

# SUNFLOWER COUNTY MISSISSIPPI

## COMPLIANCE REPORT

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Special Reports

For the year ended *September 30, 2018*

**SHAD WHITE**

**State Auditor**

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

Director, *Financial and Compliance Audit Division*

**Derrick Garner, CPA**

Director, *Compliance Audit Division*



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# SUNFLOWER COUNTY

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## **SUNFLOWER COUNTY**

### **SPECIAL REPORTS**



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

**Shad White**  
AUDITOR

September 22, 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  
Sunflower County, Mississippi

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

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**Board of Supervisors**

**Finding 1:** Public Officials Should Ensure Compliance with State Law over the Central Purchasing System.

**Applicable State Law:** *Section 31-7-101, Mississippi Code Annotated (1972)*, states, "... No person shall serve as the receiving clerk who, within one (1) year after his appointment, does not receive certification from the State Auditor as having successfully completed the professional education program offered for receiving clerks pursuant to *Section 19-3-77*. The receiving clerk and his assistants shall be solely responsible for accepting the delivery of all equipment, heavy equipment, machinery, supplies, commodities, materials and services purchased by the county... The purchase clerk shall disapprove any purchase requisitions which, in his opinion, are not in compliance with the purchasing laws of the state."

**Finding Detail:** As a result of procedures performed, we noted nine (9) instances in which the receiving reports were signed by unauthorized personnel totaling \$48,238. Failure to have receiving reports signed by authorized personnel could result in fraud, loss, or misappropriation of public funds.

**Recommendation:** We recommend the Board of Supervisors ensure receiving reports are signed by authorized personnel.

**Official Response:** The County Administrator will check the bonds of all receiving/assistant receiving clerks for Sunflower County to ensure accuracy. These persons will be approved by the Board of Supervisors and duly noted in the Board minutes as authorized personnel.

**Repeat Finding:** No.

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**Finding 2:** Public Officials Should Ensure Compliance with State Law over Submitting the Itemized Credit Card Report.

**Applicable State Law:** *Section 19-25-13, Mississippi Code Annotated (1972)*, states, "The board of supervisors may acquire one or more credit cards that may be used by the sheriff and his deputies to pay expenses incurred by them when traveling in or out of state in the performance of their official duties. 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 those credit cards. The sheriff shall furnish receipts for the use of the credit cards each month to the chancery clerk or purchase clerk who shall submit a written report monthly to the board of supervisors, which report shall include an itemized list of all expenditures and use of the credit cards for the month, and the 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 sheriff or his deputy under the provisions of this section shall not be construed to authorize the sheriff or deputy sheriff to use the credit card to make any expenditure that is not otherwise authorized by law."

**Finding Detail:** As a result of procedures performed, the following exceptions were noted with the County's credit card expenditures:

- Itemized lists of expenditures were not presented to the Board of Supervisors monthly.
- Seven (7) out of fifteen (15) credit card expenditures, totaling \$1,910 were not used for official Board approved travel.

Failure to enforce the requirements of *Section 19-25-13* could result in the misuse of the credit card, unauthorized, and disallowed expenditures.

**Recommendation:** We recommend the Board of Supervisors ensure an itemized list of credit card expenditures is submitted to the Board of Supervisors for approval each month, as required by state law.

**Official Response:** The Board Order indicated that the credit card is used for securing advance reservations for lodging related to county authorized travel. It further states that other purchases should first be approved by the Board. As County Administrator, the Board allows me to complete transactions

where Purchase Orders are not accepted. However, all future purchases other than lodging related to county authorized travel will be prior approved by Board.

**Repeat Finding:** No.

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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 purchase system.

Sunflower 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 Sunflower 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

SUNFLOWER COUNTY

Schedule 1

Schedule of Purchases Not Made from the Lowest Bidder  
For the Year Ended September 30, 2018

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



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

Schedule 2

Our tests did not identify any emergency purchases.

SUNFLOWER 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

September 15, 2020

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

Members of the Board of Supervisors  
Sunflower 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:

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**Board of Supervisors.**

**Finding 1:** Public Officials Should Ensure Compliance with State Law over the Reemployment of Retired Public Employees.

**Applicable State Law:** *Section 25-11-127(4), Mississippi Code Annotated (1972)*, requires counties hiring service retirees to notify PERS in writing by completing Form 4B "Certification/Acknowledgement of Reemployment of Retiree" with the PERS office within five (5) days of employment and the date of termination of the employment. Additionally, approved annual compensation should not be exceeded.

**Finding Detail:** As a result of procedures performed, the following instances of noncompliance were noted with the reemployment of PERS retirees:

- Five (5) 4B forms were not filed within five (5) days of rehiring the employees; and
- Three (3) employees were overpaid a total of \$10,498.

Failure to file the 4B forms within five (5) days and limit the compensation of retired employees resulted in noncompliance with *Section 25-11-127(4)*.

**Recommendation:** We recommend the Board of Supervisors ensure the County complies with *Section 25-11-127(4)*.

**Official Response:** 1. In instances in which Form 4B/9C must be submitted within five (5) days of the rehire of the employee as required by *Section 25-11-127*, moving forward, Sunflower County will submit the forms within the specified timeframe. 2. To alleviate this issue, the County Administrator will inform each department of the amount of funds that are allowed for each employee. A suggested amount per pay period will be discussed with the department heads. The County Administrator will notify the department heads when the employee is approaching the maximum amount allowed. The department head will be able to make schedule adjustments in order to avoid overpayments. Moving forward, Sunflower County will conform with *Section 25-11-127*.

**Repeat Finding:** No.

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**Finding 2:** Public Officials Should Ensure Compliance with State Law over Approved Cafeteria Plan Provider.

