

CHICKASAW COUNTY MISSISSIPPI

COMPLIANCE REPORT

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

Director, *Compliance Audit Division*



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

CHICKASAW COUNTY

TABLE OF CONTENTS

SPECIAL REPORTS.....	4
Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required by <i>Section 31-7-115, Mississippi Code Annotated (1972)</i>).....	5
Limited Internal Control and Compliance Review Management Report	12

CHICKASAW COUNTY

SPECIAL REPORTS



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

**Shad White
AUDITOR**

November 20, 2019

**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
Chickasaw County, Mississippi

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

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

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

Purchase Clerk.

Finding 1: The Purchase Clerk Should Ensure Compliance with State Law over Purchasing Procedures.

Applicable State Law: *Section 31-7-103, Mississippi Code Annotated (1972)*, states, "The Purchase Clerk shall be responsible as hereinafter provided for the purchase and acquisition of all equipment, heavy 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*, and the Purchase Clerk shall be responsible for the maintenance of such system.”

Section 31-7-113, Mississippi Code Annotated (1972), states, “The State Department of Audit shall design and prescribe the form of the inventory to be made, the form of the purchase order, the form of the receiving report; prescribe system of filling and prescribe the system of records necessary for the maintenance of a central purchasing system.”

Finding Detail: As a result of procedures performed, we noted four (4) instances where the quotes received were dated prior to the date on the purchase requisition submitted. Also, it could not be determined if the quotes were obtained by the Purchase Clerk.

Failure to implement and maintain a purchasing system can lead to the misappropriation of public funds.

Recommendation: We recommend that the Purchase Clerk ensure all purchasing documents are completed; bids are signed and received before requisition date; purchase requisitions are signed by authorized persons in the requesting department; and that the person who signed the purchase requisition is different from person who received the item.

Official Response: I will make sure that I have the quotes, requisitions, and purchase orders done correctly.

Repeat Finding: No.

Finding 2. The Purchase Clerk Should Ensure Compliance with State Law over Purchases over \$5,000 but not over \$50,000.

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) but not more than Fifty Thousand Dollars (\$50,000), exclusive of freight and shipping charges, may be made from the lowest and best bidder without publishing or posting advertisement for bids, provided at least two (2) competitive written bids have been obtained.”

Finding Detail: As results of procedures performed, the following exceptions were noted:

- Two (2) trucks, costing \$24,976 each, were purchased from Griffin Motor Company. The claims contained two (2) quotes, one (1) from Griffin Motor Company and one (1) from Allen Samuels; however, both of the quotes were submitted by Griffin Motor Company. We determined both quotes were electronically delivered from Griffin Motor Company.
- No quotes were obtained for a purchase of soil cement from Lafarge Holcim in the amount of \$13,972.

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

Recommendation: We recommend that the Purchase Clerk ensure that two (2) or more competitive quotes for purchases over \$5,000 but not over \$50,000 are obtained prior to purchase.

Official Response: I will get two quotes in the future.

Repeat Finding: No.

Finding 3: The Purchase Clerk Should Ensure Compliance with State Law over Accepting Purchases as an "Other Than Lowest Bidder".

Applicable State Law: *Section 31-7-13(d)(i), Mississippi Code Annotated (1972)*, states, "Purchases may be made from the lowest and best bidder. In determining the lowest and best bid, freight and shipping charges shall be included. Life-cycle costing, total cost bids, warranties, guaranteed buy-back provisions and other relevant provisions may be included in the best bid calculation. All best bid procedures for state agencies must be in compliance with regulations established by the Department of Finance and Administration. 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. No agency or governing authority shall accept a bid based on items not included in the specifications."

Section 31-7-115, Mississippi Code Annotated (1972), states, "The audit report shall include a schedule of purchases not made from the lowest bidder under the authority of Section 31-7-13(d), with the reasons given therefor. 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)*."

Finding Detail: As a result of procedures performed, it was noted that a purchase not made from the lowest bidder was not documented on the Board of Supervisors' minutes or documented on the purchase schedules completed by the Purchase Clerk. Per inquiry of the Purchase Clerk, the County accepted one of the higher bids because the lowest vendor did not offer one of the herbicides, but rather an equivalent to the herbicide that the awarding bid offered. After further review of the Board's minutes, the Board authorized the Purchase Clerk to obtain bids for three (3) herbicides needed; however, all three (3) of the herbicides documented in the minutes were quoted from the lowest bidder. The Purchase Clerk failed to present this purchase to the Board as a purchase "not made from the lowest bidder". This purchase was also omitted from the Purchase Schedules that were completed by the Purchase Clerk.

