

COPIAH COUNTY MISSISSIPPI

COMPLIANCE REPORT

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*



COPIAH COUNTY

TABLE OF CONTENTS

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>)	6
Limited Internal Control and Compliance Review Management Report	12



**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
Copiah County, Mississippi

We have examined Copiah 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, 2018. The Board of Supervisors of Copiah 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 Copiah 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 audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. Our findings and recommendations and your responses are disclosed below:

Board of Supervisors.

Finding 1: The Purchase Clerk and Inventory Control Clerk Should Ensure Compliance with State Laws over Surety Bonds.

Applicable Law: *Section 31-7-124, Mississippi Code Annotated (1972)*, requires the Purchase Clerk and the Inventory Control Clerk to each give bond in a penalty equal to \$75,000 with sufficient surety, to be payable, conditioned and approved as provided by law.

Finding Detail: Neither the Purchase Clerk nor the Inventory Control Clerk were bonded for their positions as of September 30, 2018. Failure to have the Purchase Clerk and Inventory Control Clerk properly bonded could result in the loss of public funds.

Recommendation: Procedures should be implemented to ensure the Purchase Clerk and Inventory Control Clerk are bonded as required by law.

Official Response: We concur and we will comply.

Repeat Finding: No.

Finding 2: The Board of Supervisors Should Ensure Compliance with State Laws over Receiving Purchases by the Receiving Clerk.

Applicable Law: *Section 31-7-101, Mississippi Code Annotated (1972)*, states that the Receiving Clerk and his assistants shall be solely responsible for the delivery of all equipment, heavy equipment, machinery, supplies, commodities, material and services purchased by the County.

Finding Detail: Receiving reports were signed by an employee other than the Receiving Clerk or Assistant Receiving Clerk for twenty-one (21) of the twenty-five (25) transactions tested. Failure to ensure all purchases are received by employees bonded as Receiving Clerk or Assistant Receiving Clerk could result in the loss of public funds.

Recommendation: The Board of Supervisors should implement procedures to ensure all purchases are received by the Receiving Clerk or an Assistant Receiving Clerk.

Official Response: We concur and will comply.

Repeat Finding: No.

Purchase Clerk.

Finding 3: Purchase Clerk Should Ensure Compliance with State Law over Purchases over \$5,000 but not over \$50,000.

Applicable Law: *Section 31-7-13, Mississippi Code Annotated (1972)*, states that purchases which involve an expenditure of more than \$5,000 but not more than \$50,000, may be made without publishing or posting advertisement for bids, provided at least two competitive written bids have been obtained.

Finding Detail: Only one written bid was documented for the purchase of a book binding machine in the amount of \$9,678. Failure to obtain two written bids when required could result in the County paying more than necessary.

Recommendation: The Purchase Clerk should implement procedures to ensure two written quotes are obtained and documented for all purchases over \$5,000 but not over \$50,000.

Official Response: We concur and we will comply.

Repeat Finding: No.

Finding 4: The Purchase Clerk Should Ensure Compliance with State Law over Purchasing Document Requirements.

Applicable Law: *Section 31-7-103, Mississippi Code Annotated (1972)*, requires a requisition, purchase order and receiving report for all purchases except for those items enumerated by the Office of the State Auditor under the authority of *Section 31-7-113, Mississippi Code Annotated (1972)*, and except for purchases of not more than \$1,500.

Finding Detail: A purchase in the amount of \$3,855 for boardroom chairs was made without preparation of the required purchase documents. Failure to ensure the required purchase documents are completed could result in unauthorized

purchases and the misappropriation of public funds.

Recommendation: The Purchase Clerk should implement procedures to ensure all required documents are present and complete before purchases are made.

Official Response: We concur and we will comply.

Repeat Finding: No.

Finding 5: The Purchase Clerk Should Ensure Compliance with State Law over the Schedule of Emergency Purchases.

Applicable Law: *Section 31-7-115, Mississippi Code Annotated (1972)*, requires the preparation of a schedule of emergency purchases made by the County under the authority of *Section 31-7-13(k)*.

Finding Detail: Three emergency purchases made during the year were not included on the schedule of emergency purchases prepared 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 implement procedures to ensure that all purchases meeting the criteria are included on the applicable schedule.

