

# MARSHALL COUNTY MISSISSIPPI

## COMPLIANCE REPORT

---

Compliance 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*



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

**MARSHALL 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> ).....	5
Limited Internal Control and Compliance Review Management Report.....	12

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

MARSHALL COUNTY

**SPECIAL REPORTS**



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

**Shad White  
AUDITOR**

February 24, 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  
Marshall County, Mississippi

We have examined Marshall 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 Marshall 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 Marshall 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 on noncompliance with aforementioned code sections. Our findings, recommendations, and your responses are disclosed below:

## **Purchase Clerk**

**Finding 1:** Public Officials Should Ensure Compliance with State Law over Surety Bonds.

**Applicable State Law:** *Section 25-1-15, 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.

**Finding Detail:** Review of the bond schedule revealed that the Purchase Clerk and Assistant Purchase Clerk were covered by a blanket bond for an indefinite period of time, not a new bond for four (4) years concurrent with the normal election cycle of the Governor.

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 Purchase Clerk and Assistant Purchase Clerk should ensure that the bonds secured list a term of office covered, and secure new bonds every four (4) years concurrent with the normal election cycle of the Governor.

**Official Response:** We will work to resolve this issue.

---

**Finding 2:** Public Officials Should Ensure Compliance with State Purchasing Laws.

**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 a result of procedures performed, it was noted that two (2) purchases were made; one (1) from Country Ford and one (1) from Homer Skelton Ford. Per discussion with County Ford’s salesman, the second “quote” the County attached to both claim documents is a buyer’s form not an official quote. Therefore, only one (1) quote was received for each purchase.

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

**Recommendation:** The Purchase Clerk should obtain two (2) or more competitive quotes for purchases greater than \$5,000 but not more than \$50,000.

**Official Response:** In the future, I will make sure both are quotes and not buyer’s forms.

---

**Finding 3:** Public Officials Should Ensure Compliance with State Law over the Central Purchasing System.

**Applicable State Laws:** *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, receiving system, and inventory control system.”

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

- Ten (10) instances where receiving reports were not signed by the Purchase Clerk;
- Six (6) instances where the same person signed the purchase requisition and receiving report;
- Two (2) instances where vendor invoices were dated before the purchase requisition date; and
- Two (2) instances where the County gave a specific vendor’s vehicle identification number (VIN) to bidders to obtain quotes for purchase of vehicles, instead of general specifications.

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

**Recommendation:** The Purchase Clerk should properly maintain a central purchasing system by following *Section 31-7-103* and *31-7-113*.

**Official Response:** We will add an Assistant Purchase Clerk for the Sheriff’s Department. Cars were taken into dealership to determine problems and once the problem was determined they called for purchase order. We will give general specifications rather than actual VIN numbers.

---

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.

Marshall 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 Marshall 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



MARSHALL COUNTY

Schedule of Purchases Not Made from the Lowest Bidder

For the Year Ended September 30, 2018

Schedule 1

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

MARSHALL 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>
1/25/2018	Ice Melt and Ice Melt Mix	\$ 18,061	Woods Farm Supply	Inclement Weather

MARSHALL 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

**LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT**

Members of the Board of Supervisors  
Marshall 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 Advertising.

**Applicable State Law:** *Section 17-3-3 Mississippi Code Annotated (1972)*, states, "Advertising pursuant to *Section 17-3-1* shall include newspaper and magazine advertising and literature, publicity, expositions, public entertainment or other form of advertising or publicity, which in the judgment of such board or boards will be helpful toward advancing the moral, financial and other interests of such municipality or county; however, such advertising shall not include advertisements in publications sponsored by political parties, political committees or affiliated organizations, as such terms are defined in *Section 23-15-801*."

**Finding Detail:** As a result of procedures performed, the following allocations to schools where not properly advertised in publications as required by state law::

- One instance of an allocation of \$1,500 given to the Byhalia High School Baseball Program for a pitching machine; and
- One instance of an allocation of \$1,500 given to the H.W. Byers School for uniforms.