Failure to maintain accurate purchasing records could result in violation of state purchasing statutes and/or the misappropriation of public funds.

Recommendation: The Purchase Clerk should ensure all items, meeting the applicable state laws.

Official Response: I will make sure that I will have quotes presented correctly.

Repeat Finding: No.

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)*.

Chickasaw 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 Chickasaw 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" being more prominent than the last name "Palmertree".

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

CHICKASAW COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2018

<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>
12/19/2017	CRS-2	\$1.8134 per gallon	Ergon Asphalt & Emulsions, Inc.	\$1.44 per gallon	Blacklidge charges a \$1,000 restocking fee that Ergon does not.
9/4/2018	Metal Culvert	14578	Railroad Yard Inc.	5,331	Railroad Yard Inc.'s quote included delivery and the quote from Schill Steel Services did not. Per the Clerk, it would have cost the County \$8,500 to have the culvert delivered to the County, which brings the total of the lowest bid to \$13,831

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

Schedule 2

Our tests did not identify any emergency purchases.

CHICKASAW COUNTY

Schedule 3

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

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



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

**Shad White
AUDITOR**

November 20, 2019

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Chickasaw 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: The Board of Supervisors Should Ensure Compliance with State Law over Travel.

Applicable State Law: *Section 19-3-67(1), Mississippi Code Annotated (1972)*, states, "When any member of any board of supervisors shall be required to travel outside of his county but within the State of Mississippi in the performance of his official duties, such member shall receive as expenses of such travel the same mileage and actual and necessary expenses for food, lodging and travel by public carrier or private motor vehicles as is allowed state officers and employees pursuant to the provisions of *Section 25-3-41, Mississippi Code of 1972*. Provided, however, mileage shall not be authorized when such travel is done by a motor vehicle owned by the county."

Section 19-3-67(4), Mississippi Code Annotated (1972), states, "Itemized expense accounts shall be submitted by the member on forms prescribed by the Auditor of Public Accounts for reimbursement of expenses for state officers and employees in such numbers as the County may require. No expenses authorized in this section shall be reimbursed unless the expenses have been authorized or approved by a vote of a majority of the members of the Board duly made and spread upon the minutes of such Board."

Section 19-3-67(5), Mississippi Code Annotated (1972), states, "Expenses authorized in this section shall be published by the Board of Supervisors in a newspaper of general circulation published in the County; and, if no such newspaper is published in the County, then in a newspaper published elsewhere in the state which has a general circulation in such County. The publication shall be a detailed accounting of the expenses authorized to each member of the Board. The cost of publishing such expense accounts shall be paid by the County pursuant to the provisions of Section 19-3-35."

Finding Detail: As a result of procedures performed, it was noted that the supervisors, whose claims were reviewed, did not include the actual costs of the meals purchased on the travel vouchers that were submitted. Failure to follow the guidelines as stated above could result in the loss or misappropriation of public funds, as well as, results in the Board of Supervisors not being in compliance.

Recommendation: We recommend in the future that the Board of Supervisors follow the guidelines for travel as required by *Section 19-3-67*.

Official Response: Actual travel receipts will be documented.

Repeat Finding: No.

Finding 2: The Board of Supervisors Should Ensure Compliance with State Law over Sheriff's Salary.

Applicable State Law: *Section 25-3-25(10), Mississippi Code Annotated (1972), states, "The board of supervisors of any county, in its discretion, may pay an annual supplement to the county in an amount not to exceed Ten Thousand Dollars (\$10,000). The annual of the supplement shall be spread on the minutes of the board."*

Finding Detail: As a result of procedures performed, auditors noted the Board failed to spread upon the minutes the Sheriff's additional \$10,000 annual supplement. Failure to properly document the Sheriff's additional supplement pay results in the County not being in compliance with state statutes.

Recommendation: We recommend that the Board of Supervisors spread upon the minutes the Sheriff's additional supplement pay.

Official Response: The annual supplement will be spread on the minutes.

Repeat Finding: No.

Finding 3: The Board of Supervisors Should Ensure Compliance with State Law over Road Manager's Duties and Responsibilities in the Personnel Policy.

