

# PONTOTOC COUNTY, MISSISSIPPI

Compliance Special Reports  
For the Year Ended September 30, 2017

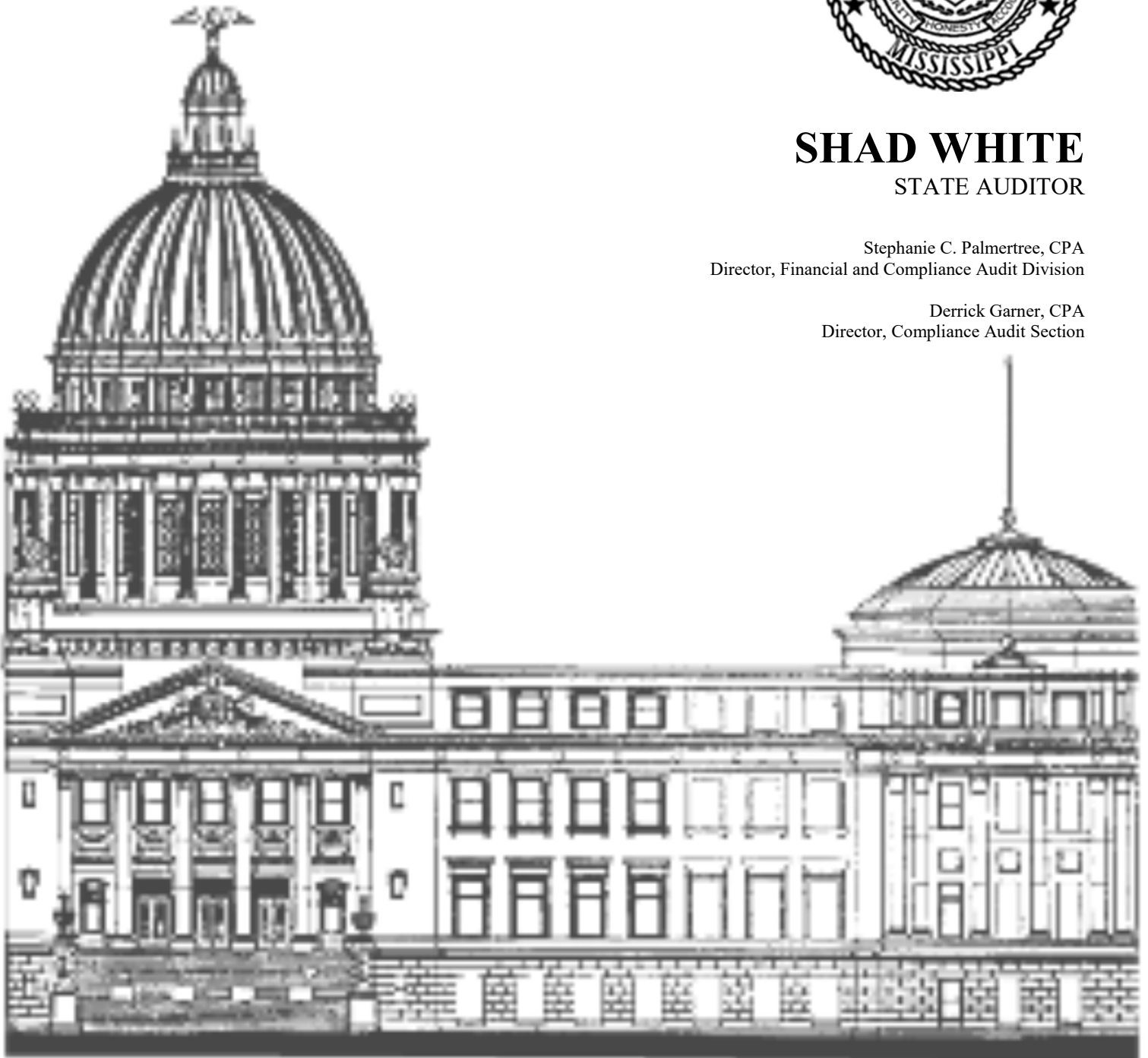


## SHAD WHITE

STATE AUDITOR

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

Derrick Garner, CPA  
Director, Compliance Audit Section



A Report from the Compliance Audit Section

[www.osa.state.ms.us](http://www.osa.state.ms.us)