**Recommendation:** The Board of Supervisors should ensure that any allocations made are appropriate and meet the requirements found in *Section 17-3-3*.

**Official Response:** The Board of Supervisors shall ensure that allocations given to schools, etc., shall include advertisements in publications as required, and will advance the moral, financial, and others interests as required in the Mississippi Code Section.

**Finding 2:** Public Officials Should Ensure Compliance with State Law over Budgeting Procedures and Publications.

**Applicable State Laws:** *Section 19-11-7, Mississippi Code Annotated (1972)*, provides that the budget containing such statement of revenues and expenses shall be published at least one (1) time during August or September but not later than September 30 of the year in a newspaper published in the County, or if no newspaper is published therein, then in a newspaper having a general circulation therein.

*Section 19-11-17, Mississippi Code Annotated (1972)*, states, “No expenditures shall be made, or liabilities incurred, or warrants issued, in excess of the budget estimates as finally determined by the Board of Supervisors, or as thereafter revised under the provisions of this chapter.”

*Section 19-11-19, Mississippi Code Annotated (1972)*, states, “...the Board of Supervisors may revise the budget of expenses at any regular meeting during the fiscal year by increasing or decreasing the items of said budget in proportion to the increase or decrease of anticipated revenue collections and/or other sources of funds... However, revisions as herein authorized shall not be deemed to permit any expenditures in excess of the various items of the budget as then approved, and any expenditures made in excess of the budget as then approved shall be invalid, and subsequent revision shall not validate such expenditures. The revisions made in the budget, from time to time, shall be spread upon the official minutes of the Board at the meeting at which any such revision is made.”

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

- The County did not publish the approved budget on or before September 30, 2018; and
- The County adopted the fiscal year budget on September 5, 2017, and approved adopting a final amendment at year end to bring the budget to actual expenditures. Review of the original budget, did not reflect the final approved budget. As there were no revisions noted in the minutes, it is impossible to verify when expenditures exceeded budget estimates.

Failure to publish the approved budget is a violation of *Section 19-11-7*. Any approval of expenditures made, liabilities incurred, or warrants issued in excess of the budget estimates shall make the Board of Supervisors voting for same, and the surety upon their official bonds, liable for the full amount of the claims allowed, the contract entered into, or the public work provided for.

**Recommendation:** The Board of Supervisors should publish the annual budget by September 30 of each year. Additionally, the Board of Supervisors should ensure that no expenditures are made, liabilities incurred, or warrants issued in excess of the budget estimates approved by the Board of Supervisors, or prior to a revision of the county budget being made and spread upon the official minutes of the Board.

**Official Response:** The Board of Supervisors will ensure that the approved budget is published at least one (1) time no later than September 30. The Board of Supervisors will make necessary budget amendments as needed and spread upon the minutes. Every effort will be made to reflect the final approved budget in accordance with *Mississippi Code 19-11-7; 19-11-17; 19-11-19*.

---

**Finding 3:** Public Officials Should Ensure Compliance with State Law over Quarterly Budget Appropriation for Tax Assessor/Collector and Sheriff.

**Applicable State Laws:** *Section 19-25-13, Mississippi Code Annotated (1972)*, states, “The Board of Supervisors shall, at its first meeting of each quarter beginning on October 1, January 1, April 1 and July 1, appropriate a lump sum for the Sheriff for the expenses of his office during the current quarter. The quarterly appropriation shall be one-fourth (1/4) of the amount approved in the annual budget unless the Sheriff requests a different amount.”

*Section 27-1-9 (c), Mississippi Code Annotated (1972)*, states, “The Board of Supervisors shall, at its first meeting of each quarter beginning on October 1, January 1, April 1, and July 1, appropriate a lump sum for the Assessor and Tax Collector for the expenses of his office during the current quarter. The quarterly appropriation shall be one-fourth (1/4) of the amount approved in the annual budget unless the Assessor and Tax Collector requests a different amount.”

