

# CALHOUN COUNTY MISSISSIPPI

## COMPLIANCE REPORT

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Special Reports

For the year ended *September 30, 2018*

**SHAD WHITE**

**State Auditor**

**Stephanie C. Palmertree, CPA, CGMA**

Director, *Financial and Compliance Audit Division*

**Derrick Garner, CPA, CFE**

Director, *Compliance Audit Division*



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CALHOUN COUNTY

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CALHOUN COUNTY

SPECIAL REPORTS



**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR**

**Shad White  
AUDITOR**

July 29, 2020

**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  
Calhoun County, Mississippi

We have examined Calhoun 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, 2018. The Board of Supervisors of Calhoun 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 Calhoun County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

**Board of Supervisors.**

**Finding 1:** Public Officials Should Ensure Compliance with State Law over Purchase Schedules.

**Applicable State Law:** *Section 31-7-13(d)(i), Mississippi Code Annotated (1972)*, states, "Purchases may be made from the lowest and best bidder...If any governing authority accepts a bid other than the lowest bid actually submitted, it shall place on its minutes detailed calculations and narrative summary showing that the accepted bid was determined to be the

lowest and best bid, including the dollar amount of the accepted bid and the dollar amount of the lowest bid...”

*Section 31-7-13(k), Mississippi Code Annotated (1972)*, states, “If the governing authority, or the governing authority acting through its designee, shall determine that an emergency exists in regard to the purchase of any commodities or repair contracts, so that the delay incident to giving opportunity for competitive bidding would be detrimental to the interest of the governing authority, then the provisions herein for competitive bidding shall not apply and any officer or agent of such governing authority having general or special authority therefor in making such purchase or repair shall approve the bill presented therefor, and he shall certify in writing thereon from whom such purchase was made, or with whom such a repair contract was made. At the board meeting next following the emergency purchase or repair contract, documentation of the purchase or repair contract, including a description of the commodity purchased, the price thereof and the nature of the emergency shall be presented to the board and shall be placed on the minutes of the board of such governing authority.

*Section 31-7-13(m)(viii), Mississippi Code Annotated (1972)*, states, “Noncompetitive items available from one (1) source only. In connection with the purchase of noncompetitive items only available from one (1) source, a certification of the conditions and circumstances requiring the purchase shall be filed... by the governing authority with the board of the governing authority. Upon receipt of that certification the ... board of the governing authority, as the case may be, may, in writing, authorize the purchase, which authority shall be noted on the minutes of the body at the next regular meeting thereafter...”

**Finding Detail:** As a result of procedures performed, we noted that none of the items listed on the Purchase Clerk Schedules were spread upon the official board minutes.

Failure to spread upon the official board minutes the purchases not made from the lowest bidder, emergency purchases, or purchases made noncompetitively from a sole source is a violation of the statutes listed above.

**Recommendation:** The Board of Supervisors should ensure that purchases not made from the lowest bidder, emergency purchases, or purchases made noncompetitively from a sole source are properly spread upon the official board minutes.

**Official Response:** The Board of Supervisors plans to implement the changes stated above.

**Repeat Finding:** No.

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**Finding 2:** Public Officials Should Ensure Compliance with State Law over the Bidding Requirements.

**Applicable State Law:** *Section 31-7-13(b), Mississippi Code Annotated (1972)* states, “Purchases which involve an expenditure of more than Five Thousand Dollars (\$5,000.00) but not more than Fifty Thousand Dollars (\$50,000.00), 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.”

**Finding Detail:** As a result of procedures performed, we noted the following purchases were made without receiving two (2) or more competitive bids:

- A purchase from KG Maintenance for labor on the park facilities for \$6,804; and
- A purchase from Railroad Yard for a tank car culvert for \$13,685.

Failure to obtain two (2) or more competitive quotes could result in the loss of public funds.

**Recommendation:** We recommend the Board of Supervisor ensure the Purchase Clerk obtain two (2) or more competitive quotes for purchases greater than \$5,000 but not greater than \$50,000.

**Official Response:** I will make a note of this error and correct it in the future.

**Repeat Finding:** No.

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The accompanying schedules of (1) Purchases Not Made 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)*.

Calhoun 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 Calhoun 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,

Handwritten signature of Stephanie C. Palmertree in blue ink.