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

PONTOTOC 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</i> , <i>Mississippi Code Annotated (1972)</i> ) .....	5
Limited Internal Control and Compliance Review Management Report .....	14

## PONTOTOC 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  
Pontotoc County, Mississippi

We have examined Pontotoc 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 Pontotoc 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 Pontotoc 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 certain instances of noncompliance with the aforementioned code sections. Our findings and recommendations and your responses are disclosed below:

**Inventory Clerk.**

1. Inventory Clerk did not file, in triplicate, a written report of inventory with the Board of Supervisors.

**Repeat Finding** No.

**Criteria** *Section 31-7-107, Mississippi Code Annotated (1972)* requires the Inventory Control Clerk to "perform physical inventories of assets of the county on or before October 1 of each year and shall file with the Board of Supervisors, in triplicate, a written report of such inventory."

<b>Condition</b>	The required inventory reports were not presented to the Board of Supervisors; however, per the Property Division of the Office of the State Auditor, the report was filed to them on October 5, 2017.
<b>Cause</b>	Per the Inventory Clerk, the inventory report was submitted but its presentation was not spread upon the minutes.
<b>Effect</b>	The failure to prepare the annual reports could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of funds.
<b>Recommendation</b>	The Inventory Clerk should timely file the required inventory report with the Board of Supervisors, as required by law.
<b>Official Response</b>	The report of inventory was presented to the Board of Supervisors but was not scanned into the minutes due to its size and format. We will address these issues and look for ways to document this report in the minutes in the future.

***Auditor's Note: Based upon observation of the official board minutes, auditors were unable to determine if the inventory report was submitted due to such action not being noted in the minutes.***

---

**Purchase Clerk.**

2. The Purchase Clerk included a "sole – source" item on the Purchase Schedule that is not a sole source item.

**Repeat Finding** No.

**Criteria** *Section 31-7-13(m)(vii), Mississippi Code Annotated (1972) defines sole source as "noncompetitive items available from one (1) source only." This statute also requires, purchases of noncompetitive items only available from one (1) source, to be approved by the Board of Supervisors at the next meeting and should be reflected in the Board of Supervisors' Meeting minutes.*

*Section 31-7-13(b), Mississippi Code Annotated (1972) states, "Bidding procedure for purchases over \$5,000.00 but not over \$50,000.00. Purchases which involve an expenditure of more than Five Thousand Dollars (\$5,000.00) but not more than Fifty Thousand Dollars (\$50,000.00), 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. Any state agency or community/junior college purchasing commodities or procuring construction pursuant to this paragraph (b) may authorize its purchasing agent, or his designee, to accept the lowest competitive written bid under Fifty Thousand Dollars (\$50,000.00)."*

**Condition** As a result of procedures performed, it was determined the Purchase Clerk's Schedules included a sole source purchase from Howard Technology that, based on the information provided, did not meet the requires of a sole source purchase. The item in question was a cite setup with GPS for the patrol cars and the components of such setups, can purchased from multiple vendors. The Board of

Supervisors approved this as a sole source purchase on April 13, 2017.

<b>Cause</b>	County employees labeled purchased items as sole source when the items could be purchased by other vendors.
<b>Effect</b>	Failure to receive bids on purchasing items could result in violation of state purchasing statutes or the misappropriation of public funds.
<b>Recommendation</b>	The Purchase Clerk should ensure sole – source purchases are indeed only available from one (1) source only.
<b>Official Response</b>	Based on my knowledge this was a sole source.