**Finding Detail:** The Board of Supervisors allocated the second quarter appropriations to the Sheriff, Tax Assessor/Collector at the first meeting in January. However, the appropriations were not spread upon the official board minutes of the first meeting of each quarter beginning on October 1, April 1 and July 1.

Failure to spread upon the official board minutes of the first meeting of each quarter, the appropriations of a lump sum for the Sheriff, Tax Assessor, and the Tax Collector for the expenses of their offices during the current quarter is a violation of *Sections 27-1-9 (c) and 19-25-13*.

**Recommendation:** The Board of Supervisors should spread upon the official board minutes of the first meeting of each quarter beginning on October 1, January 1, April 1 and July 1, the appropriations of a lump sum for the Sheriff, Tax Assessor, and the Tax Collector for the expenses of their offices during the current quarter.

**Official Response:** The Board of Supervisors will spread upon the minutes of the first meeting of each quarter beginning on October 1, April 1, and July 1, the appropriations of a lump sum for the Sheriff, Tax Assessor, and Tax Collector for office expenses during the current quarter as required by *Mississippi Code Sections 19-25-13 and 27-1-9 (c)*.

---

**Finding 4:** Public Officials Should Ensure Compliance with State Law over Additional Compensation Owed to Tax Assessor and Tax Collector.

**Applicable State Law:** *Section 25-3-3 (6), Mississippi Code Annotated (1972)*, states, “In addition to all other compensation paid to Assessors and Tax Collectors, the Board of Supervisors of a county shall allow for such Assessor or Tax Collector, or both, to be paid additional compensation when there is a contract between the County and one or more municipalities providing that the Assessor or Tax Collector, or both, shall assess or collect taxes, or both, for the municipality or municipalities; and such Assessor or Tax Collector, or both, shall be authorized to receive such additional compensation from the County and/or the

municipality or municipalities in any amount allowed by the County and/or the municipality or municipalities for performing those services.”

**Finding Detail:** As noted during test work, the County has Interlocal Agreements with several municipalities in Marshall County for the collection of their ad valorem taxes. However, the Board of Supervisors failed to spread upon the minutes the additional compensation owed to both the Tax Assessor and Tax Collector.

Failure to properly document the additional compensation results in the County not being in compliance with state statutes.

**Recommendation:** We recommend the Board of Supervisors include the additional compensation that the Tax Assessor and Tax Collector are owed for assessing and collecting the municipalities’ taxes each term of office.

**Official Response:** The Board of Supervisors will spread upon the minutes the additional compensation owed to the Tax Assessor and Tax Collector for assessing and collecting municipalities’ ad valorem taxes as required by *Miss. Code Section 25-3-3(6)*.

---

**Finding 5:** Public Officials Should Ensure Compliance with State Law over Cafeteria Plan.

**Applicable State Laws:** *Section 25-17-9(2), Mississippi Code Annotated (1972)*, states, “The State Auditor shall compile a list of providers of cafeteria plans which shall contain those providers he deems acceptable to provide benefits or services related to a cafeteria plan of a state agency or local government entity.

*Section 25-17-9 (3), Mississippi Code Annotated (1972)*, states, “Only providers who appear on the most recent list compiled by the State Auditor shall, directly or indirectly, provide benefits included in or administrative services related to cafeteria plans of a state agency or local governmental entity...”

**Finding Detail:** Marshall County’s cafeteria plan provider is not included on the list of 2018 approved providers. Failure to select a provider from the list of approved providers could result in misappropriation of public funds.

**Recommendation:** The Board of Supervisors should only choose providers listed on the approved list of cafeteria plan providers.

**Official Response:** The Board of Supervisors will choose the cafeteria plan from the list of approved providers in accordance with *Section 25-17-9-(2)(3)*.