Applicable State Law: *Section 65-17-1(2), Mississippi Code Annotated (1972), states, "The County Road Manager, under the policies determined by the Board of Supervisors and subject to the Board's general supervision and control, shall administer the county road department, superintend the working, construction*

and maintaining of the public roads and the building of bridges in such county, and carry out the general policies of the Board in conformity with the estimates of expenditures fixed in the annual budget as finally adopted by the Board or as thereafter revised by appropriate action of the Board. All requisitions for the purchase and repair of all equipment, heavy equipment, machinery, supplies, commodities, materials and services for the county road department shall be prepared by the County Road Manager and submitted to the county department of purchasing for processing in accordance with the central purchasing system.”

Finding Detail: As a result of procedures performed, it was noted that the Board failed to properly document the duties of the Road Manager within the written personnel policies and procedures manual. Failure to properly document the Road Manager’s duties within the written personnel policy, results in the County not being in compliance with state statutes.

Recommendation: We recommend that the Board of Supervisors amend their written personnel policy to include the duties of the Road Manager as required by *Section 65-17-1*.

Official Response: The duties and responsibilities of the Road Manager will be spread on the minutes.

Repeat Finding: No.

Finding 4: The Board of Supervisors Should Ensure Compliance with State Law over Buying Evidence Funds.

Applicable State Law: *Section 99-27-37, Mississippi Code Annotated (1972)*, states, “The Board of Supervisors...are hereby authorized and empowered to appropriate from time to time; sums of money not exceeding one-third (1/3) of the fines which have been collected by them respectively from the unlawful sale or possession of intoxicating liquors and/or narcotics and/or illegal drugs, for the purpose of defraying expenses incurred by law enforcement agencies in the procuring of evidence of violations of statutes or ordinances, as the case may be, against the unlawful sale or keeping of intoxicating liquors and/or narcotics and/or other illegal drugs.”

Finding Detail: As a result of procedures performed, it was determined that the County appropriated \$922 more than the statutorily limit of one-third (1/3) of the fines collected for the sale or possession of intoxicating liquors and/or narcotics and/or illegal drugs, collected by the Justice Court Clerk, to the Sheriff’s office for the purpose of buying evidence or information from confidential informants. Failure to appropriate only the allowed amount could result in the misappropriation of county funds.

Recommendation: We recommend that the County should appropriate only one-third (1/3) of fines collected to the Sheriff’s Office for use of procuring evidence or information.

Official Response: We will monitor collected fines and insure no more than one-third (1/3) is used.

Repeat Finding: No.

Board of Supervisors, Circuit Clerk, County Administrator, 1st District Justice Court Judge, 1st District Justice Court Clerk, 2nd District Justice Court Clerk, Purchase Clerk, Receiving Clerk, Road Manager, Tax Assessor/Collector, and Sheriff.

Finding 5: Public Officials Should Ensure Compliance with State Law over Surety Bonds.

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

by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.”

Section 45-5-9, Mississippi Code Annotated (1972), states, “The Sheriff of each county...is hereby authorized and empowered to appoint as many extra Deputy Sheriffs ... as he deems necessary for the purposes herein. ... Each such Deputy shall give bond, with sufficient surety, to be payable, recommended and approved as provided by law, in a penalty not less than Fifty Thousand Dollars (\$50,000). The premiums for such bonds shall be paid from any available county funds or any available municipal funds, as the case may be.”

Finding Detail: As a result of procedures performed, it was noted that the following officials had Continuation Certificates:

- Three (3) Supervisors;
- The Circuit Clerk;
- Three (3) Deputy Circuit Clerks;
- The former and the current 1st District Justice Court Clerks;
- The 2nd District Justice Court Clerk;
- The 1st District Justice Court Judge;
- The Purchase Clerk;
- One (1) of the two (2) Assistant Purchase Clerks;
- The former Receiving Clerk;
- Four (4) Assistant Receiving Clerks;
- The Road Manager;
- The Tax Assessor/Collector;
- Six (6) out of the eight (8) Deputy Tax Assessors/Collectors; and
- Four (4) Deputy Sheriffs.

It was also noted that the following officials’ surety bonds did not have definite four-year period:

- One (1) Supervisor;
- Two (2) Deputy Circuit Clerks;
- The County Administrator;
- Both the former and current 1st District Justice Court Clerk;
- The Deputy Circuit Court Clerk;
- The 2nd District Deputy Justice Court Clerk;
- Both of the Assistant Purchase Clerks;
- The former and current Receiving Clerks;
- Five (5) Assistant Receiving Clerks, one (1) of which had an indefinite period;
- The Road Manager;
- Four (4) Deputy Tax Assessor/Collectors; and
- Thirteen (13) Deputy Sheriffs, three (3) of which had indefinite periods.