**Auditor's Note:** *Based upon information provided, the components listed on the invoice, that composed the setups purchased for the patrol cars, were commodities that can be purchased from multiple vendors.*

---

**3.** Competitive bids were not obtained during the annual commodity bidding process.

**Repeat Finding** No.

**Criteria** *Section 31-7-13, Mississippi Code Annotated (1972) states that "... Any bid item for construction in excess of Five Thousand Dollars (\$5,000.00) shall be broken down by components to provide detail of component description and pricing. These details shall be submitted with the written bids and become part of the bid evaluation criteria. Bids may be submitted by facsimile, electronic mail or other generally accepted method of information distribution. Bids submitted by electronic transmission shall not require the signature of the vendor's representative unless required by agencies or governing authorities."*

**Condition** As noted during testwork, competitive bids were not obtained for hauling services. The vendor that was awarded the annual bid, submitted two quotes: 1) hauling services for 14.5 cents per ton/mile, 2) hauling services for 18.75 cents per yard/mile. The other vendors only submitted quotes for hauling services per ton/mile with each of their bids being 15 cents per ton/mile; therefore, competitive quotes were not received for hauling gravel for per yard/mile.

The vendor that was awarded the annual bid is owned by an Election Commissioner of Pontotoc County. Per the Mississippi Ethics Commission Advisory Opinion No. 16-062-E, an election commissioner or his/her business may be a vendor to a separate authority of county government, such as the Board of Supervisors, where such contract is let to the lowest and best bidder after competitive bidding and three (3) or more legitimate bids are received. Although the vendor that was awarded the annual bid had the lowest and best bid for hauling gravel (per ton/mile) all invoices paid for hauling gravel per yard/mile were not in accordance with the Ethics Commission Advisory Opinion due to the County not obtaining at least three (3) or more competitive bids for hauling services at the rate per yard/mile.

**Cause** Vendors only submitted prices for part of the bid proposal; thereby disqualifying their bids as competitive bidding.

<b>Effect</b>	Failure to obtain competitive bids during the annual commodity bidding process results in the County being out of compliance.
<b>Recommendation</b>	The Purchase Clerk should ensure that competitive bids are obtained. If complete bids are not received, the Purchase Clerk shall obtain competitive quotes from two (2) or more vendors for purchases between \$5,000 and \$50,000 or sealed bids for purchases greater than \$50,000.
<b>Official Response</b>	This issue is noted & corrected.

---

<b>4.</b>	<u>The Purchase Clerk failed to include all items meeting the applicable criteria.</u>
<b>Repeat Finding</b>	No.
<b>Criteria</b>	<i>Section 31-7-115, Mississippi Code Annotated (1972) states, “The audit report shall 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).”</i>
<b>Condition</b>	As a result of procedures performed, the Purchase Clerk failed to include the following: <ul style="list-style-type: none"> <li>• Purchase made to Williams Equipment which was not the lowest bidder. This purchase was described on the minutes as the “best competitive bid received (even though not the lowest) due to the access to the dealership, for the warranty guaranteed by said dealership and maintenance issues.”</li> <li>• Purchase made to Wade Incorporated which was described in documentation as an emergency and sole source purchase.</li> </ul>
<b>Cause</b>	County employees did not include all applicable purchases on the audit report.
<b>Effect</b>	Failure to maintain accurate purchasing records could result in violation of state purchasing statutes or the misappropriation of public funds.
<b>Recommendation</b>	The Purchase Clerk should ensure all items, meeting the applicable criteria, are included in the Purchase Schedules.
<b>Official Response</b>	In the future, I will keep better documents of schedule purchases.

---

Because of the noncompliance referred to in the preceding paragraph, Pontotoc County, Mississippi, did not comply, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2017.

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

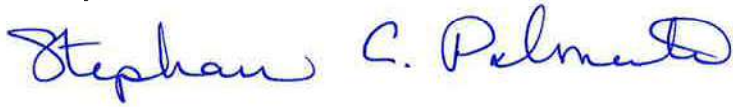


performed in connection with our aforementioned examination.

Pontotoc 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 Pontotoc 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,

A handwritten signature in blue ink that reads "Stephanie C. Palmertree". The signature is fluid and cursive, with the first name "Stephanie" written in a larger, more prominent script than the last name "Palmertree".

