that quarter...”

Condition	The official board minutes do not reflect: <ul style="list-style-type: none">• Submission of a report of all expenditures of the Tax Assessor/Collector’s Office incurred during the preceding month.• Approval by the board of such report, thus authorizing the clerk of the board to issue warrants in payment thereof, but not to exceed the budget appropriation for that quarter.
Cause	The Tax Collector did not comply with Section 27-1-9(d), <i>Mississippi Code Annotated (1972)</i> .
Effect	Failure to file a report of all expenditures of his office incurred during the preceding month with the board of supervisors for approval at its regular meeting is a violation of state statute 27-1-9(d).
Recommendation	The Tax Collector should file a report of all expenditures of his office incurred during the preceding month with the board of supervisors for approval at its regular monthly meeting.
Official’s Response	I will get with the County Administrator to see how this is done, and start doing this. I did not know about it.

2017-044	<u>Bank information submitted to State Treasurer’s Office was not balance at fiscal year-end.</u>
Repeat Finding	No.
Criteria	Section 27-105-5(6)(b), <i>Mississippi Code Annotated (1972)</i> states, “A public depositor shall not later than thirty (30) days following its fiscal year end, a public depositor shall notify the State Treasurer of its official name, address, federal tax identification number, and provide a listing of all accounts that it had with qualified public depositories, including the deposit balance in those accounts, as of its fiscal year end. A public entity established during the year shall furnish its official name, address and federal tax identification number to the State Treasurer before making any public deposit.”
Condition	Our test work revealed that the amount of \$537,103.68 submitted to State Treasurer’s Office was not the \$298,970.41 balance at fiscal year-end.
Cause	The Tax Collector reported a balance different than the balance at fiscal yearend.
Effect	Failure to notify the State Treasurer of the correct fiscal year-end balance in this account, will increase a risk that the county’s total deposits may not be properly collateralized and not complying with section 27-105-5(6)(b).
Recommendation	We recommend the Tax Collector strengthen controls to ensure the bank information submitted to the State Treasurer’s office is the balance at the fiscal yearend.

Official's Response	I will make sure that the bank and I have the same amount from here on out.
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2017-045	<u>Internal Controls over collections should be strengthened.</u>
Repeat Finding	No.
Criteria	Internal controls over collections should be strengthened.
Condition	As a result of procedures performed, and inquiry of the Deputy Clerk, we noted that the daily collections for individual drawers could not be verified by cash and type of collections. This is due to clerks changing the type of payment accepted without changing the receipt to the correct type of payment. When tax payers originally state their payment type/method (cash, check, credit card), a receipt is started. At the time of actual collection of funds, some tax payers change their method of payment to a different payment type such as: from cash to check or from credit card to cash. The receipt marked with the original payment type/method is not voided and changed to final payment type.
Cause	The Tax Collector did not implement adequate controls over the collections process.
Effect	Failure to implement adequate controls over the collection process could result in the loss or misappropriation, fraud, waste, and abuse of public funds.
Recommendation	The Tax Collector should ensure that adequate controls are implemented over the collection process.
Official's Response	We will have to get with Delta on MH, Real, Personal Property to see how we can make the corrections. We will work on this.

Itawamba 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