Finally, it was noted that that one (1) Deputy Sheriff did not have a bond on file for the entire 2018 Fiscal Year and one (1) Deputy Sheriff did not have a bond on file for part of the 2018 Fiscal Year.

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: We recommend that the Public Officials should ensure that they secure a new bond every four (4) years concurrent with the normal election cycle of the Governor and that the bonds secured list a term of office covered.

Official Responses:

Board of Supervisors: Bonds will be established on a four-year period.

Circuit Clerk: I contacted Tabb Insurance on April 4, 2019 to let them know that the Circuit Clerk's and the Deputies' bonds could not be continuation certificates, and that the Deputies' bonds should have been for a definite four-year period. The insurance agent said that she will get with the County Administrator on all the County bonds that were written as continuation certificates, and that they will all be re-written.

County Administrator: I will ensure my bond is established and maintained for a four-year period.

1st District Justice Court Judge: I will ensure my bond is established and maintained for a four-year period.

1st District Justice Court Clerk: I am in the process of making contact with the insurance company about making our bonds four-year bonds.

2nd District Justice Court Clerk: I will check with the Chancery Clerk about my bond.

Purchase Clerk: I will comply with bonds. I will get a definite four-year bond.

Receiving Clerk: I will contact the bonding companies and make arrangements for the corrections to be in compliance.

Road Manager: I will ensure my bond is established and maintained for four-year period and not a continuation certificate.

Tax Assessor/Collector: I will comply to the requirement in *Section 25-1-15(2)* and obtain four-year bonds.

Sheriff: I will contact the bonding companies and make arrangements for the corrections;

Repeat Finding: No.

Chancery Clerk.

Finding 6: The Chancery Clerk Should Ensure Compliance with State Law over Claiming Expenses on the Annual Financial Report.

Applicable State Law: *Section 9-1-43(1), Mississippi Code Annotated (1972)*, states, "After making deductions for employer contributions paid by the chancery or circuit clerk to the Public Employees' Retirement System, employee salaries and related salary expenses, and expenses allowed as deductions by Schedule C of the Internal Revenue Code, no office of the chancery clerk of any county in the state shall receive fees as compensation in excess of Ninety Thousand Dollars (\$90,000)."

Finding Detail: Based on procedures performed, payment to the Chancery Clerk in the amount of \$158 for mileage was deemed unallowable. Failure to ensure expenses are allowable could result in improper use of funds.

Recommendation: We recommend that the Chancery Clerk repay \$158 to the County and not include the expense listed above on their Annual Financial Report.

Official Response: In the future, mileage will be calculated correctly from the Houston Courthouse.

Auditor's Note: Check Number 2448, in the amount of \$158, was reimbursed to the County on April 8, 2019.

Repeat Finding: No.

Finding 7: The Chancery Clerk 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."

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

- Two (2) instances where original lodging receipts were not attached to the statements.
- Seven (7) instances where itemized monthly reports were not submitted to the Board of Supervisors.

Failure to maintain credit card receipts and submit monthly itemized report could result in fraud or misappropriation of public funds.

Recommendation: We recommend that the Chancery Clerk should maintain every credit card receipt and submit a written itemized report to Board of Supervisors monthly.

Official Response: In the future, we will attach credit card statements in the Board Minutes.

Repeat Finding: No.

Finding 8: The Chancery Clerk Should Ensure Compliance with State Law over Surety Bond.

Applicable State Law: *Section 25-1-19(1), Mississippi Code Annotated (1972)*, states, "All bonds shall be filed and recorded in the office of the Clerk of the Chancery Court of the County, except that the original of the Chancery Clerk's bond, after it is recorded, shall be deposited and filed in the office of the Clerk of the Circuit Court."

Finding Detail: As a result of procedures performed, it was determined that the Chancery Clerk's original bond was not on file in the Circuit Clerk's office. Failure to file the original bond in the Circuit Clerk's office results in the Chancery Clerk being out of compliance.

Recommendation: We recommend that the Chancery Clerk should ensure that their original bond is on file in the Circuit Clerk's office.

Official Response: The original bond has now been filed in the Circuit Clerk's office.

Repeat Finding: No.

Finding 9: The Chancery Clerk 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 the following exceptions :

- 1st District – four (4) instances where daily deposits were made three to four (3-4) days later
- 2nd District – seven (7) instances where daily deposits were made three to six (3-6) days later

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

Recommendation: We recommend that the Chancery Clerk should ensure bank deposits are made timely.