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

PONTOTOC COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2017

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
3/6/2017	Excavator/Bucket	\$ 57,583	Williams Equipment & Supply Company	\$ 52,465	Due to access to the dealership for the warranty guaranteed by dealership and maintenance issues.

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
8/7/2017	Rebuild Tractor Transmission	\$ 18,337.72	Wade Incorporated	Needed fixed ASAP.

## PONTOTOC COUNTY

Schedule 3

## Schedule of Purchases Made Noncompetively From a Sole Source

For the Year Ended September 30, 2017

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
5/6/2017	Cite Setup with GPS for Patrol Vehicles	\$	23,253	Howard Tecnology Solutions
4/4/2017	Accounting Module Computer Bookeeping System Software License Fee	\$	6,000	Delta Computer Systems
8/7/2017	Rebuild tractor transmission	\$	18,338	Wade Incorporated



**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  
Pontotoc 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** Budget Estimates not to be exceeded.

**Repeat Finding** No.

**Criteria:** *Section 19-11-17, Mississippi Code Annotated (1972)* provides that "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."

*Section 19-11-19, Mississippi Code Annotated (1972)* provides that 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 of 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.”

**Condition**

On September 29, 2017, the County approved amending the 2017 Budget to conform to actual revenues and expenditures received and expended during the budget year and on file in the office of the Pontotoc County Chancery Clerk. When comparing the final budget to the original budget, several object codes were found to have expended greater than the original budget without the benefit of a budget amendment. As there were no revisions to these object code’s original budgets, it is impossible to verify when expenditures exceeded budget estimates.

**Cause**

County Personnel did not adhere to the budget appropriations.

**Effect**

*Section 19-11-17, Mississippi Code Annotated (1972)* states that 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.

**Official Response**

This has been addressed and the budget dealing with these issues will be scanned into the Board minutes.

---

**2017-002**

Board of Supervisors shall appropriate a lump sum for Tax Assessor/Collector and Sheriff for the expenses of the office during the current quarter.

**Repeat Finding**

No.

**Criteria**

*Section 19-25-13, 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 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.”

*Section 27-1-9, Mississippi Code Annotated (1972)* states, the same information mentioned above for the Tax Assessor/Collector.

<b>Condition</b>	The appropriations of a lump sum for the Sheriff or the Tax Assessor/Collector for the expenses of the offices during the current quarter was not spread upon the minutes as required by <i>Section 27-1-9 and 19-25-13</i> .
<b>Cause</b>	The Board of Supervisors did not follow state law.
<b>Effect</b>	Failure to spread upon the official Board minutes of the first meeting of each quarter, the appropriations of a lump sum for the Sheriff and the Tax Assessor/Collector for the expenses of the offices during the current quarter is a violation of state statutes <i>Sections 27-1-9 and 19-25-13</i> .
<b>Recommendation</b>	The Board of Supervisors should 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 and the Tax Assessor/Collector for the expenses of the offices during the current quarter.
<b>Official Response</b>	This is currently being done but not reflected in the minutes. It will be in the future.

<b>2017-003</b>	<u>Jurors and poll managers shall be paid by County Treasurer.</u>
<b>Repeat Finding</b>	No.
<b>Criteria</b>	<p><i>Section 25-7-63, Mississippi Code Annotated (1972)</i>, states that each grand juror, petit juror, ad juror summoned on a special venire shall be given a certificate of the compensation due by the court clerk. This certificate shall be paid by the County treasurer upon presentation by the payee or holder in due course.</p> <p><i>Section 23-15-227(3), Mississippi Code Annotated (1972)</i>, states that the compensation authorized [to poll managers] in this section shall be allowed by the Board of Supervisors, and shall be payable out of the County Treasury.</p>
<b>Condition</b>	During our testwork, we noted that the Board of Supervisors authorized transfers of money from the County Treasury to a separate bank account maintained by the Circuit Clerk, from which she issues checks to jurors and election workers.
<b>Cause</b>	The County is authorizing monies to the Circuit Clerk to pay jurors and poll managers.
<b>Effect</b>	The payments to jurors and poll managers 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.
<b>Recommendation</b>	The Board of Supervisors should ensure that the account is closed and the account balance settled to the County. The County Treasurer shall then pay jurors and poll managers from the County Treasury as required by law.
<b>Official Response</b>	This issue has been addressed and will be completed per code.

