

TIPPAH 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, CFE

Director, *Compliance Audit Division*



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TIPPAH COUNTY

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TIPPAH COUNTY

SPECIAL REPORTS



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

**Shad White
AUDITOR**

July 7, 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
Tippah County, Mississippi

We have examined Tippah 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 Tippah County, Mississippi is responsible for the County's compliance with those requirements.

We believe our examination provides a reasonable basis for our findings. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Tippah 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 examination procedures disclosed certain instances of noncompliance with the aforementioned code sections. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

Finding 1: Public Officials Should Ensure Compliance with State Law over Obtaining Bids and Quotes.

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

(\$50,000.00), exclusive of freight and shipping charges, may be made from the lowest and best bidder without publishing or posting advertisement of bids, provided at least two (2) competitive written bids have been obtained.”

Section 31-7-13(c), Mississippi Code Annotated (1972), states, “Purchases which involve an expenditure of more than Fifty Thousand Dollars (\$50,000.00), exclusive of freight and shipping charges, may be made from the lowest and best bidder after advertising for competitive bids once each week for two (2) consecutive weeks in a regular newspaper published in the county or municipality in which such agency of governing authority is located.”

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

- A four-ton gas unit was purchased for \$9,400 without competitive bids;
- HVAC units were purchased for \$15,000 without competitive bids from two (2) or more vendors;
- A network server was purchased for \$43,637 without competitive bids;
- Two (2) Ford F150 trucks were purchased for \$60,000 (\$30,000 each) without advertising or receiving competitive bids; and
- A Ford Explorer was purchased for \$12,500 without competitive bids from two (2) or more vendors.

Failure to receive competitive bids could result in overpayment for goods or services, fraud, misappropriation, or loss of public funds.

Recommendation: We recommend the Board of Supervisors strengthen controls to ensure to obtain competitive bids for purchases as required in the statutes provided above.

Official Response: Pertaining to bid requirements for purchases:

- Four-ton gas unit – The unit was \$4,700, which does not require two quotes, the oversight was that we were purchasing two units.
- HVAC units – There was a quote that was written on a business card. However, this was not dated or signed.
- Network server – I believe this should have been listed as a sole source.
- 2 Ford F150 trucks – we were using the 3% above invoice rule, not knowing it should be a local vendor. The vendor ended up selling the vehicles below invoice, so we thought we had the right to make the purchase.
- Ford Explorer – not aware we could not use an internet quote. We thought a quote was a quote, whether it is obtained directly from the vendor or via the internet.

Repeat Finding: No.

Finding 2: Public Officials Should Ensure Compliance with State Law over Obtaining Bids.

Applicable State Law: Section 31-7-13(b), Mississippi Code (1972), states, “Purchases which involve an expenditure of more than Five Thousand Dollars (\$5,000.00) but not more than Fifty Thousand Dollars (\$50,000.00), exclusive of freight and shipping charges, may be made from the lowest and best bidder without publishing or posting advertisement for bids, provided at least two (2) competitive written bids have been obtained. Any state agency or community/junior college purchasing commodities or procuring construction pursuant to this paragraph (b) may authorize its purchasing agent, or his designee, to accept the lowest competitive written bid under Fifty Thousand Dollars (\$50,000.00). Any governing authority purchasing commodities pursuant to this paragraph (b) may authorize its purchasing agent, or his designee, with regard to governing authorities other than counties, or its purchase clerk, or his designee, with regard to counties, to accept

the lowest and best competitive written bid. Such authorization shall be made in writing by the governing authority and shall be maintained on file in the primary office of the agency and recorded in the official minutes of the governing authority, as appropriate. The purchasing agent or the purchase clerk, or their designee, as the case may be, and not the governing authority, shall be liable for any penalties and/or damages as may be imposed by law for any act or omission of the purchasing agent or purchase clerk, or their designee, constituting a violation of law in accepting any bid without approval by the governing authority. The term “competitive written bid” shall mean a bid submitted on a bid form furnished by the buying agency or governing authority and signed by authorized personnel representing the vendor, or a bid submitted on a vendor’s letterhead or identifiable bid form and signed by authorized personnel representing the vendor. “Competitive” shall mean that the bids are developed based upon comparable identification of the needs and are developed independently and without knowledge of other bids or prospective bids. Any bid item for construction in excess of Five Thousand Dollars (\$5,000.00) shall be broken down by components to provide detail of component description and pricing. These details shall be submitted with the written bids and become part of the bid evaluation criteria. Bids may be submitted by facsimile, electronic mail or other generally accepted method of information distribution. Bids submitted by electronic transmission shall not require the signature of the vendor’s representative unless required by agencies or governing authorities.”