---

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

**Applicable State Law:** *Section 27-105-305, Mississippi Code Annotated (1972)*, states, “The Board of Supervisors at the regular December 1997 meeting, and annually thereafter or, in the discretion of the Board of Supervisors, every two (2) years thereafter, shall give notice to all financial institutions in its County whose accounts are insured by the Federal Deposit Insurance Corporation (or any successor thereto), by publication, that bids will be received from financial institutions at the following January meeting, or some

subsequent meeting, for the privilege of keeping the county funds, or any part thereof, which notice shall refer by name to this article and it shall not be necessary to incorporate in the notice the provisions of this article; and at the January meeting, or a subsequent meeting as may be designated in the notice, as the case may be, the Board of Supervisors shall receive such bids or proposals as the financial institutions may make for the privilege of keeping the county funds, or any part thereof.”

**Finding Detail:** The Board of Supervisors selected First State Bank and Merchants & Farmers Banks for calendar years 2016-2017. However, the Board of Supervisors did not advertise nor select a depository for calendar year 2018. Failure to authorize bank depositories every two (2) years is a violation of *Section 27-105-305*.

**Recommendation:** The Board of Supervisors should advertise and authorize bank depositories every two (2) years.

**Official Response:** The Board of Supervisors will advertise and award bank depositories in accordance with *Mississippi Code Section 27-105-305*.

---

**Finding 7:** Public Officials Should Ensure Compliance with State Law over Filing the Four Year Road Plan.

**Applicable State Law:** *Section 65-7-117, Mississippi Code Annotated (1972)*, states “Each member of the Board of Supervisors shall inspect every road and bridge in the County under the jurisdiction of the County... not less than once each fiscal year. Each member shall file with the Clerk of the Board a report, under oath, of the condition of the roads and bridges inspected by him with recommendations by him for a four-year plan for construction and major maintenance of such roads and bridges.”

**Finding Detail:** On January 2, 2018, each member of the Board certified that every bridge and road in their district was examined. However, a four-year road plan was not created nor filed with the Clerk of the Board.

**Recommendation:** The Board of Supervisors should ensure a four-year road plan is created and filed with the Clerk of the Board.

**Official Response:** The Board of Supervisors will ensure that a four-year road plan will be filed with the Clerk of the Board as required by *Mississippi Code Section 65-7-117*.

---

#### **District 1, 3, and 4 Supervisors, Constable-North**

**Finding 8:** Public Officials Should Ensure Compliance with State Law over Filing of the 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) per day, not to exceed a total fine of One Thousand Dollars (\$1,000) 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 Statements of Economic Interest by May 1, as required by State law, and such statements remained unfiled as of June 27, 2019.

- District 1 Supervisor
- District 3 Supervisor
- District 4 Supervisor
- Constable - North

Failure to file the Statement of Economic Interest, as required by state law, results in non-compliance with *Section 25-4-29* and could result in fines being assessed and a civil judgment being enrolled against the delinquent filer, as allowed by *Section 25-4-29 (2)*.

**Recommendation:** The elected officials should file the Statement of Economic Interest annually, no later than May 1 of each year that such official holds office, regardless of the duration.

#### **Official Responses:**

**District 1 Supervisor:** Due to oversight.

**District 3 Supervisor:** I have filed it today, July 15, 2019.

**District 4 Supervisor:** Reports have been reported as of today, July 22, 2019.

**Constable – North:** On July 23, 2019, I filed my Economic Interest report. I don't know how I overlooked filing last year. It was overlooked even when I filed the one for 2019. But as of today, July 24, 2019, the paperwork has been filed.

---

#### **Chancery Clerk**

**Finding 9:** Public Officials Should Ensure Compliance with State Law over Proper Completion of 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 under *Sections 25-11-106.1* and *25-11-123(f)(4)*, 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 or Circuit Clerk of any county in the state shall receive fees as compensation for the Chancery Clerk's or Circuit Clerk's services in excess of Ninety Thousand Dollars (\$90,000)..."

**Finding Detail:** During the course of test work, the following disallowed expenses were noted on the Chancery Clerk's Annual Financial Report (AFR):

- \$803—Bereavement Programs—limited Audience;
- \$200—Hole Sponsorship – 16<sup>th</sup> Annual Rust College Golf Classic—limited audience;
- \$50—Smith Grove MB Church Annual Homecoming Event—limited audience;
- \$286—Wal-Mart—Not essential to the Office;
- \$3—Mathematical Error—no documentation.