**Board of Supervisors and Sheriff.**



<b>2017-004</b>	<u>Meal logs are not being presented to the Board of Supervisors monthly.</u>
<b>Repeat Finding</b>	No.
<b>Criteria</b>	<i>Section 19-25-74, Mississippi Code Annotated (1972)</i> 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.
<b>Condition</b>	During our test work, it was noted that the inmate meal logs were not being filed monthly with the Board of Supervisors.
<b>Cause</b>	The Board of Supervisors did not have meal logs presented for approval before paying claims for food expenses.
<b>Effect</b>	Failure to submit meal logs to the Board of Supervisors for approval as spread upon the official board minutes could result in a loss or misappropriation of public funds by paying for an incorrect number of meals.
<b>Recommendation</b>	The Board of Supervisors and Sheriff should ensure the meal log is maintained and filed monthly with the Board of Supervisors before meal expenses are approved through the claims docket.
<b>Official Response</b>	<p><b>Board of Supervisor:</b> All the above mentioned issues have been addressed.</p> <p><b>Sheriff:</b> We will take care of this.</p>

**Board of Supervisor, County Surveyor, and East Post Constable.**

<b>2017-005</b>	<u>Statement of Economic Interest not filed.</u>
<b>Repeat Finding</b>	No.
<b>Criteria</b>	<p><i>Section 25-4-25, Mississippi Code Annotated (1972)</i>, provides that "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><i>Section 25-4-29, Mississippi Code Annotated (1972)</i>, provides that: "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</p>

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...."

<b>Condition</b>	The District 3 Supervisor, County Surveyor, East Post Constable failed to file a Statement of Economic Interest by May 1, as required by state law, and such statement remained unfiled as of November 6, 2018.
<b>Cause</b>	The county officials did not file required statement.
<b>Effect</b>	Failure to file the Statement of Economic Interest, as required by state law, results in non-compliance with <i>Section 25-4-25</i> and could result in fines being assessed and a civil judgment being enrolled against the delinquent filer, as allowed by <i>Section 25-4-29(2)</i> .
<b>Recommendation</b>	The county officials should file the Statement of Economic Interest annually, no later than May 1 of each year that such official holds office, regardless of the duration.
<b>Official Response</b>	<p><b>Board of Supervisor:</b> Going to call and take care of it.</p> <p><b>County Surveyor:</b> I will call and take care of getting this filed.</p> <p><b>East Post Constable:</b> I will make sure this gets filed. Slipped my mind and didn't receive a reminder. But will get all filled out and taken care of immediately.</p>

---

**Chancery Clerk, Circuit Clerk, Inventory Clerk, Justice Clerk, Purchase Clerk, Receiving Clerk, Sheriff Tax Assessor/Collector, and County Administrator.**

<b>2017-006</b>	<u>County officials and county employees bonds were "Continuation Certificates."</u>
<b>Repeat Finding</b>	No.
<b>Criteria</b>	<i>Section 25-1-15, 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."
<b>Condition</b>	<p>During our testwork, we noted that the following County Officials, listed below have a "Continuation Certificates." A continuation certificate is a document that extends the life of the original surety bond. A continuation certificate only covers the current bonding period rather than both the current and previous periods.</p> <ul style="list-style-type: none"><li>• Chancery Clerk and Deputy Chancery Clerks</li><li>• Circuit Clerk and Deputy Clerks</li><li>• Inventory Clerk</li><li>• Justice Clerk</li><li>• Purchase Clerk and Assistant Purchase Clerks</li><li>• Receiving Clerk</li><li>• Sheriff's Deputies</li><li>• Tax Assessor/Collector and Deputies</li></ul>