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

<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>
4/6/2018	Equipment Rental	\$ 100/hr	Jackie Earnest	\$ 72.50/hr	One was available the day I needed him and also his equipment was better horsepower, which was needed for the job. We always accept several bids on equipment due to the fact that all 5 districts have uses for this equipment and sometimes at the same time.
5/21/2018	Equipment Rental	100/hr	Jackie Earnest	72.50/hr	This job was larger and we needed large machinery and bigger horsepower.
11/29/2017	Equipment Rental	100/hr	Jackie Earnest	72.50/hr	Best bid because of size of equipment and size of job
3/7/2018	Equipment Rental	100/hr	Jackie Earnest	72.50/hr	Needed the more powerful equipment. The usage hours were less due to that fact.
11/21/2017	Road Rock	9.25/Ton	North Mississippi Gravel	8.00/Yd	One gravel pit had to close down operation because of shortage. The other pit (MS Gravel) had rock with bad quality and more clay on it and was not good for roads because it fell apart to easily.



CALHOUN COUNTY  
 Schedule of Emergency Purchases  
 For the Year Ended September 30, 2018

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
6/28/2018	Equipment Rental	\$ 880.00	Britt Bailey Construction	Term bidders were not available or already working on other job sites. Called Technical Assistance and spoke to auditor and he said if I got 2 quotes and went with the lowest, it would be ok. Flood/bridge closure problems.

CALHOUN COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively from a Sole Source  
For the Year Ended September 30, 2018

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
3/29/2018	Tank Car	\$	13,685	The Railroad Yard
12/5/2017	Engine Repairs		5,511	TAG Truck Center



**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  
Calhoun 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 2018 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.**

**Finding 1:** Public Officials Should Ensure Compliance with State Law over Travel Cards.

**Applicable State Law:** *Section 25-3-41, Mississippi Code Annotated (1972)*, states, "When any officer or employee of the State of Mississippi, or any department, agency or institution thereof, after first being duly authorized, is required to travel in the performance of his official duties, the officer or employee shall receive as expenses for each mile actually and necessarily traveled, when the travel is done by a privately owned automobile or other privately owned motor vehicle, the mileage reimbursement rate allowable to federal employees for the use of a privately owned vehicle while on official travel."

**Finding Detail:** As a result of procedures performed, the following exceptions were noted:

- According to the minutes, the Sheriff's office has been using credit cards for travel, but the Board of Supervisors has not authorized them; and
- Three (3) instances where credit cards were used for official or employee travel but not authorized by the Board of Supervisors.

Failure to authorize departments to use credit cards and have travel authorized could result in fraud or misappropriation of public funds.

**Recommendation:** We recommend the Board of Supervisors ensure the authorization of credit cards for use by the Sheriff's office and authorize all travel expenses.

**Official Response:** The Board of Supervisors will spread upon the minutes the Sheriff's office use of credit cards, and will authorize the use of credit card travel expenses.

**Repeat Finding:** No.

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**Board of Supervisors, Tax Assessor/Collector, Justice Court Judge-Post 1, Receiving Clerk, Constable-Post 1.**

**Finding 2:** Public Officials Should Ensure Compliance with State Law over Surety Bonds.

**Applicable State Law:** *Section 25-1-15, Mississippi Code Annotated (1972)*, requires 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.

**Finding Detail:** As a result of procedures performed, we noted the following exceptions with the County's surety bonds:

- One (1) Board Member had a continuation certificate;
- The Receiving Clerk and two (2) Assistant Receiving Clerks had one-year bonds instead of four-year bonds as statutorily required;
- Three (3) Assistant Receiving Clerks did not have the correct title on their bonds;
- One (1) Assistant Receiving Clerk had a continuation certificate
- The Constable - Post 1 had a continuation certificate;
- One (1) Deputy Tax Assessor/Collector did not have the correct title on their bond; and
- The Justice Court Judge-Post 1 did not have a bond on file at the Chancery Clerk's office.

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.

Failure to have a bond in place for a specific term or office could limit the amount available for recovery if a loss occurred over multiple terms.

**Recommendation:** We recommend the Public Officials ensure that the Officials are bonded as required by *Section 25-1-15*.

**Official Responses:**

**Board of Supervisors:** Changes will be implemented, as stated.

**Tax Assessor/Collector:** Clerk is only Deputy Tax Assessor, not a collector. Will be corrected on the new bond.

**Receiving Clerk:** The Continuation Bonds will be changed in the new term. Bonds will be changed from 1-year to 4-year bond. I plan to change titles.