Official Response: We concur and we will comply.

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)*. The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and is fairly presented when considered in relation to that examination.

Copiah 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 Copiah County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Sincerely,



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

COPIAH COUNTY

Schedule 1

Schedule of Purchases Made From Other Than the Lowest Bidder
For the Year Ended September 30, 2018

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

COPIAH COUNTY

Schedule 2

Schedule of Emergency Purchases

For the Year Ended September 30, 2018

<u>Date</u>	<u>Item</u> <u>Purchased</u>	<u>Amount</u> <u>Paid</u>	<u>Vendor</u>	<u>Reason for</u> <u>Emergency Purchase</u>
11/8/2017	Used bridge slabs	\$ 33,990	S & S Dragline Service, Inc.	State Aid order to close bridges
12/7/2017	Manhole repair	\$ 4,700	Red Oak Construction, LLC	Raw sewage at Gallman
6/7/2018	Manhole repair	\$ 6,500	Red Oak Construction, LLC	Raw sewage at industrial park

COPIAH COUNTY

Schedule 3

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

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
Copiah County, Mississippi

In accordance with *Section 7-7-211, Mississippi Code Annotated (1972)*, the Office of the State Auditor, when deemed necessary, may conduct 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 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 Chancery Clerk Should Ensure Compliance with State Law over Statutorily-Imposed Limits Salaries for Services Provided.

Applicable Laws: *Mississippi Code Annotated (1972)* limits certain payments to the Chancery Clerk as follows:

- a. *Section 25-3-19* sets the Clerk's salary for services provided as the County Auditor at \$5,300 per year; and
- b. *Section 27-105-343* sets the Clerk's salary for services provided as the County Treasurer at \$2,500 per year.

Finding Detail: The Chancery Clerk received payments in 2018 in the amount of:

- a. \$23,363 for services rendered as the County Auditor; and
- b. \$10,996 for services rendered as the County Treasurer.

The Clerk was overpaid in the amount of \$18,063 for services as County Auditor and \$8,496 for services as County Treasurer, resulting in a total overpayment in the amount of \$26,559.

Recommendation: The Board should ensure all payments made to the Clerk are within the statutorily-imposed limits. However, no additional amount will need to be reimbursed to the county because the Clerk has already settled his fees in excess of the salary cap for 2018 in the amount of \$73,901.

Official Response: We concur and we will comply.

Repeat Finding: No.

Finding 2: The Board of Supervisors Should Ensure Compliance with State Law over Filing a Statement of Economic Interest.

Applicable Law: *Section 25-4-25(a), Mississippi Code Annotated (1972)*, requires persons elected by popular vote to county offices to file a Statement of Economic Interest with the Mississippi Ethics Commission by May 1 of each year.

Finding Detail: We noted one member of the Board of Supervisors had not filed the required statement since 2015. Failure to file the required Statement could result in the assessment of fines and enrollment of a civil judgment against the non-compliant Supervisor.

Recommendation: All members of the Board of Supervisors should file a Statement of Economic Interest each year.

Official Response: We concur and we will comply.

Repeat Finding: No.

Chancery Clerk.

Finding 3: The Chancery Should Ensure Compliance with State Law over Deposit of County Funds.

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

Finding Detail: We noted as many as 11 business days between the receipt and deposit of funds. The Chancery Clerk's office did not have an effective system of internal controls that would assure receipts were deposited timely. Failure to deposit funds within one business day of receipt could lead to loss or misappropriation, fraud, waste, and abuse of public funds.

Recommendation: Daily deposits should be made for all collections. If there is a delay and collections must be held, the collections should not be held for more than one business day.

Official Response: The Chancery Clerk will comply with the recommendation.

Finding 4: The Chancery Clerk Should Ensure Compliance with State Law over Submission of Monthly Land Redemption Reports to the Board of Supervisors.

Applicable Law: *Section 27-45-1, Mississippi Code Annotated (1972)*, requires the Chancery Clerk to submit a complete report of monthly land redemption settlements to the Board of Supervisors.

Finding Detail: No evidence of the required monthly reports to the Board of Supervisors was recorded in the minutes of the Board Meetings. The Chancery Clerk was in violation of state law for failure to make the required monthly reports to the Board of Supervisors.

