

UNION COUNTY, MISSISSIPPI

Compliance Special Reports
For the Year Ended September 30, 2017



SHAD WHITE
STATE AUDITOR

Stephanie C. Palmertree, CPA
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A Report from the Compliance Audit Section

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UNION COUNTY

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UNION 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
Union County, Mississippi

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

Purchase Clerk.

1. The Purchase Clerk shall be responsible for the maintenance of the central purchasing system of the county.

Repeat Finding No.

Criteria *Section 31-7-103, Mississippi Code Annotated (1972)*, requires the purchase clerk to maintain the central purchasing system of the County. "The purchase clerk shall be responsible as hereinafter provided for the purchase and acquisition of all equipment,

machinery, supplies, commodities, materials and services to be acquired for the county from successful bidders or other vendors, as authorized by law. The central purchase system shall comply with the requirements prescribed by the State Department of Audit under the authority of *Section 7-7-211* and in accordance with *Section 31-7-113...*”

The State Department of Audit shall describe the form of the purchase requisition, the form of the purchase order, the form of the receiving report, prescribe the system of records necessary for the maintenance of a central purchase system, and shall promulgate and prescribe such other documentation, procedures, and regulations necessary for the efficient maintenance of such system as authorized by *Section 31-7-113, Mississippi Code Annotated (1972)*.

Condition	One (1) instance in which the purchasing documents for a John Deere tractor were not in sequential order. The county received a quote for the purchase of said tractor before a purchase requisition was completed by the County. The total cost of the tractor was \$30,795.
Cause	The County did not comply with <i>Section 31-7-103, Mississippi Code Annotated (1972)</i> .
Effect	Failure to complete purchasing documents in sequential order could lead to fraud and/or the misappropriation of funds.
Recommendation	The Purchase Clerk should ensure that purchase requisitions are signed by the appropriate department head, disapprove any purchase requisitions which, in his/her opinion, are not in compliance with the purchasing laws of the state, initiate purchase orders for no more than \$5,000 following board and department policies and good business practices, and underwritten board authority, accept the lowest and best competitive written quote for purchases greater than \$5,000 and not more than \$50,000. The Purchase Clerk should also be sure that purchasing documentation is completed in sequential order.
Official Response	I will comply.

2. Purchase Clerk schedules should include all items meeting the applicable criteria.

Repeat Finding	No.
Criteria	<i>Section 31-7-115, Mississippi Code Annotated (1972)</i> , requires the audit report to include, among other things, a schedule of emergency purchases made by the County under the authority of <i>Section 31-7-13(k)</i> .
Condition	At their February 21, 2017 meeting, the Board of Supervisors approved the emergency purchase, in the amount of \$6,590, for a Voice Analog and Voiceover IP recorder for the Union County 911 Emergency System. This purchase was not included in the Schedule of Emergency Purchases prepared by the Purchase Clerk.
Cause	The County did not comply with <i>Section 31-7-115, Mississippi Code Annotated (1972)</i> .
Effect	Failure to maintain accurate purchasing records could result in violation of state purchasing statutes or the misappropriation of public funds.

Recommendation	The Purchase Clerk should ensure all items, meeting the applicable criteria, are included in the purchase schedules.
Official Response	I will comply.

3. The Assistant Purchase Clerks should be properly bonded as required by state law.

Repeat Finding No.

Criteria *Section 31-7-124, Mississippi Code Annotated (1972)* states: "All assistant purchasing, receiving, and inventory control clerks shall be bonded in a penalty not less than Fifty Thousand Dollars."

Condition As a result of procedures performed, it was determined that the assistant purchase clerk was listed on an "Government Crime Policy" which does not have the total coverage as a surety bond, as a surety bond covers performance of duties as well as theft.

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

Effect Failure to comply with the state statute, by being correctly and sufficiently bonded, could result in the loss of public funds.

Recommendation The Board of Supervisors should cancel the "Government Crime Policy" and purchase a new surety bond for the assistant purchasing clerk as required by state statute.

Official Response I will comply.

Except for the noncompliance referred to in the preceding paragraph, Union County, Mississippi, complied, 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 From Other Than 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 of the purchasing system.

Union 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 the state legal compliance requirement, central purchasing system, and inventory control system of Union County, Mississippi, 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

UNION COUNTY

Schedule 1

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

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

UNION 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>
2/21/2017	Recorder	\$ 6,590.00	Integrated Communications Incorporations	The previous recorder went down and could not be repaired.