- County Administrator

<b>Cause</b>	County officials and employees were not aware that the Continuation Certificates was a violation of state law.
<b>Effect</b>	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.
<b>Recommendation</b>	The County Officials 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.
<b>Official Response</b>	<p><b>Chancery Clerk:</b> The County has utilized the same bonding company for many years and assumed code was being met as no past audit issues have been noted. The issue will be addressed with the bonding company and applicable changes will be made.</p> <p><b>Circuit Clerk:</b> This will be taken care of by Chancery Clerk. I will follow up and make sure this is taken care of.</p> <p><b>Inventory Clerk:</b> The County has utilized the same bonding company for many years and assumed code was being met as no past audit issues have been noted. The issue will be addressed with the bonding company and applicable changes will be made.</p> <p><b>Justice Clerk:</b> Per, Chancery Clerk, “The County has utilized the same bonding company for many years and assumed code was being met as no past audit issues have been noted. The issue will be addressed with the bonding company and applicable changes will be made.”</p> <p><b>Purchase Clerk:</b> Will get with Chancery Clerk and make sure bond is official.</p> <p><b>Receiving Clerk:</b> I will require Chancery Clerk to check into situation. I was unaware this was an issue. Make sure bond is official.</p> <p><b>Sheriff:</b> Will be take care of.</p> <p><b>Tax Assessor/Collector:</b> This issue is being corrected by Pontotoc County Chancery Clerk.</p> <p><b>County Administrator:</b> The County has utilized the same bonding company for many years and assumed code was being met as no past audit issues have been noted. The issue will be addressed with the bonding company and applicable changes will be made.</p>

---

<b>2017-007</b>	<u>The Chancery Clerk deducted unallowable expenses on the Annual Financial Report.</u>
<b>Repeat Finding</b>	Yes; 2016.

<b>Criteria</b>	<i>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.</i>
<b>Condition</b>	The Chancery Clerk claimed \$75 paid to the New Albany Ballet Company in 2017, which is unallowable.
<b>Cause</b>	County employees did not follow Mississippi statute listed above.
<b>Effect</b>	Failure to ensure proper authorization for additional fees could result in improper use of funds.
<b>Recommendation</b>	The Chancery Clerk should also file an amended Annual Financial Report to reflect the correction to the expenses claimed that were inaccurate and the balance due the County should be paid to the General Fund.
<b>Official Response</b>	The Chancery Clerk finds no issue with the finding and will make the necessary correction now and in the future.

<b>2017-008</b>	<u>Internal controls over maintaining and reconciling Chancery Clerk fee income and expenses should be strengthened.</u>
<b>Repeat Finding</b>	No.
<b>Criteria</b>	The fee journal accounts were not properly posted causing incorrect amounts added to the Annual Financial Report (AFR). Proper internal controls would include a reconciliation from the fee journal to Chancery Clerk's county payroll report to verify amounts before filing the AFR.
<b>Condition</b>	Testwork revealed the Chancery Clerk's accountant used the net amount instead of the gross amount on several income accounts (Clerk of the Board, Services Not Otherwise Provided, and County Administrator) causing the AFR to not match the Fee Journal. Due to this error, the bookkeeper understated the Chancery Clerk's AFR by \$14,956.
<b>Cause</b>	Chancery Clerk's fee journal did not match AFR nor the County's payroll reports.
<b>Effect</b>	Failure to accurately report the fee journal will continue to cause and erroneous reporting on the AFR and could result in misappropriation of public funds
<b>Recommendation</b>	The Chancery Clerk should file an amended AFR and write a check to the County for additional amount made over the cap. The Clerk also should ensure the fee journal is maintained correctly and accounts should be verified against the County payroll reports before filing the AFR.
<b>Official Response</b>	The fee journal was properly maintained but the bookkeeper did make an error by submitting a previously corrected AFR, page 1. The \$14,956.00 was never moved from the Pontotoc County Special Fee Journal account to the Chancery Clerk

himself. It has remained in the fee account. The Clerk will correct this error with payment from the Fee Account to the County General Fund Account.