**Constable - Post 1:** Have contacted the bonding company to make changes per auditor. The insurance agent will make changes and send certificates to Chancery Clerk and to Auditor.

**Justice Court Judge – Post 1:** My bond problem is in the process of being fixed. I have signed the papers to get a bond to finish this term and to get a 4-year bond starting in my new term of office.

**Repeat Finding:** No.

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**Board of Supervisors, Justice Court Judge Post 1, Justice Court Judge Post 2.**

**Finding 3:** Public Officials Should Ensure Compliance with State Law over Statement of Economic Interest.

**Applicable State Law:** *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...”

**Finding Detail:** The elected officials listed below failed to file a Statement of Economic Interest by May 1, as required by state law, and such statement remained unfiled as of June 3, 2019:

- District 3 Supervisor;
- Justice Court Judge, Post 1; and
- Justice Court Judge, Post 2.

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:** We recommend the Public Officials 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 Responses:**

**Supervisor District 3:** I forgot.

**Justice Court Judge Post 1:** I will go online and correct this problem with my ethics reports.

**Justice Court Judge Post 2:** Will file this report within the next few days, this week.

**Repeat Finding:** No.

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**Chancery Clerk.**

**Finding 4:** Public Officials Should Ensure Compliance with State Law over the Annual Financial Report.

**Applicable State Law:** *Section 9-1-43(4), Mississippi Code Annotated (1972)*, states, “...The following monies paid to the chancery clerk shall be subject to the salary limitation prescribed under subsection (1): (a) all fees required by law to be collected for the filing, recording or abstracting of any bill, petition, pleading or decree in any civil case in chancery; (b) all fees collected for land recordings, charters, notary bonds, certification of decrees and copies of any documents; (c)

all land redemption and mineral documentary stamp commissions; and (d) any other monies or commissions from private or governmental sources for statutory functions which are not to be held by the court in a trust capacity. Such fees as shall exceed the salary limitations shall be maintained in a bank account in the county depository and accounted for separately from those monies paid into the chancery court clerk clearing account.”

*Section 9-1-45(1), Mississippi Code Annotated (1972)*, states, “Each chancery and circuit clerk shall file, not later than April 15 of each year, with the State Auditor of Public Accounts a true and accurate annual report on a form to be designed and supplied to each clerk by the State Auditor of Public Accounts immediately after January 1 of each year. The form shall include the following information: (a) revenues subject to the salary cap, including fees; (b) revenues not subject to the salary cap; and (c) expenses of office, including any salary paid to a clerk’s spouse or children. Each chancery and circuit clerk shall provide any additional information requested by the Public Employees’ Retirement System for the purpose of retirement calculations.”

**Finding Detail:** As a result of procedures performed, we noted that the Chancery Clerk’s expenses on the Annual Financial Report were overstated by \$1,200. This amount of wages was included in the “Expense” and the “Expenses For Revenue Not Subject to the Salary Limitation” sections on the Annual Financial Report. The PERS Contribution amount of \$189 and the Social Security/Medicare Contributions amount of \$92, associated with the \$1,200 of wage expense mentioned previously, were claimed in the “Expense” section on the Annual Financial Report instead of the “Expenses For Revenue Not Subject to the Salary Limitation” section.

Failure to prepare the Annual Financial Report correctly may result in the improper calculation of salary limitations, and ultimately retirement contributions for the Chancery Clerk, as well as the amount due to the County.

**Recommendation:** We recommend the Chancery Clerk ensure to prepare the Annual Financial Report accurately and submit an amended report to the Office of the State Auditor and PERS.

**Official Response:** The Chancery Clerk will take action to correct the finding.

**Repeat Finding:** No.

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**Finding 5:** Public Officials Should Ensure Compliance with State Law over Credit Cards.

**Applicable State Law:** *Section 19-3-68, Mississippi Code Annotated (1972)*, states, “The chancery clerk or county purchase clerk shall maintain complete records of all credit card numbers and all receipts and other documents relating to the use of such credit cards. The supervisors and county employees shall furnish receipts for the use of such credit cards each month to the chancery clerk or purchase clerk who shall submit a written report monthly to the board of supervisors. The report shall include an itemized list of all expenditures and use of the credit cards for the month, and such expenditures may be allowed for payment by the county in the same manner as other items on the claims docket. The issuance of a credit card to a supervisor or county employee under the provisions of this section does not authorize the supervisor or county employee to use the credit card to make any expenditure that is not otherwise authorized by law. Any supervisor or county employee who uses the credit card to make an expenditure that is not approved for payment by the board shall be personally liable for the expenditure and shall reimburse the county.”