UNION COUNTY

Schedule 3

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

Our tests did not identify any purchases made noncompetively 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
Union 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 examination 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

The County approved two (2) budget amendments during the fiscal year, and on September 15, 2017, approved amending the 2017 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 below were exceeded:

- Nine (9) instances of personal services exceeded budget estimates
- Fourteen (14) instances of contractual services exceeded budget estimates
- Eleven (11) instances of consumable supplies exceeded budget estimates
- Three (3) instances of interfund trans-other financing uses exceeded budget estimates
- Two (2) instances of grants, subsidies, and allocations exceeded budget estimates

Cause

County personnel did not adhere to the budget appropriations.

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. The state auditor, as the head of the state department of audit, shall be authorized to sue for the recovery of the sum or sums so voted.

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

We will try to amend as needed in the future. In years past your office has always told us that as long as we amended by fiscal year end there would be no comment. We have been doing it this way for many, many years as evidenced by no findings for this over the last 18 years with your office doing many of those audits. We will try to amend on a regular basis as needed.

Auditor's Note: *Per statutory requirements, budgetary revisions are required to occur to prevent expenditures from exceeding budgeted estimates.*

2017-002

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

Repeat Finding

No.

Criteria	<p><i>Section 19-25-13, 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.”</p> <p><i>Section 27-1-9(c), 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 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.”</p>
Condition	The Board of Supervisors does 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 or the Tax Assessor/Collector for the expenses of the offices during the current quarter.
Cause	The Board of Supervisors has historically allocated an annual budget rather than the quarterly appropriation as required by state law.
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 and the Tax Assessor/Collector for the expenses of the offices during the current quarter is a violation of state statutes <i>Section 27-1-9</i> and <i>Section 19-25-13</i> .
Recommendation	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.
Official Response	You are correct. We don’t allocate quarterly on the minutes. We generally give them an annual budget. We will try to comply with your comments.

2017-003	<u>Inventory report was filed with the Office of the State Auditor prior to being filed with the Board of Supervisors.</u>
Repeat Finding	No.
Criteria	<i>Section 31-7-107, Mississippi Code Annotated (1972)</i> requires the Inventory Clerk to file written inventory reports with the Board of Supervisors, in triplicate. The Clerk of the Board shall keep the original of each inventory report filed by the inventory control clerk as a permanent record of the county and shall forward a copy to the State Department of Audit no later than October 15 of each year.
Condition	The required inventory reports were filed with the Property Division of the Office of the State Auditor before being presented to the Board of Supervisors. The reports were not presented to the Board of Supervisors until November 6, 2017; however, per the Property Division of the Office of the State Auditor, the report was filed to them on October 12, 2017.

Cause	The required inventory reports were not filed with the Board of Supervisors in triplicate with copies forwarded to the Office of the State Auditor prior to the inventory report being submitted to the Office of the State Auditor on October 12, 2017.
Effect	The failure to present the annual report to the Board of Supervisors for approval prior to submission to the Office of the State Auditor could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of funds.
Recommendation	The Inventory Clerk should timely file the required inventory report with the Board of Supervisors prior to the Clerk of the Board submitting the report to the Office of the State Auditor, as required by law.
Official Response	The Inventory Clerk for the year mentioned is no longer employed here. We will mention this to the new clerk. Board meetings are generally twice per month and sometimes it is strictly a timing issue. If we e-mail it to Jackson and the Board doesn't approve at the next meeting we can simply re-submit to Jackson.

2017-004	<u>All supervisors shall file report of the conditions of the roads and bridges inspected by him with the Clerk of the Board.</u>
Repeat Finding	No.
Criteria	<i>Section 65-7-117, Mississippi Code Annotated (1972)</i> states, "Each member of the Board of Supervisors shall inspect every road and bridge in the County under the jurisdiction of the County not less than once each fiscal year. Each member shall file with the Clerk of the Board a report, under oath, of the condition of the roads and bridges inspected by him with recommendations by him for a four year plan for construction and major maintenance of such roads and bridges."
Condition	Road inspection reports were not filed with the Clerk of the Board by the five (5) supervisors for the fiscal year ended September 30, 2017.
Cause	Supervisors did not comply with <i>Section 65-7-117</i> and file the reports with the Clerk of the Board of Supervisors.
Effect	Failure to file inspection reports with the Clerk of the Board resulted in noncompliance with <i>Section 65-7-117</i> .
Recommendation	Reports detailing the condition of roads and bridges inspected and recommendations should be filed with the Clerk of the Board each fiscal year.
Official Response	The inspection report is for preparing the 4 year road plan which was filed with the Chancery Clerk and placed on minutes after approval. The inspection reports are filed with the Board Secretary. We will file them with the Clerk as well in the future.