Section 31-7-105, Mississippi Code Annotated (1972), states, “Upon acceptance of any bid by the board of supervisors, as provided in Section 31-7-13, the clerk of the board of supervisors, shall forthwith deliver to the purchase clerk a certified copy of such accepted bid. The accepted bid or offer to furnish equipment, heavy equipment, machinery, supplies, commodities, materials or services shall constitute the sole source for such purchase, unless such purchase is otherwise authorized by law. The term “lowest and best bid” shall not include any person, firm, partnership or corporation other than the person, firm, partnership or corporation actually submitting the bid determined to be the lowest and best bid.”

Finding Detail: As a result of procedures performed, we noted that the Board of Supervisors awarded a competitive bid on January 2, 2018, which was before the Purchase Clerk received the bid on January 4, 2018. The Purchase Clerk should receive the bids prior to being presented to the Board of Supervisors for approval.

Awarding bids before receiving them in writing could result in overpayment for goods or services, fraud, misappropriation, or loss of public funds.

Recommendation: We recommend the Board of Supervisors strengthen controls to ensure competitive and written bids before the Board of Supervisors’ approval.

Official Response: I believe this was an oversight on the dates that were on the quote.

Repeat Finding: No.

Auditor Note: Based on the documentation provided to Auditors, the quotes were approved by the Board on January 2, 2018. But the quotes were dated January 4, 2018, which is two (2) days after being approved by the Board.

Finding 3: Public Officials Should Ensure Compliance with State Law over Receiving Reports.

Applicable State Law: *Section 31-7-109, Mississippi Code Annotated (1972)* states, “The receiving clerk or his assistants shall, upon proper delivery of equipment, heavy equipment, machinery, supplies, commodities, materials or services, acknowledge receipt of goods in compliance with a receipting system 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 receiving clerk shall be responsible for the maintenance of such system.”

Finding Detail: As a result of procedures performed, we noted five (5) instances where the Receiving Clerk or an Assistant Receiving Clerk was not the signer on the receiving reports.

Failure on the part of the Receiving Clerk to sign the receiving reports may result in fraud, misappropriation, or loss of public funds.

Recommendation: We recommend the Board of Supervisors strengthen controls to ensure the Receiving Clerk or an Assistant Receiving Clerk sign all receiving reports.

Official Response: The materials receipt in question is not a receiving report, per say but just a material receipt. It is no different than a delivery receipt or packing slip. It simply tells the receiving clerk what items were received, who received them, how it was delivered/received, and the date received. It is then signed by the department, just like a packing slip or delivery receipt would be. The material receipt is then given to the receiving clerk, who fills out the receiving report showing the goods were received. The receiving clerk or an assistant signs the receiving report. This is a system that has been in place for several years. We have been using this system since before the unit system went into effect in 2004. It was actually in use when we were audited by the state the last time. I was just wondering if there was a law change that makes this disallowed?

Repeat Finding: No.

Auditor Note: Based upon the documentation provided, we noted that various employees throughout the County, complete a “Materials Receipt” when the employee receives an item. This documentation is then provided to the Receiving Clerk who signs-off on the Receiving Report. However, not all employees who are actually receiving the items and completing the “Materials Receipt” are Assistant Receiving Clerks. Only those employees bonded as a Receiving Clerk or Assistant Receiving Clerk should receive items.

Finding 4: The Receiving Clerk 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 31-7-124, Mississippi Code Annotated (1972), states, “All assistant purchasing, receiving and inventory control clerks shall be bonded in a penalty not less than Fifty Thousand Dollars (\$50,000.00). Such bond shall be in addition to any other bond required by law, with sufficient surety, to be payable, conditioned and approved as provided by law.”

Finding Detail: As a result of procedures performed, we noted that the five (5) Assistant Receiving Clerks’ surety bonds were covered under a blanket bond, which had an indefinite term.

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

Recommendation: We recommend the Board of Supervisor implement procedures to ensure that surety bonds are secured in the correct amounts, list a term of office covered, and renewed every four (4) years concurrent with the normal election cycle of the local government applicable to the employee.

Official Response: We were not aware that it needed to be a definite period. We will get this corrected.

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.

Tippah 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 Tippah 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 written in a cursive, flowing style.