**Finding Detail:** As a result of procedures performed, the following exceptions were noted:

- The Chancery Clerk did not complete and present monthly itemized credit card expenditure reports to the Board of Supervisors;
- Two (2) original receipts were not attached to the credit card statements; and
- Three (3) instances where credit cards were used for travel not authorized by the Board of Supervisors.

Failure to submit a monthly itemized report, original receipts, and have travel authorized by the Board could result in fraud or misappropriation of public funds.

**Recommendation:** We recommend the Chancery Clerk submit a written itemized report to the Board of Supervisors monthly, ensure travel is authorized, and attach all original receipts to each statement.

**Official Response:** I will implement changes to correct the findings stated above.

**Repeat Finding:** No.

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**Finding 6:** Public Officials Should Ensure Compliance with State Law over Bank Deposits.

**Applicable State Law:** *Section 25-1-72, Mississippi Code Annotated (1972)*, states, “All county officers who receive funds payable into the county treasury shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter.”

**Finding Detail:** As noted during procedures performed, twenty (20) out of the twenty-seven (27) receipts tested were deposited between two (2) and twenty (20) days after the money was received.

Failure to make timely bank deposits could result in the loss or misappropriation of public funds.

**Recommendation:** We recommend the Chancery Clerk implement internal controls to ensure that bank deposits are made on a timely basis.

**Official’s Response:** I agree with the auditor’s finding. Despite the many duties of the Chancery Clerk, I will make every effort to make timely deposits.

**Repeat Finding:** No.

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**Finding 7:** Public Officials Should Ensure Compliance with State Law over Public Depositors Annual Report.

**Applicable State Law:** *Section 27-105-5(6)(b), Mississippi Code Annotated (1972)*, states, “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.”

**Finding Detail:** As a result of procedures performed, we noted that the Public Depositors Annual Report filed with the State Treasurer did not list one (1) of the banks that hold county funds.

Without notifying the State Treasurer of its official name, address, federal tax identification number, and the balance in these accounts, as of its fiscal year-end, increases a risk that the county’s total deposits may not be adequately collateralized and not complying with *Section 27-105-5(6)(b)*.

**Recommendation:** We recommend the Chancery Clerk ensure the correct account information is filed with the State Treasurer’s office within thirty (30) days following its fiscal year-end.

**Official Response:** I will ensure that the Public Depositors Annual Report is completed before filing.

**Repeat Finding:** No.

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**Finding 8:** Public Officials Should Ensure Compliance with State Law over County Funds.

**Applicable State Law:** *Section 27-105-371, Mississippi Code Annotated (1972)*, states, “All county officials who receive funds under the authority of their office shall deposit such funds into a county depository.”

**Finding Detail:** As a result of procedures performed, we noted that the Calhoun County Chancery Clerk’s petty cash funds are held at a bank other than the board approved depository.

Holding bank accounts at a financial institution not selected as a county depository may result in the loss of public funds.

**Recommendation:** We recommend the Chancery Clerk change financial institutions as selected by the Board of Supervisors or request that the bank they are using also be added as a county depository during the next selection of County Depositories.

**Official Response:** I concur with the finding. The Chancery Clerk Petty Cash account is not deposited in the selected county depository. I will take action to correct the finding issued.

**Repeat Finding:** No.

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### **Circuit Clerk.**

**Finding 9:** Public Officials Should Ensure Compliance with State Law over Bank Deposits.

**Applicable State Law:** *Section 25-1-72, Mississippi Code Annotated (1972)*, states, “All county officers who receive funds payable into the county treasury shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter.”

**Finding Detail:** As a result of procedures performed, we noted four (4) instances where receipts were not deposited timely. All four (4) receipts were deposited two (2) business days late.

Failure to make daily deposits could result in loss or misappropriation, fraud, and abuse of public funds.

**Recommendation:** We recommend the Circuit Clerk ensure the deposit the day collected or the next business day.

**Official Response:** I will comply with the statute.

**Repeat Finding:** No.

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### **Sheriff.**

**Finding 10:** Public Officials Should Ensure Compliance with State Law over Meals Logs Being Presented to the Board of Supervisors.