Board of Supervisor and Sheriff

2017-005	<u>Meal logs are not being presented to the Board of Supervisors monthly.</u>
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Repeat Finding	No.
Criteria	<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.
Condition	During our testwork, it was noted that the inmate meal logs were not being filed monthly with the Board of Supervisors.
Cause	County employees did not follow Mississippi statute listed above.
Effect	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.
Recommendation	The Board of Supervisors should review the meal logs before approving the claims docket.
Official Response	<p>Board of Supervisors: The meal logs are filed in the Board of Supervisors office with the Comptroller. In the future we will ask the Clerk to include on our Agenda. We will ask the Clerk to list it on the Agenda ahead of the Claim Docket and ask the Sheriff to present it. If this is sufficient we will have clerk note on minutes that log was presented and filed in her office.</p> <p>Sheriff: The meals logs are and have been being turned in to the Board of Supervisors each month. Auditor was told to see Comptroller at Chancery to get them.</p>

Chancery Clerk.

2017-006	<u>Prior Year's Audit Report Synopsis has not been published as required by state law.</u>
Repeat Finding	No.
Criteria	<i>Section 7-7-221, Mississippi Code Annotated (1972)</i> , provides that as soon as possible after an annual audit of the fiscal year and a copy of the audit report has been filed with the Board of Supervisors of such county and the clerk thereof, the Clerk of the Board of Supervisors shall publish a synopsis of the audit report in a form prescribed by the State Auditor. The clerk of the board shall deliver a copy of the aforesaid synopsis to some newspaper published in the county. The Clerk shall forward a copy of the published synopsis to the State Auditor within sixty (60) days of its publication.
Condition	Union County received the Fiscal Year 2016 audit report in January 2018; however, no evidence of publication of the synopsis of the County's audit report could be provided to auditors for Fiscal Year 2016.
Cause	The Chancery Clerk failed to publish a synopsis of the County's audit report or provide documentation of publication.

Effect	Failure to publish the annual audit synopsis could lead to loss of public trust and transparency.
Recommendation	The Clerk should strengthen controls to ensure that the publication of the annual audit synopsis is published as required by <i>Section 7-7-221, Mississippi Code Annotated (1972)</i> .
Official Response	I agree. The synopsis of the annual report for Union County has since been published in the New Albany Gazette. (The Official provided evidence.)

2017-007	<u>Internal controls over maintaining and reconciling Chancery Clerk fee income and expenses should be strengthened.</u>
Repeat Finding	No.
Criteria	<i>Section 9-1-43, Mississippi Code Annotated (1972)</i> requires the Chancery Clerk to maintain a cash fee journal. Proper internal controls would include a monthly reconciliation of the fee journal cash balance to the bank statement.
Condition	Testwork revealed the Chancery Clerk was reconciling the Fee Journal bank account but only to her check register stubs. She did not include multiple expenses and deposits into fee journal due to error. Therefore, the fee journal and bank reconciliation do not agree.
Cause	Chancery Clerk did not reconcile the bank statement to the fee journal.
Effect	Failure to accurately reconcile the Fee Journal bank account to the fee journal cash balance could result in misappropriation of public funds and erroneous reporting on the Annual Financial Report.
Recommendation	The Chancery Clerk should ensure the bank statement is properly reconciled to the fee journal on a monthly basis.
Official Response	I agree. There were few instances where expenses/deposits were not included in the fee journal. A more user-friendly, monthly reconciliation of the fee journal will be utilized.

2017-008	<u>The Chancery Clerk deducted unallowable and undocumented expenses on the Annual Financial Report.</u>
Repeat Finding	No.
Criteria	<i>Section 9-1-43, Mississippi Code Annotated (1972)</i> , 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 \$238 in expenses in 2017 for which there was insufficient documentation or was not an allowable business expense. The Clerk had no documentation for \$50 to New Albany Ballet Company and \$188 (half of a total invoice) to Eaton Babb & Smith CPA ruled unallowable because total included both personal and work related accounting services.