**Auditor's Note:** *The Chancery Clerk refunded \$15,031 to the County on 11/5/2018 and the monies were receipted into the County on 11/6/2018 (Receipt Number 37719). This amount is for the \$14,956 and the \$75 described in a previous finding.*

---

**Circuit Clerk.**

<b>2017-009</b>	<u>The Circuit Clerk deducted unallowable and undocumented expenses on the annual financial report.</u>
<b>Repeat Finding</b>	No.
<b>Criteria</b>	<i>Section 9-1-43, 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.
<b>Condition</b>	<p>The Circuit Clerk claimed \$200 in expenses in 2017 for which there was insufficient documentation or was not an allowable business expense. The disallowed expenses were as follows:</p> <ul style="list-style-type: none"><li>• \$100 advertisement in a MLK Banquet Program</li><li>• \$100 advertisement in a South Pontotoc Cheerleader Program</li></ul>
<b>Cause</b>	County employee did not follow Mississippi statute listed above.
<b>Effect</b>	Due to inadequate documentation and the noncompliance with <i>Section 9-1-43(1)</i> , the Circuit Clerk had \$200 in disallowed expenses for 2017.
<b>Recommendation</b>	We recommend in the future that the Circuit Clerk complies with <i>Section 9-1-43(1)</i> and maintains adequate documentation for all expenses reported on the Annual Financial Report. Due to the Clerk being under the \$90,000 salary cap, the Clerk will not owe any money back to the County; however, we recommend that the Clerk submit an amended Annual Financial Report to the Office of the State Auditor and to PERS.
<b>Official Response</b>	After our annual Circuit Clerk Training in January of 2018, I have not written anymore of the not allowed expenses out of my fee journal account.

---

<b>2017-010</b>	<u>Jurors and poll managers shall be paid by County Treasurer.</u>
-----------------	--------------------------------------------------------------------

<b>Repeat Finding</b>	No.
-----------------------	-----

<b>Criteria</b>	<p><i>Section 25-7-63, Mississippi Code Annotated (1972)</i> states that each grand juror, petit juror, ad juror summoned on a special venire shall be given a certificate of the compensation due by the court clerk. This certificate shall be paid by the County treasurer upon presentation by the payee or holder in due course.</p> <p><i>Section 23-15-227(3)</i> states that the compensation authorized [to poll managers] in this section shall be allowed by the Board of Supervisors, and shall be payable out of the County Treasury.</p>
<b>Condition</b>	During our testwork, we noted that the Circuit Clerk maintains a separate bank account that she uses to pay jurors and poll managers. The County issues money from the General Fund into this account.
<b>Cause</b>	The County is providing monies to the Circuit Clerk to pay jurors and poll managers.
<b>Effect</b>	The payments to jurors and poll managers 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.
<b>Recommendation</b>	The Circuit Clerk should close the account from which jurors and poll managers are paid and return the account balance to the County. The County Treasurer shall then pay jurors and poll managers from the County Treasury as required by law.
<b>Official Response</b>	After the last check written out of account #95163 has cleared, I will close the account. Going forward, I will submit the necessary documents for Jurors and Election Workers to the Chancery Clerk for payment.

<b>2017-011</b>	<u>County funds should be held in an approved depository.</u>
<b>Repeat Finding</b>	No.
<b>Criteria</b>	<i>Section 27-105-303, Mississippi Code Annotated (1972)</i> requires that county funds be on deposit in an approved county depository.
<b>Condition</b>	Our testwork revealed fiscal year 2017 funds were held in an unapproved depository for Pontotoc County's Circuit Clerk Civil Account, Criminal Account, and Bond accounts at Renasant Bank.
<b>Cause</b>	Funds were not deposited into an approved county depository.
<b>Effect</b>	Failure to use the County Depository approved by the Board of Supervisors could result in a loss of public funds, and loss of public trust and transparency.
<b>Recommendation</b>	We recommend that all county officials strengthen controls to ensure all county funds be deposited into an approved county depository as required by state law.
<b>Official Response</b>	I will ask the Board of Directors to approve the Renasant Bank as an approved depository for Pontotoc County for these three (3) accounts. I will also contact

Technical Support at the State Auditor's office and request guidance on how to handle the funds that are currently in these three accounts.