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

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



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

**Recommendation:** We recommend the Sheriff implement procedures to ensure the meal log is maintained and filed monthly with the Board of Supervisors, and an affidavit to the correctness thereof before meal expenses are approved through the claims docket.

**Official Response:** Meal logs with the required information will be provided to the Board along with an affidavit with the wording provided to the Sheriff by state auditor personnel and will be signed by the Sheriff.

**Repeat Finding:** No.

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### **Tax Assessor/Collector.**

**Finding 11:** Public Officials Should Strengthen Internal Controls over Accountability of Assets.

**Internal Control Deficiency:** Management is responsible for establishing a proper internal control system to ensure strong financial accountability for the safeguarding of assets and revenue.

**Finding Detail:** As a result of the procedures performed, we noted the following exceptions:

- The Tax Assessor-Collector had insufficient segregation of duties.
  - The bookkeeper posts all transactions, daily collections and settlements to the manual cash journal;
  - The bookkeeper prepares the monthly settlements and posts them to the cash journal. The Tax Assessor-Collector usually signs the checks for settlements, but the bookkeeper is also an authorized signor on the bank account; and
  - Daily collections are given to the bookkeeper at 5 pm each day, and the money is locked in a heavy-duty file cabinet until the deposit is made the following day.
- The Tax Assessor-Collector had insufficient cash on hand for settlements. A cash count was performed on June 18, 2019, and revealed that if all settlement checks were written as due on said date, there was not enough cash on hand to cover the settlements. Additionally, during our testing of internal controls of the Tax Assessor-Collector's office, we noted that there was a continued cash shortage in the amount of \$16,293.18. A deficit was identified in a prior year's audit (2013) of \$22,130. A payment of \$5,800 was made to reduce the shortage in the 2018 fiscal year audited. There was no determination made as to what created the deficit. However, the Tax Assessor-Collector is liable for the amount of the shortage.

This weakness is due to the lack of segregation of duties and inadequate controls surrounding the depositing of revenues collected, and restitution of the cash shortage identified in the fiscal year 2013 has not been made.

Lack of segregation of duties and inadequate controls surrounding the deposit of revenue collections could result in misappropriation of assets and improper revenue recognition.

**Recommendation:** We recommend the Tax Assessor-Collector strengthen controls to ensure that there is adequate segregation of duties in the recording and settlement functions, as well as implement a system to safeguard cash collections adequately. All future revenue collected within the Tax Assessor-Collector's office should be appropriately receipted and deposited. The Tax Assessor-Collector should pay the amount of the shortage noted in the cash journal as of September 30, 2018.

**Official Response:** Efforts will be made to correct these deficiencies, as noted.

**Repeat Finding:** Yes, 2016-002, 2015-02, 2014-002, 2013-006.

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**Payroll Clerk.**

**Finding 12:** Public Officials Should Ensure Compliance with State Law over Public Employees' Retirement System of Mississippi Requirement Form 4B.

**Applicable State Law:** *Section 25-11-127, Mississippi Code Annotated (1972)*, states, "Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment."

*PERS Regulation Chapter 34, Section 105, Notification Requirement and Failure to Comply with Regulation*, states, "To lawfully employ a PERS service retiree under Section 103, the employer must notify PERS in writing of the terms of the eligible employment within five days from the date of employment and also from the date of termination on a form prescribed by the Board. Failure by the employer to timely notify PERS may result in the assessment of a \$300 penalty per occurrence payable by the employer.

A service retiree reemployed under Section 103 shall make one election per fiscal year to either (i) limit the number of days/hours worked for all covered employers to that allowed under Section 103.1.a. or (ii) limit the amount of compensation that will be earned from all covered employers as provided under Section 103.1.b. of this regulation.

A retiree who continues in or is elected to covered municipal or county office (and who is not also reemployed in a non-elective position) shall make one election per fiscal year to either (i) waive his or her salary and continue to receive a retirement allowance under Section 103.2.a. or (ii) elect to receive an amount not to exceed 25 percent of the retiree's average compensation in Section 103.2.b. Note that such elected official does not have the option of limiting the number of days or hours worked."

**Finding Detail:** As a result of procedures performed, we noted two (2) of the three (3) reemployed PERS retirees did not have a Form 4B filed with PERS.

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

**Recommendation:** We recommend the Payroll Clerk implement procedures to ensure retirees file PERS Form 4Bs each fiscal year of reemployment.

**Official Response:** I will comply.

**Repeat Finding:** No.

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Calhoun County 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 County 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