Cause	County employee did not follow Mississippi statute listed above.
Effect	Failure to ensure proper authorization for additional fees could result in improper use of funds.
Recommendation	The Chancery Clerk should ensure adequate documentation is maintained for all fee journal expenses. The Chancery Clerk should also file an amended Annual Financial Report to reflect the correction to the expenses claimed that were inaccurate; however, repayment will not be necessary due to the Clerk being under the \$90,000 fee cap..
Official Response	I agree.

2017-009 Monthly report of Clerk not submitted to Supervisors.

Repeat Finding No.

Criteria *Section 19-11-23, Mississippi Code Annotated (1972),* provides that 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 Clerk failed to submit monthly report to the Board of Supervisors at regular meetings in each month. In addition, the Clerk failed 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 Clerk did not provide monthly reports for review by the Board of Supervisors, in compliance with *Section 19-11-23*.

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 Clerk should strengthen controls to ensure compliance with state law over submitting the required monthly report to the Board of Supervisors. In addition, provide the receipts from property tax and, in detail, the receipts from other taxes and all other sources by each fund.

Official Response I will coordinate with the County Administrator to make sure report is submitted to the Board each month.

Chancery Clerk, Circuit Clerk, Justice Court Clerk, Sheriff, Tax Collector/Assessor, and Comptroller.

2017-010 Submission of the Public Depositors Annual Report was not made timely as required by

Mississippi state law.

Repeat Finding	No.
Criteria	<i>Section 27-105-5(6)(b), Mississippi Code Annotated (1972) states, "Public depositors 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."</i>
Condition	Testwork revealed that the Public Depositors Annual Report was not filed as of October 1, 2018 for Fiscal Year 2017, per inquiry with the State Treasurer's office.
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 <i>Section 27-105-5(6)(b)</i> .
Recommendation	We recommend Public Officials strengthen controls to ensure that in the future that the County is in compliance with state law.
Official Response	<p>Chancery Clerk: I disagree. Bank statements were submitted on a timely basis to the Comptroller for submission in the Public Depositors Annual Report.</p> <p>Circuit Clerk: I will comply.</p> <p>Justice Court Clerk: I will get with the Comptroller, with the Chancery Office, to file this with the State.</p> <p>Sheriff: This is turned in by someone at the Chancery and not done at the Sheriff's Office is what I was told.</p> <p>Tax Assessor/Collector: Understood.</p> <p>Comptroller: I will comply.</p> <p><i>Auditors Note: Documentation revealed that the report was not timely submitted to the State Treasurer's office. Chancery Clerk should ensure that report is filed with the State Treasurer regardless of submission of bank statements to the County Administrator.</i></p>

Circuit Clerk.

2017-011	<u>The Circuit Clerk deducted unallowable and undocumented expenses on the Annual Financial Report.</u>
Repeat Finding	No.

Criteria	<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. A business expense must be both ordinary and necessary to be deductible.
Condition	The Circuit Clerk claimed \$330 in expenses in 2017 for which there was insufficient documentation or was not an allowable business expense.
Cause	County employees did not follow Mississippi statute listed above.
Effect	Failure to ensure proper authorization for additional fees could result in improper use of funds.
Recommendation	The Circuit Clerk should ensure adequate documentation is maintained for all fee journal expenses. The Circuit Clerk should file an amended Annual Financial Report to reflect the correction to the expenses claimed that were inaccurate. In addition, the Chancery Clerk should also submit payment to the County \$330 for the disallowed expenses. The \$330 expenses were for limited audience advertising to the following: \$35 to New Albany Boosters, \$60 to NAHS Football Booster, \$35 to Ingomar Media Guide, \$100 to Union County NAACP, and \$100 to Robertson's Sportswear.
Official Response	Will write a check on personal account for \$330.

Auditor's Note: *The Circuit Clerk's \$330 reimbursement to the General Fund, was received by the County on October 4, 2018.*

2017-012	<u>The Deputy Circuit Clerks should be properly bonded as required by state law.</u>
Repeat Finding	No.
Criteria	<i>Section 9-7-123(2), Mississippi Code Annotated (1972)</i> requires that all Deputy Circuit Clerks be bonded for three percent of the sum of all state and county prior year's taxes with a minimum of \$50,000 and a maximum of \$100,000.
Condition	As a result of procedures performed, it was determined that the deputy Circuit Clerks were listed on a "Government Crime Policy" which is not equivalent to a surety bond. A surety bond covers performance of duties as well as theft.
Cause	County employees did not follow Mississippi statute listed above.
Effect	Failure to comply with the state statute that requires the Deputy Circuit Clerks to be properly bonded could result in the loss of public funds.
Recommendation	The Board of Supervisors should cancel the "Government Crime Policy" and purchase new surety bonds for all Deputy Circuit Clerks as required by state statute.
Official Response	Will comply.