Official Response: We will make timely deposits.

Repeat Finding: No.

Finding 10: The Chancery Clerk Should Strengthen Internal Controls to Ensure Proper Segregation of Duties.

Control Deficiency: An effective system of internal controls should include adequate segregation of duties.

Finding Detail: As a result of procedures performed, it was noted that cash collection, deposits and reconciliation functions in the Chancery Clerk’s office are not adequately segregated for effective internal controls. The Chancery Clerk and Deputies share multiple responsibilities such as receiving the daily cash receipts, combining to make the deposit, and taking the deposit to the bank.

Failure to implement an adequate segregation of duties could result in the loss of public funds. In instances where limited staff hinder proper segregation of duties, the Clerk should institute compensating controls such as increased reviews to properly safeguard public funds.

Recommendation: We recommend that the Chancery Clerk should ensure that there is adequate separation of duties in collecting, combining, taking the daily deposit to the bank, and reconciling the monthly bank statements.

Official Response: Segregation of duties is completed as much as our limited staffing allows.

Repeat Finding: No.

Chancery Clerk, 2nd District Justice Court Clerk, Tax Assessor/Collector, and Sheriff.

Finding 11: The Chancery Clerk Should Ensure Compliance with State Law over Depository.

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 Chancery Clerk’s office has three (3) bank accounts maintained at Bank of Okolona which is not the approved bank depository authorized by the Board of Supervisors. Failure to deposit county funds in an approved depository could lead to fraud and/or the misappropriation of funds.

Recommendation: We recommend that the Chancery Clerk should ensure that all county funds are deposited into an approved depository.

Official Response:

Chancery Clerk: In the future, we will spread on the board minutes that Bank of Okolona is also a County Depository.

2nd District Justice Court Clerk: I will bring this before the Board to get approval.

Tax Assessor/Collector: I will take the proper steps and procedure to comply with *Mississippi Code Section 27-105-371*.

Sheriff: At the next Board meeting on April 16th, I will ask the Board of Supervisors to approve the First National Bank of Clarksdale and Bank of Okolona as county depositories.

Repeat Finding: No.

Circuit Clerk.

Finding 12: The Circuit Clerk 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, it was noted that sixteen (16) out of the thirty (30) receipts tested were deposited between two (2) and fifteen (15) days after the date money was receipted.

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

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

Official Response: Will make deposits in a timelier manner.

Repeat Finding: No.

Comptroller.

Finding 13: The Comptroller 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 that the Comptroller was not making timely bank deposits for the following departments’ settlements:

- Chancery Clerk:
 - 1st District – eight (8) instances where land redemption settlement deposits were not made until four to twelve (4-12) days after monies were receipted.
 - 2nd District – nine (9) instances where land settlement deposits were not made until four to thirteen (4-13) days after monies were receipted.
 - One (1) payroll reimbursement check from the Chancery Clerk was written two (2) days after the date payroll checks were issued to the deputies.
 - Two (2) instances where payroll reimbursement checks, from the Chancery Clerk, were not deposited until three to four (3-4) days after the checks were written.
- Tax Collector:
 - Three (3) instances where settlement deposits were made six to ten (6-10) days after monies were settled.

Failure to make timely bank deposits could result in the loss or misappropriation of public funds. Failure to deposit reimbursement payroll costs results in an authorized loan to the Chancery Clerk.

Recommendation: We recommend that the Comptroller should ensure bank deposits are made timely.

Official Response: Land redemption checks are written in both districts. The Comptroller office is 10 to 15 miles away from each district. The checks are put in the mail to the Comptroller’s office, therefore delaying the deposit time. The bank is 15 miles away from the Comptroller’s office, therefore delaying the deposit time. Van Vleet Post Office is open 1 hour per day. The Comptroller’s office very seldom receives the Tax Settlement on the date of the settlement due to the fact that the office is located 15 miles away. Also, once the deposit is written, then it has to be deposited in bank which is 15 miles away. This is the reason for the delay. On one occasion, the deputy clerk was on vacation and this is an extraordinary circumstance that should never happen again.

Repeat Finding: No.

Election Commissioners.

Finding 14: The Election Commissioners Should Ensure Compliance with State Law over Per Diem.