**Applicable State Law:** *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 governmental 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:** As a result of procedures performed, it was noted that Sunflower County’s cafeteria plan provider was not on the list of approved cafeteria plan providers. Failure to select a provider from the list of approved providers could result in misappropriation of public funds.

**Recommendation:** We recommend the Board of Supervisors ensure an approved vendor is contracted to provide cafeteria plan benefits.

**Official Response:** In accordance with *Section 25-17-9(2)*, the Cafeteria Plan of Sunflower County will be administered by a provider that has been approved by the State Auditor. The Board of Supervisors will inspect the list and select an appropriate provider.

**Repeat Finding:** No.

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### **Chancery Clerk**

**Finding 3:** Public Officials Should Ensure Compliance with State Law over Surety Bonds.

**Applicable State Law:** *Section 25-1-15, Mississippi Code Annotated (1972)*, requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the

Governor. Surety bonds are purchased in case of negligent errors and omission in the course of County employees performing their duties. In order for these bonds to cover these errors and omissions, there must be a recertification of each personnel every four (4) years.

**Finding Detail:** As a result of the procedures performed, we noted that the following employees did not possess a current surety bond on file. Instead, they had “Continuation Certificates” on file:

- Two (2) Assistant Receiving Clerks
- One (1) Assistant Justice Court Clerk
- One (1) Constable
- Controller
- One (1) Court Reporter
- Four (4) Deputy Chancery Clerks
- One (1) Deputy Circuit Clerk
- Three (3) Deputy Justice Court Clerks
- Two (2) Deputy Sheriffs
- Three (3) Deputy Tax Assessors
- Justice Court Clerk
- Payroll Clerk
- Purchase Clerk
- Two (2) Road Managers
- Youth Court Clerk

A “Continuation Certificate” is a document that extends the life of the original surety bond. A “Continuation Certificate” only covers the current bonding period rather than both the current and previous periods. Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms.

**Recommendation:** We recommend the County ensure that all public officials and employees are correctly bonded. Also, that all bonds secured list a term of office covered, and that new bonds are secured every four (4) years concurrent with the normal election cycle of the Governor.

**Official Response:** Sunflower County will no longer engage in the usage of Continuation Certificates. Upon the expiration of Surety Bonds, the County will renew correctly with new Surety Bonds as required by *Section 25-1-15*.

**Repeat Finding:** No.

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### **Chancery Clerk**

**Finding 4:** Public Officials Should Ensure Compliance with State law over Expenses Claimed on the Annual Financial Report.

**Applicable State Law:** *Section 9-1-43, Mississippi Code Annotated (1972)*, limits the compensation of the Chancery Clerk to \$90,000 after making deductions for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. All fees received in excess of this amount, less any allowable expenses, are to be paid to the County’s general fund on or before April 15<sup>th</sup> for the preceding calendar year.

**Finding Detail:** As a result of procedures performed, it was noted that the Chancery Clerk claimed \$75950 in expenses to M&M Educational Consultants LLC in Calendar Year 2017 and 2018; however, due to the Chancery Clerk being the registering agent and owner of the business, this is not an allowable

business expense. Failure to deduct valid Schedule C expenses resulted in the misappropriation of public funds for the 2017 and 2018 Calendar Year.

**Recommendation:** We recommend the Chancery Clerk should comply with *Mississippi Code Section 9-1-43(1)*, to ensure all professional expenses are allowable and repay the County \$75,950 immediately.

**Official Response:** I would like to say that as a newly elected Chancery Clerk beginning in 2016, I relied heavily upon the surrounding clerks, Office of the State Auditor, and the CPA Accounting Firm assigned to Sunflower County. After completing one year of the Land Redemption process, I realized that it was a daunting task, and the office needed assistance. I spoke with the CPA auditors in regards to contracting the work out to a related party. We discussed this matter, and I was granted permission to move forward. Therefore, I proceeded with the contract. Now, upon completion of the Compliance Audit, I understand that I was unintentionally misguided, which has led to this unfortunate circumstance. It is not my intention to compromise the integrity of the office, the Board of Supervisors, the community of the employees who answer to me daily. I hold the employees to a high standard and myself to an even high standard, I have assisted the auditors every step of the way.

**Auditor's Note:** The Chancery Clerk repaid the Board of Supervisors on September 18, 2020 receipt number 2020 \$75,950, which was deposited into the County Treasury.

**Repeat Finding:** No.

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### **Circuit Clerk**

**Finding 5:** Public Officials Should Strengthen Internal Controls to Ensure Bank Statements Are Properly Reconciled to the Fee Journal.

**Control Deficiency:** An effective system of internal controls over Circuit Clerk fees includes the reconciliation of the cash balance in the Circuit Clerk's fee journal to the bank statement balances.

**Finding Detail:** As a result of procedures performed, we noted that the Circuit Clerk's fee journal was not reconciled to the bank statement balance. Failure to reconcile the Circuit Clerk's cash balance per the fee journal to the cash balance per the bank statement could result in the misappropriation of public funds.

**Recommendation:** We recommend the Circuit Clerk strengthen controls to ensure the reconciled bank statements agree with the cash balance of the fee journal.

**Official Response:** I have been reconciling my clearing account to my receipts & expenses that come through my clearing bank account. Going forward, I will reconcile my clearing with my Fee Journal.

**Repeat Finding:** No.

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**End of Report**

Sunflower County responses to the findings included in this report were not audited, and accordingly, we express no opinion on them. Minor grammatical changes may have been made to responses in order to provide clarity. These changes did not change the substance of the Official Response.

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  
Office of the State Auditor