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

TIPPAH COUNTY

Schedule 1Schedule of Purchases Not Made from 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> |
|-------------|---------------------------|-------------------------|---------------|-----------------------|--|
| 8/6/2018 | Windows | \$ 5,400 | Quality Glass | \$ 5,175 | Quality Glass offered a lifetime warranty; however, Wright Glass and Aluminum did not. |

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

Schedule 2

Our tests did not identify any emergency purchases.

TIPPAH COUNTY

Schedule 3

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

| <u>Date</u> | <u>Item Purchased</u> | <u>Amount Paid</u> | <u>Vendor</u> |
|-------------|---------------------------|------------------------|-------------------------------|
| 9/4/2018 | ExpressPoll Tablets | \$ 28,454 | Election Systems and Software |



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

**Shad White
AUDITOR**

July 7, 2020

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Tippah County, Mississippi

In accordance with *Section 7-7-211, Mississippi Code Annotated (1972)*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions to ensure compliance with legal requirements. The scope of our review covered the 2018 fiscal year.

We have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses.

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

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

Applicable State Law: *Section 19-3-67(1), Mississippi Code Annotated (1972)*, provides that, "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), provides that, “Itemized expense accounts shall be submitted by the member on forms prescribed by Auditors 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), provides that, “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, we noted that the Board of Supervisors did not spread the approval of travel upon the minutes. The Board of Supervisors also failed to list miles traveled per day, points of travel, and actual costs of meals.

Failure to follow the guidelines as stated above could result in the loss or misappropriation of public funds and has resulted in the Supervisors not being compliant with state law.

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

Official Response: Travel for all departments (including the Board of Supervisors) is budgeted. Therefore, not initially approved by the Board. Reimbursement is approved on the claims docket once they return. All expenses (mileage, meals, hotel, etc.) are noted and broken down on the travel report.

Repeat Finding: No.

Auditor’s Note: Supporting documentation provided by the County during the audit does not support the assertion in the official response regarding the travel reports.

Finding 2: Public Officials Should Ensure Compliance with State Law over Purchasing Real Property.

Applicable State Law: *Section 43-37-3(1)(b), Mississippi Code Annotated (1972)*, states, “Real property shall be appraised before the initiation of negotiations, except that the acquiring person, agency or other entity may adopt a procedure in compliance with federal regulations to waive the appraisal in cases involving the acquisition by sale or donation of property with a low fair market value. For the purposes of this chapter, property with a low fair market value is property with a fair market value of Ten Thousand Dollars (\$10,000.00) or less. The owner or his designated representative shall be given an opportunity to accompany the appraiser during his inspection of the property.”

Finding Detail: As a result of procedures performed, we noted that the County purchased real property without obtaining a fair market value appraisal.

Failure to obtain a fair market value appraisal before acquiring real property may result in fraud, misappropriation, or loss of public funds; further, it may also result in a loss of public trust.

Recommendation: We recommend the County implement controls to ensure that the fair market value appraisal is obtained before purchasing real property.

Official Response: The property in question was priced at \$26,000 by the estate. The tax appraisal value was \$32,790. The County determined the fair market value to be \$26,000 based on this information.

Repeat Finding: No.

Chancery Clerk.

Finding 3: Public Officials Should Ensure Compliance with State Law over Publishing the Audit Synopsis.

Applicable State Law: *Section 7-7-221(1), Mississippi Code Annotated (1972)* states, “As soon as possible after an annual audit of the fiscal and financial affairs of a county by the State Auditor, as the head of the State Department of Audit, has been made and a copy of such report of audit or examination has been filed with the board of supervisors of such county and the clerk thereof, as required in *Section 7-7-215*, the clerk of the board of supervisors shall publish a synopsis of such report in a form prescribed by the State Auditor.”

Section 7-7-221(2), Mississippi Code Annotated (1972) states, “The clerk of the board of supervisors shall deliver a copy of the aforesaid synopsis to some newspaper published in the county, and, if no newspaper is published in the county, then to a newspaper having a general circulation therein, to be published.

Section 7-7-221(4), Mississippi Code Annotated (1972) states, “The clerk shall forward a copy of the published synopsis to the State Auditor within sixty (60) days of its publication. If the synopsis does not substantially satisfy the requirements of this section, the State Auditor is authorized to prepare the synopsis and have it published in accordance with this section at cost to the county.”

Finding Detail: As a result of procedures performed, we noted that Tippah County received the 2016 fiscal year audit report in November of 2018. However, the County provided no evidence of publication of the audit synopsis.

Failure to publish the annual audit synopsis could lead to loss of public trust and transparency.