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

**Recommendation:** The Chancery Clerk should ensure only allowable expenses are deducted in the future, amend the Annual Financial Report, remit \$1,342 to the County General Fund, and submit the amended report to the Office of the State Auditor and PERS.

**Official Response:**

- All Wal-Mart purchases are for items to enhance work environment. There is not a convenience store or market within walking distance and we often are or do not have access to snacks. Also, many times these items are purchased for after hours working during snack season. We will remit these items.
- Bereavement programs are no longer purchased through the office.
- We will discontinue limited audience sponsorships.
- Lowe’s was outside Christmas lighting. We again like the part of the community and participate and since there has been no line item for this, we purchased, but will discontinue.

**Finding 10:** Public Officials Should Ensure Compliance with State Law over Credit Card Records.

**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, seven (7) instances were noted where no original receipts were attached to credit card statements. Failure to maintain original receipts could result in fraud or misappropriation of public funds.

**Recommendation:** The Chancery Clerk should ensure all original receipts are attached to each statement.

**Official Response:** All receipts will be attached in the future.

**Finding 11:** Public Officials Should Ensure Compliance with State Law over Reimbursing County for Payroll.

**Applicable State Law:** *Section 19-13-43, Mississippi Code Annotated (1972)*, states, “No warrant shall be signed, removed from the warrant book, nor delivered by the Clerk until there is sufficient money in the fund upon which it is drawn to pay the same and all prior unpaid warrants drawn upon that fund.”

**Finding Detail:** The Chancery Clerk’s reimbursements to the County for payroll cleared the bank from zero to forty-two (42) days after the payroll was distributed to employees. Failure to reimburse the County for the Chancery Clerk’s employee payroll in advance results in an unauthorized loan to the Chancery Clerk.

**Recommendation:** The Chancery Clerk should pay employee’s payroll, including benefits, to the County in advance of the payroll period.

**Official Response:** Will write checks timely.

---

**Finding 12:** Public Officials Should Strengthen Internal Control over Reconciling the Fee Journal to the Bank Statement.

**Applicable State Law:** Proper internal controls would include proper entry of amounts of deposits, proper oversight over items listed as outstanding, and timely reconciliation of the statement.

**Finding Detail:** During test work performed, it was noted that the Chancery Clerk’s fee journal did not agree with the reconciled bank balance; there was a discrepancy in the amount of \$2,159. Failure to properly reconcile the bank account may result in loss or misappropriation of public funds.

**Recommendation:** The Chancery Clerk should reconcile his bank account in a timely manner, accounting for all outstanding items, and tracing items that remain outstanding for proper resolution of those items.

**Official Response:** Due to health issues, the fee journal got behind and as one could see from the reconciliations there was some catching up that was necessary, will maintain more accurate numbers and post often.

---

### **Circuit Clerk**

**Finding 13:** Public Officials Should Ensure Compliance with State Law over Filing the Annual Financial Report and Depositing Excess into the County General Fund.

**Applicable State Laws:** *Section 9-1-43(1), Mississippi Code Annotated (1972)*, states, “All such fees received by the office of Chancery or Circuit Clerks that are in excess of the salary limitation shall be deposited by such Clerk into the county general fund on or before April 15 for the preceding calendar year.”

*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.”

*Section 9-1-45(3), Mississippi Code Annotated (1972)*, states, “If the Chancery or Circuit Clerk fails to provide the reports required in this section, then the State Auditor shall give by United States certified mail, return receipt requested, written notification to the Chancery or Circuit Clerk of noncompliance. If within thirty (30) days after receipt of the notice, the Chancery or Circuit Clerk, in the opinion of the State Auditor, remains in noncompliance, the State Auditor may institute civil proceedings in a court of the county in which the Clerk serves. The court, upon a hearing, shall decide the issue and if it determines that the Clerk is not in substantial compliance, shall order the Clerk to immediately and thereafter comply. Violations of any order of the court shall be punishable as for contempt. In addition, the court in its discretion may impose a civil penalty in an amount not to exceed Five Thousand Dollars (\$5,000) upon the Clerk, for which he shall be liable in his individual capacity, for any such noncompliance that the court determines as intentional or willful.”