Justice Court Clerk.

2017-013	<u>Bonds for three (3) Justice Court Clerk Officials were “Continuation Certificates.”</u>
Repeat Finding	No.
Criteria	<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 <u>securing of a new bond every four years</u> concurrent with the normal election cycle of the Governor.” <i>Section 9-11-29(2), Mississippi Code Annotated (1972)</i> , states “Every person appointed as clerk and deputy clerk of the justice court shall give bond, with sufficient surety in a penalty equal to Fifty Thousand Dollars.”
Condition	As a result of procedures performed, it was determined that three (3) of the Justice Court Clerk Officials have only “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.
Cause	County employees did not follow 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 Justice Court 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 Response	One employee’s bond was cancelled-no longer employed. Other two employees’ bonds have been corrected by Collins Insurance to show official bond instead of Continuation Certificate.

2017-014	<u>The Deputy Justice Court Clerk’s bond should be properly filed and recorded with Chancery Clerk’s Office</u>
Repeat Finding	No.
Criteria	<i>Section 25-1-19, Mississippi Code Annotated (1972)</i> states, “All the bonds shall be filed and recorded in the office of the clerk of the chancery court of the county.”
Condition	As a result of procedures performed, the Deputy Justice Court Clerk’s bonds were not properly filed and recorded with the Chancery Clerk’s office.
Cause	County employees did not follow Mississippi statute listed above.
Effect	Failure to comply with the state statute, by being correctly and sufficiently bonded, could result in the loss of public funds.
Recommendation	The bond should be properly recorded and filed with the Chancery Clerk’s office.

Official Response Now in Chancery's office. Deputy Justice Court Clerk's bond corrected by Collins Insurance. Collins Insurance had put under wrong bond and never sent bond to Chancery. Justice Court did their part and sent to Collins Insurance and Chancery to sign application.

Sheriff.

2017-015 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:

- The submission of a report of all expenses of the Sheriff's office incurred during the preceding month; and,
- 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 *Section 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 Response We will get with the County Administrator and try to figure out how we can better work this out.

2017-016 Internal controls over accounting and reconciling Inmate Commissary bank account should be strengthened.

Repeat Finding No.

Criteria Proper internal controls consist of timely bank reconciliations.

Condition Testwork revealed the Sheriff was not reconciling the Inmate Commissary account.

Cause County employees did not reconcile the Inmate Commissary account.

Effect Failure to accurately and timely reconcile the bank account could result in fraud and

misappropriation of public funds.

Recommendation The Sheriff should ensure the bank statement is properly reconciled on a monthly basis.

Official Response We did have the Cobia banking as our commissary and it was in the agreement that they would do the accounting. Since we have now changed over to tiger commissary it is being reconciled each month by them. Prior to then we had no knowledge that we were to be responsible for it.

Tax Collector/Assessor.

2017-017 Tax Collector/Assessor's and two (2) Deputy Tax Collectors' bond should be properly filed and recorded with Chancery Clerk's Office

Repeat Finding No.

Criteria *Section 25-1-19, Mississippi Code Annotated (1972)* states, "All the bonds shall be filed and recorded in the office of the clerk of the chancery court of the county."

Condition As a result of procedures performed, the Tax Collector/Assessor bond was not properly filed and recorded with the Chancery Clerk's office.

Cause County employees did not follow Mississippi statute listed above.

Effect Failure to comply with the state statute, by being correctly and sufficiently bonded, could result in the loss of public funds.

Recommendation The bonds should be properly recorded and filed with the Chancery's Office.

Official Response Understood.

2017-018 Tax Assessor/Collector did not file report of all expenditures of her 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:

- Submission of a report of all expenditures of the Tax Assessor/Collector's office incurred during the preceding month; and,
- 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/Collector did not comply with <i>Section 27-1-9(d), Mississippi Code Annotated (1972)</i> .
Effect	Failure to file a report of all expenditures of her office incurred during the preceding month with the Board of Supervisors for approval at its regular meeting is a violation of <i>Section 27-1-9(d)</i> .
Recommendation	The Tax Assessor/Collector should file a report of all expenditures of her office incurred during the preceding month with the Board of Supervisors for approval at its regular monthly meeting.
Official Response	Thanks for bringing to my attention. I did not see any of this information in previous files.