Recommendation: The Chancery Clerk should implement procedures to ensure monthly reports of land redemptions are submitted to the Board of Supervisors.

Official Response: The Chancery Clerk will submit monthly land redemption reports to the Board of Supervisors.

Repeat Finding: No.

Justice Court Clerk.

Finding 5: The Justice Court Clerk Should Ensure Compliance with State Law over Deposit of County Funds.

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

Finding Detail: Ten (10) out of the twenty-five (25) receipts tested were not deposited within one business day of receipt. Failure to deposit money every day could result in the loss of public funds.

Recommendation: The Justice Court Clerk should deposit all funds within one business day of receipt.

Official Response: The Justice Court Clerk is going to comply with *Section 25-1-72* by closing at 3:00 pm so I can get to Copiah Bank, N.A. before 4:00 pm to make a daily deposit. And if not the same day, it can be made before the close of the next day.

Repeat Finding: No.

Tax Collector.

Finding 6: The Tax Collector Should Ensure Compliance with State Law over Bond Requirement.

Applicable Law: *Section 27-1-9(a), Mississippi Code Annotated (1972)*, requires each Deputy Tax Collector to give bond to be payable, conditioned and approved as provided by law in an amount not less than \$50,000 for the faithful discharge of his duties.

Finding Detail: One Deputy Tax Collector was not bonded for the position as of September 30, 2018. Failure to comply with the state statute could result in the loss of public funds.

Recommendation: The Tax Collector should implement procedures to ensure all deputies are bonded for their position in accordance with state law.

Official Response: The Deputy's bond is being taken care of.

Repeat Finding: No.

Sheriff.

Finding 7: The Sheriff Should Ensure Compliance with State Law over Meals Logs Being Presented to the Board of Supervisors.

Applicable Law: *Section 19-25-74, Mississippi Code Annotated (1972)*, requires the Sheriff to maintain a log, showing the name of each prisoner, the date and time of incarceration and release, to be posted daily, which records the number of meals served to prisoners at each mealtime, and the hours of the day served, and to make affidavit as to the correctness thereof and file the same with the Board of Supervisors on a monthly basis.

Finding Detail: There was no evidence in the Board of Supervisors' minutes to indicate that the Sheriff submitted the meal logs to the Board of Supervisors as required. Failure to file the meal logs with the Board of Supervisors placed the Sheriff in violation of state law.

Recommendation: The Sheriff should implement procedures to ensure that the monthly meal logs are filed and are spread across the minutes of the Board of Supervisors.

Official Response: We concur and will comply.

Repeat Finding: No.

Board of Supervisors, Tax Assessor, Tax Collector.

Finding 8: County Officers and Employees Should Ensure Compliance with State Law over Bonding Requirements.

Applicable Law: *Section 25-1-15(2), Mississippi Code Annotated (1972)*, requires public employees that are required to give individual bond to obtain a new bond at least every four years concurrent with the County's normal election cycle.

Finding Detail: A Continuation Certificate is a document that extends the life of the original surety bond and covers only the current period rather than both the current and previous periods. The bonds of the following county officials and employees were either renewed with a Continuation Certificate or issued for an indefinite period of time:

- The Receiving Clerk
- One Deputy Tax Assessor
- Two Deputy Tax Collectors

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

Recommendation: The County should implement procedures to ensure that employees' bonds meet the requirements of state law.

Official Responses:

Board of Supervisors: We disagree with finding. See attached bond.

Tax Assessor: It's being taken care of.

Tax Collector: The surety bond is being taken care of.

Auditor's Note: The bond provided by the Board of Supervisors, Western Surety Company bond number 63124310, covers the position of "Solid Waste Receiving Clerk" and includes an expiration date of March 8, 2019. However, this individual has another bond, Western Surety Company bond number 63107818, covering the position

of “Receiving Clerk” for a term beginning March 8, 2019, and “...ending on the indefinite day of _____”. This is not sufficient to meet the legal requirements as stated above.

Copiah 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 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,

A handwritten signature in blue ink that reads "Stephanie C. Palmertree". The signature is written in a cursive, flowing style.

STEPHANIE C. PALMERTREE, CPA, CGMA
Director, Financial and Compliance Audit