**Finding Detail:** As of July 16, 2019, the Circuit Clerk had not filed her 2018 Annual Financial Report (AFR) or deposited any amount in excess of her salary limitation into the county general fund. Failure to file an Annual Financial Report could result in a civil court proceeding and possible civil penalty in an amount not to exceed Five Thousand Dollars (\$5,000). Additionally, failure to deposit any amount in excess of her salary limitation into the county general fund could result in misappropriation and/or loss of public funds.

**Recommendation:** The Circuit Clerk should ensure her 2018 Annual Financial Report is filed, that the amount in excess of her salary limitation, \$30,597, is deposited into the county general fund, and that all future Annual Financial Reports are filed by April 15<sup>th</sup>.

**Official Response:** This will be corrected.

**Repeat Violation:** Yes; 2016 and 2015.

**Auditor's Note:** The Circuit Clerk remitted check number 1023 in the amount of \$22,709 to the Marshall County General Fund for disallowed expenses; however, the Circuit Clerk should remit the additional \$7,888, which resulted from the errors noted on the fee journal in Finding 14, to the County's General Fund.

---

**Finding 14:** Public Officials Should Ensure Compliance with State Law over Maintaining Fee Journal.

**Applicable State Law:** *Section 9-1-43(3), Mississippi Code Annotated (1972)*, states, “The Circuit Clerk shall be liable on their official bond for the proper deposit and accounting of all monies received by his office. The State Auditor shall promulgate uniform accounting methods for the accounting of all sources of income by the offices of the Chancery and Circuit Clerk.”

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

- Adding a deposit as both deposit and credit;
- Not subtotaling accounts correctly for the entire month of September;
- Adding Check #1009 to check register but adding incorrect amounts into each separate account;
- Clerk claimed an expense previously claimed on 2017 Annual Financial Report; and

- Clerk's payroll checks are direct deposited into her personal account not her fee journal bank account.

Failure to maintain an accurate fee journal could result in loss or misappropriation of public funds.

**Recommendation:** The Circuit Clerk should maintain an accurate record of accounting system including her fee journal.

**Official Response:** All will be corrected.

---

**Finding 15:** Public Officials Should Ensure Compliance with State Law over Payroll Reimbursement.

**Applicable State Law:** *Section 19-13-43, Mississippi Code Annotated (1972)*, states, "Warrants shall be drawn by the clerk, under his seal of office, in favor of the claimants, on all demands, claims and accounts allowed by the Board, in the order of their allowance, against the several funds in the county depository from which such allowed claims must be paid."

**Finding Detail:** As a result of procedures performed, it was noted that the Circuit Clerk did not make timely reimbursement to the County for any of the 2018 deputies' payroll. The range of untimely payroll reimbursements was between three (3) and thirty-four (34) days after the payroll date.

Failure to reimburse the County for Circuit Clerk's payroll costs in advance results in an unauthorized loan to the Circuit Clerk.

**Recommendation:** The Circuit Clerk should pay deputies wages, including benefits, to the County in advance of the payroll period. If payment is not paid in advance, then the County should not issue a payroll check for the Deputy Clerks.

**Official Response:** This will be corrected.

---

### **Circuit Clerk**

**Finding 16:** Public Officials Should Strengthen Internal Controls over Reconciling Bank Accounts.

**Applicable State Law:** An effective system of internal controls over the Circuit Clerk's bank account would include reconciling each cash balance in the Circuit Clerk's fee journal to the balances per the bank statements.

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

- The criminal and civil accounts were not reconciled for 2018; and
- The fee journal had not been reconciled since February 2018. Therefore, the cash balance of the fee journal was not reconciled to the bank balance.