---

**Payroll Clerk.**

**2017-012**

The required PERS Form 4Bs not filed with Mississippi Employees Retirement System.

**Repeat Finding**

No.

**Criteria**

*Section 25-11-127, Mississippi Code Annotated (1972)* provides that as a PERS retiree, a PERS Form 4B "Certification/Acknowledgment of Reemployment of Retiree" must be filed within 5 days of employment. If an employee decides to return to employment with a covered employer after they retire, the employee and the employer must notify PERS in writing within five days of the reemployment date and provide the conditions under which he/she is being reemployed. Notification must be repeated each new fiscal year of post-retirement employment. Once the employee chooses to return to work with a covered employer, the employee must return to employment with a covered employer under limited reemployment conditions, as explained in this section. The Payroll Clerk must file Form 4B, Reemployment of PERS Service Retiree Certification/Acknowledgement, or Form 9C, County/Municipal Elected Official Reemployment Acknowledgement/Election, as applicable.

**Condition**

As noted during testwork, not all reemployed PERS retirees, had a Form 4B filed with PERS. During Fiscal Year 2017, there were five (5) total retirees. Of the five (5) retirees, two did not have a Form 4B filed, two (2) forms were completed incorrectly, and the three submitted to PERS were not filed timely.

**Cause**

County did not comply with *Section 25-11-127, Mississippi Code Annotated (1972)*.

**Effect**

The failure to properly file Form 4Bs could jeopardize the provisions for reemployment.

**Recommendation**

We recommend that the Payroll Clerk file PERS Form 4Bs each fiscal year of reemployment.

**Official Response**

All issues discussed above have been addressed and are now correct.

---

**Sheriff.**

**2017-013**

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...”

<b>Condition</b>	The official Board minutes do not reflect: <ul style="list-style-type: none"><li>• Submission of a report of all expenses of the Sheriff’s office incurred during the preceding month,</li><li>• 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.</li></ul>
<b>Cause</b>	The Sheriff did not comply with <i>Section 19-25-13, Mississippi Code Annotated (1972)</i> .
<b>Effect</b>	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 <i>Section 19-25-13</i> .
<b>Recommendation</b>	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.
<b>Official Response</b>	We will take care of this.

---

**Tax Assessor/Collector.**

<b>2017-014</b>	<u>Tax Assessor/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.</u>
<b>Repeat Finding</b>	No.
<b>Criteria</b>	<i>Section 27-1-9(d), 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...”
<b>Condition</b>	The official board minutes do not reflect: <ul style="list-style-type: none"><li>• Submission of a report of all expenditures of the Tax Assessor/Collector’s office incurred during the preceding month;</li><li>• 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.</li></ul>
<b>Cause</b>	The Tax Assessor/Collector did not comply with <i>Section 27-1-9(d), Mississippi Code Annotated (1972)</i> .



<b>Effect</b>	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 <i>Section 27-1-9(d)</i> .
<b>Recommendation</b>	The Tax Assessor/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.
<b>Official Response</b>	The Assessor/Collector will comply with the code as reported.

**2017-015**                      Submission of the Public Depositors Annual Report was not made timely as required by MS state law.

**Repeat Finding**                      No.

**Criteria**                      *Section 27-105-5(6)(b), Mississippi Code Annotated (1972)* provides that public depositors shall comply with the following requirement: (b) 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 testwork revealed that the Public Depositors Annual Report was not filed as of November 9, 2018, for Fiscal Year 2017.

**Cause**                      The Public Depositors Annual Report was not filed.

**Effect**                      Without notifying the State Treasurer of its official name, address, federal tax identification number, and providing a list of all accounts that it had with qualified public depositories, including the balance in these accounts, as of its fiscal year end, the risk increases 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/Assessor strengthen controls to ensure that in the future the Tax Collector is in compliance with state law.

**Official Response**                      The 2018 mailed week November 10/2018.

Pontotoc 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,

A handwritten signature in blue ink that reads "Stephanie C. Palmertree". The signature is fluid and cursive, with the first name "Stephanie" being more prominent than the last name "Palmertree".

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