Inventory Control Clerk.

2017-019	<u>Inventory Control Clerk's bond should be properly filed and recorded with Chancery Clerk's Office</u>
Repeat Finding	No.
Criteria	<i>Section 25-1-19, Mississippi Code Annotated (1972)</i> states, "All the bonds shall be filed and recorded in the office of the clerk of the chancery court of the county."
Condition	As a result of procedures performed, the Fiscal Year 2017's Inventory Control Clerk's bond was not properly filed and recorded with the Chancery Clerk's office.
Cause	County employees did not follow Mississippi statute listed above.
Effect	Failure to comply with the state statute, by being correctly and sufficiently bonded, could result in the loss of public funds.
Recommendation	The bond should be properly recorded and filed.
Official Response	We provided a copy of the bond to the Auditor from the Agent but the Auditor said the bond wasn't filed in the Chancery office.

Auditor's Note: State law requires all bonds to be filed in the Chancery Clerk's office. The bond had to be requested from the Agent to be provided to auditor.

Road Manager.

2017-020	<u>Road Manager's bond should be properly filed and recorded with Chancery Clerk's Office.</u>
Repeat Finding	No.
Criteria	<i>Section 25-1-19, Mississippi Code Annotated (1972)</i> states, "All the bonds shall be filed and recorded in the office of the clerk of the chancery court of the county."

Condition	As a result of procedures performed, the Road Manager's bond was not properly filed and recorded with the Chancery Clerk's office.
Cause	County employees did not follow Mississippi statute listed above.
Effect	Failure to comply with the state statute, by being correctly and sufficiently bonded, could result in the loss of public funds.
Recommendation	The bond should be properly recorded and filed.
Official Response	I will make sure that it is properly filed in the future.

Sheriff, Tax Assessor/Collector, East Constable, and West Constable.

2017-021 Statement of Economic Interest not filed.

Repeat Finding No.

Criteria *Section 25-4-25, Mississippi Code Annotated (1972), 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..."*

Section 25-4-29, Mississippi Code Annotated (1972), 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 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 elected officials failed to file a Statement of Economic Interest by May 1, as required by state law, and such statement remained unfiled as of September 18, 2018.

Cause The elected officials 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 elected 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.

Official Response **Sheriff:** I will get one filled out.

Tax Assessor/Collector: Yes, I will file with the Ethics Commission.

East Constable: I have failed to complete the required ethics forms for the last 4 years. It totally slipped my mind and I will work to fix the problem.

West Constable: I was unaware of having to file an annual SEI with the Ethics Commission. Now that I have properly been informed I will take the appropriate steps to correct this mistake by filing prior years SEI's and getting in good standings with the Auditor's office and the Ethics office.

Payroll Clerk.

2017-022	<u>The required PERS Form 4B not filed with Mississippi Employees Retirement System.</u>
Repeat Finding	No.
Criteria	<i>Section 25-11-127, Mississippi Code Annotated (1972)</i> provides that as a PERS retiree, a PERS Form 4B "Certification/Acknowledgment of Reemployment of Retiree" must be filed within five (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 (5) 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	During testwork performed, we noted that two (2) reemployed PERS retirees, did not have a Form 4B filed with PERS.
Cause	County did not comply with <i>Section 25-11-127, Mississippi Code Annotated (1972)</i> .
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	I will comply.

Receiving Clerks.

2017-023	<u>Insurance Policy for assistant receiving clerks should have been have a surety bond not a "Government Crime Policy".</u>
Repeat Finding	No.
Criteria	<i>Section 31-7-124, Mississippi Code Annotated (1972)</i> states, "All assistant purchasing, receiving, and inventory control clerks shall be bonded in a penalty not less than Fifty Thousand Dollars."

Condition	As a result of procedures performed, it was determined that the assistant receiving clerks were listed on an "Government Crime Policy" which doesn't have the total coverage as a surety bond, as a surety bond covers performance of duties as well as theft.
Cause	County employees did not follow Mississippi statute listed above.
Effect	Failure to comply with the state statute, by being correctly and sufficiently bonded, could result in the loss of public funds.
Recommendation	The Board of Supervisors should cancel the "Government Crime Policy" and purchase a new surety bond for all assistant purchasing, receiving, and inventory clerks, as required by state statute.
Official Response	Talking with County Admin.

Union 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