Failure to accurately and timely reconcile bank accounts and fee journal cash balances could result in fraud and misappropriation of public funds.

**Recommendation:** The Circuit Clerk should ensure the bank statements are properly reconciled on a monthly basis and the cash balances of the fee journal are reconciled to the bank balances.

**Official Response:** This will be corrected.

---

**Circuit Clerk, Justice Court Clerk, Tax Assessor, Tax Collector, Inventory Clerk, Receiving Clerk, County Administrator, Road Manager**

**Finding 17:** Public Officials Should Ensure Compliance with State Law over Surety Bonds.

**Applicable State Law:** *Section 25-1-15, 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.”

**Finding Detail:** Review of the Bond Schedule revealed that the following individuals were not properly bonded as required by state law:

- Three (3) Deputy Circuit Clerks—blanket bond for an indefinite period of time
- Justice Court Clerk and twelve (12) Deputy Justice Court Clerks—blanket bond for an indefinite period of time
- Six (6) Deputy Tax Assessors –blanket bond for an indefinite period of time
- Deputy Tax Collectors—Crime Policy
- Inventory Clerk—blanket bond for an indefinite period of time
- Receiving Clerk and three (3) Assistant Receiving Clerks—blanket bond for an indefinite period of time
- County Administrator—Indefinite term bond
- Road Manager—Indefinite term bond

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

**Recommendation:** County officials should ensure that the bonds secured list a term of office covered, and secure new bonds every four (4) years concurrent with the normal election cycle of the Governor.

**Official Responses:**

**Circuit Clerk:** This will be corrected.

**Justice Court Clerk:** My office will clarify this error with the Board of Supervisors of this county and work to correct this problem.

**Tax Assessor:** Will update any bond for the 2020 through 2023 term for Deputy Tax Assessors.

**Tax Collector:** I will work towards getting this corrected.

**Inventory Clerk:** We will work towards getting this corrected.

**Receiving Clerk:** It has been explained to me that a different type of bond is required. I will inform my direct supervisor, County Administrator, and request he have the board rectify it.

**County Administrator:** The bond covering the County Administrator will be made to coincide with the four-year term secured at the beginning of each new term of office or appointment concurrent with the normal election cycle of the Governor as required in *Mississippi Code Section 25-1-15(4)*.

**Road Manager:** The bond covering the Road Manager will be made to coincide with the four-year term secured at the beginning of each new term of office or appointment concurrent with the normal election cycle of the Governor as required in *Mississippi Code Section 25-1-15(4)*.

**Auditor Note:** A crime policy does not have the proper surety bond coverage that covers performance of duties as well as theft.

---

### **Sheriff**

**Finding 18:** Public Officials Should Ensure Compliance with State Law over Filing Meal Logs with 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 should not pay claims for food expenses if this report has not been filed.

**Finding Detail:** During test work, it was 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 file meal logs and an affidavit to the correctness thereof with the Board of Supervisors could result in loss or misappropriation of public funds by paying for an incorrect number of meals.

**Recommendation:** The Sheriff should ensure that meal logs are 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:** I understand the items above that I was not aware of and will correct these in the future.

---

### **Clerk of the Board**

**Finding 19:** Public Officials Should Ensure Compliance with State Law over County Tax Levy Publication.

**Applicable State Laws:** *Section 27-39-203(5), Mississippi Code Annotated (1972)*, provides the prescribed form for the advertisement of the county tax levy.

*Section 27-39-319, Mississippi Code Annotated (1972)*, states, "When a resolution levying ad valorem taxes

has been adopted by the Board of Supervisors, the Clerk of the Board of Supervisors shall certify immediately a copy of such resolution to the State Tax Commission... If a newspaper is published within such county, then such resolution shall be published in its entirety, at least one (1) time, within ten (10) days after its adoption.”

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

- The County’s notice of the public hearing on the proposed budget and proposed tax levies did not follow the form as prescribed by statute; and
- The County’s 2017-2018 tax levy for fiscal year ending September 30, 2018, was not published in a newspaper at least one (1) time, within ten (10) days after its adoption.