Applicable State Law: *Section 23-15-153(5), Mississippi Code Annotated (1972)*, states, “The Election Commissioners shall be entitled to receive a per diem in the amount of One Hundred Dollars (\$100), to be paid from the county general fund, not to exceed fourteen (14) days for every day or period of no less than five (5) hours accumulated over two (2) or more days actually employed in the performance of their duties for the necessary time spent in the revision of the county voter roll as electronically maintained by the Statewide Elections Management System and in the conduct of a runoff election following either a general or special election.”

Section 23-15-153(10), Mississippi Code Annotated (1972), states, "Every Election Commissioner shall sign personally a certification setting forth the number of hours actually worked in the performance of the Commissioner's official duties and for which the Commissioner seeks compensation. The certification must be on the form as prescribed in this subsection. The Commissioner's official signature is, as a matter of law, made under the Commissioner's oath of office and under penalties of perjury...When properly completed and signed, the certification must be filed with the Clerk of the County Board of Supervisors before any payment may be made. The certification will be a public record available for inspection and reproduction immediately upon oral or written request of any person."

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

- Two (2) claims resulted in the overpayment for four (4) days per diem, totaling \$336, due to an erroneous addition of the per diem days.
- Four (4) claims did not include the section codes.
- One (1) claim had a chapter of section code but did not specify the correct/entire code section.
- One (1) claim did not include the date, beginning nor ending time of hours worked.
- One (1) claim did not list the purpose of work performed.

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

Recommendation: The Election Commissioners should complete the prescribed claim forms correctly as required by the statutes listed above.

Official Response: I will relay this information to the other commission and will correct these errors.

Repeat Finding: No.

1st District Justice Court Clerk.

Finding 15: The Justice Court Clerk Should Strengthen Internal Controls over Segregation of Duties.

Applicable State Law: An effective system of internal controls should include adequate segregation of duties.

Finding Detail: As a result of procedures performed, it was noted that cash collection, deposits and reconciliation functions in the Justice Court Clerk's office are not adequately segregated for effective internal controls. The Justice Court Clerk and Deputy Justice Court Clerk share multiple responsibilities such as receiving the daily cash receipts, combining to make the deposit, and taking the deposit to the bank. Failure to implement an adequate segregation of duties could result in loss of public funds.

Recommendation: The Justice Court Clerk should ensure that there is an adequate separation of duties in collecting, combining, taking the daily deposit to the bank, and reconciling the monthly bank statements.

Official Response: As of April 4, 2019, the Deputy will count down my drawer and I will count down her drawer. Deputy will then combine the two (2) drawers and make out the deposit slip. I will then carry the deposit to the bank.

Repeat Finding: Yes; 2017-005.

Tax Assessor/Collector.

Finding 16: The Tax Collector Should Strengthen Internal Controls to Ensure Proper Segregation of Duties.

Applicable State Law: An effective system of internal controls should include adequate segregation of duties.

Finding Detail: As reported in the prior two (2) years' audit reports, cash collection, disbursement, recording, and reconciling functions in the Tax Assessor/Collector's office are not properly segregated to ensure an adequate internal control structure. Due to an improperly designed internal control structure, the head bookkeeper can collect money, disburse funds, prepare deposits, take the deposits to the bank, record transactions in the cash journal, and reconcile the bank accounts. Failure to implement adequate segregation of duties could result in the loss of public funds.

Recommendation: We recommend that the Tax Assessor/Collector should implement effective internal control policies over tax collections to that include a proper segregation of duties in the cash collection, disbursement, recording and reconciling functions, and adequate physical safeguards.

Official Response: I continue to pursue solutions to rectify the proper segregation of duties within the offices.

Repeat Finding: Yes; 2016 & 2017.

Sheriff.

Finding 17: The Sheriff Should Strengthen Internal Controls over the Purchase of Evidence and/or Confidential Information.

Internal Control Deficiency: Internal controls over the purchase of evidence and/or confidential information should be strengthened.

Finding Detail: As a result of procedures performed, it was noted that the following information was not included on the reimbursement vouchers:

- One (1) instance where the voucher did not have an officer's signature;
- Thirty-four (34) instances where the voucher did not have a witnessing signature; and
- Seven (7) instances where the vouchers did not include the confidential informant's signature.

Failure to correctly complete the vouchers could result in fraud or misappropriation of county funds.

Recommendation: We recommend that County employees should complete the vouchers accurately and correctly.

Official Response: Vouchers have been modified and corrected for the witnessing signature. Procedures for turning in vouchers have also been implemented that will eliminate the other issues.

Repeat Finding: No.

Chickasaw 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 being the most prominent.

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