Failure to publish the public hearing for the proposed budget and proposed tax levies in the proper form is a violation of *Section 27-39-203(5)*. Failure to publish the tax levy could mislead the public as to the proper amount of taxes being levied.

**Recommendation:** The Clerk of the Board should take care to ensure that the Public Hearing for the proposed budget and proposed tax levy is properly published, and that the tax levy for the fiscal year is published at least one (1) time, within ten (10) days after its adoption, as required by state law.

**Official Response:** The notice of the public hearing on the proposed budget and proposed tax levies will follow the form as prescribed by statute in *Section 27-301-204(5)*. The Clerk of the Board will advertise in accordance with *Mississippi Code Section 27-30-319* the resolution levying ad valorem taxes as adopted by the Board of Supervisors within ten (10) days after its adoption.

---

## **Comptroller**

**Finding 20:** Public Officials Should Ensure Compliance with State Law over the Public Depositors Annual Report.

**Applicable State Law:** *Section 27-105-5(6), Mississippi Code Annotated (1972)*, states, “Public depositors shall comply with the following requirements:

- a) A public depositor shall ensure that the name of the public depositor and its tax identification number are on the account or certificate provided to the public depositor by the qualified public depository in a manner sufficient to disclose the identity of the public depositor;
- b) Not later than thirty (30) days following its fiscal year end, a public depositor shall notify the State Treasurer of its official name, address, federal tax identification number, and provide a listing of all accounts that it had with qualified public depositories, including the deposit balance in those accounts, as of its fiscal year end. A public entity established during the year shall furnish its official name, address and federal tax identification number to the State Treasurer before making any public deposit.”

**Finding Detail:** The Public Depositors Annual Report was not filed. Failure to notify the State Treasurer of its official name, address, federal tax identification number, and the balance in its accounts, as of its fiscal year end, increases the risk that the County’s total deposits may not be properly collateralized and results in noncompliance with *Section 27-105-5(6)*.



**Recommendation:** We recommend the Comptroller file the Public Depositors Annual Report within thirty (30) days following fiscal year end as required by state law.

**Official Response:** Every effort will be made to fully comply with requirements in *Section 7-7-21 Mississippi Code Annotated (1972)* concerning Public Depositors Reports. The proper reports will be made within the specified time frame.

---

## **Election Commissioners**

**Finding 21:** Public Officials Should Ensure Compliance with State Law over Claim Forms.

**Applicable State Laws:** *Section 23-15-153(2), 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, 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 in the conduct of an election or 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 as required in subsection (1) of this section."

*Section 23-15-153(4)(b), Mississippi Code Annotated (1972)*, states, "The Election Commissioners shall be entitled to receive a per diem in the amount of One Hundred Fifty Dollars (\$150), to be paid from the county general fund, for the performance of their duties on the day of any general or special election. The annual limitations set forth in subsection (2) of this section shall apply to this paragraph."

*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's 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 test work performed, the following exceptions were noted:

- Nine (9) instances where beginning time was not filled out;
- Eleven (11) instances where ending time was not filled out;
- One (1) instance where purpose of work was not filled out;
- Fifty-eight (58) instances where the code section was not filled out;
- Fourteen (14) instances where actual hours worked was not filled out;
- Seven (7) instances where per diem days earned was not filled out;
- Three (3) instances where commissioners were overpaid for adding per diem days incorrectly totaling \$342;
- Five (5) instances where overpaid for claiming primary election days as election day pay totaling \$330;
- Ten (10) instances where commissioners were overpaid for claiming runoff election days as election day pay totaling \$580; and

- One (1) instance where a Commissioner was overpaid for carrying over hours from six (6) months prior totaling \$100.

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

**Recommendation:** The Election Commissioners should correctly fill out the forms prescribed in statutes listed above.

**Official Response:** The Election Commissioners met July 23, 2019, to discuss the issues in our audit with timesheets. We agree to improve the issues brought to our attention.

---

Marshall 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,



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