Recommendation: We recommend the Clerk strengthen controls to ensure that the publication of the annual audit synopsis is published as required by *Section 7-7-221, Mississippi Code Annotated (1972)*.

Official Response: The Chancery Clerk failed to provide an official response.

Repeat Finding: No.

Finding 4: Public Officials Should Ensure Compliance with State Law over Filing the Annual Financial Report with the Office of the State Auditor.

Applicable State Law: *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.”

Finding Detail: As a result of procedures performed, we noted that the Chancery Clerk failed to file an annual financial report for the 2017 and 2018 calendar years.

Failure to file an annual financial report as required by statute could lead to loss of public trust and transparency.

Recommendation: We recommend the Chancery Clerk file the 2017 and 2018 annual reports with the Office of the State Auditor and ensure that future years are filed as mandated by statute.

Official Response: I was only aware that the AFR was to be sent to PERS. I will comply and will send 2017 and 2018 AFR if need be.

Repeat Finding: No.

Finding 5: Public Officials Should Ensure Compliance with State Law over Submitting the Justice Court Clerk's Collections Report to the Board of Supervisors.

Applicable State Law: *Section 9-11-19(1), Mississippi Code Annotated (1972)*, states, "It shall be the duty of every clerk of the justice court to receive and account for all fees, costs, fines and penalties charged and collected in the justice court, and, monthly to report in writing under oath, to the clerk of the board of supervisors who shall upon receipt submit such report to the board of supervisors..."

Finding Detail: As a result of procedures performed, we noted that the Justice Court Clerk provided the Clerk of the Board with a monthly report accounting for all fees, costs, fines, and penalties charged and collected. However, the Clerk did not submit the reports to the Board of Supervisors.

Failure to submit the monthly charges and collections of the Justice Court Clerk could lead to loss of public trust and transparency.

Recommendation: We recommend the Clerk submit the monthly charges and collections of the Justice Court Clerk as required by *Section 9-11-19(1), Mississippi Code Annotated (1972)*.

Official Response: I was not aware that this was a requirement, and I will comply beginning in August 2019.

Repeat Finding: No.

Finding 6: Public Officials Should Ensure Compliance with State Law over Copying Assessment Rolls.

Applicable State Law: *Section 25-3-21, Mississippi Code Annotated (1972)*, provides that, "The board of supervisors may allow to its clerks reasonable compensation, to be paid out of the county treasury, for making copies of assessment rolls required by law, not to exceed One and One-half Cents (1-½¢) for each personal assessment or Three Cents (3¢) for each separate assessment of lands per copy; but the board of supervisors may allow as much as One Hundred Fifty Dollars (\$150.00) in any case for copying the personal roll, and each copy thereof shall be considered a roll."

Finding Detail: As a result of procedures performed, we noted that the Chancery Clerk was overcompensated \$292 for copying personal assessment rolls due to a calculation error.

Requesting compensation that exceeds the statutorily allowed amounts results in the Chancery Clerk being overcompensated.

Recommendation: We recommend the Chancery Clerk implement controls to ensure that compensation is adequately calculated. The Chancery Clerk should also return \$292 to the County.

Official Response: I did make a clerical error, and this will be corrected.

Auditor's Note: Check Number 1395, in the amount of \$292, was remitted to the County on 6/22/2020 as evidenced by Receipt Number 197590.

Repeat Finding: No.

Finding 7: The Chancery Clerk Should Ensure Compliance with State Law over Statutory Fees for Attending Board Meetings.

Applicable State Law: *Section 25-7-9(1), Mississippi Code Annotated (1972)*, provides that the Clerks of the Chancery Courts shall charge \$20 for himself and one (1) deputy for each days' attendance on the Board of Supervisors' meetings.

Finding Detail: As a result of procedures performed, we noted the Chancery Clerk was paid \$20 for himself and one (1) deputy. However, there was no evidence that the deputy was present at the Board of Supervisors' meetings. This error resulted in the Chancery Clerk being paid \$820 in error.

Failure to have controls in place to ensure the Chancery Clerk is not being reimbursed for services not provided could result in fraud, waste, and abuse of public funds.

Recommendation: We recommend the Chancery Clerk only charge \$20 for himself and one (1) Deputy if both individuals are in attendance at the Board of Supervisors' meetings. The Chancery Clerk should also remit the \$820 to the County.

Official Response: I was told that \$40 per Board meeting would be paid to the Chancery Clerk. I have read the statute and realize that only \$20 is paid unless the Deputy Clerk is also present. I will confirm and return the \$820 to the County.

Auditor's Note: Check Number 1394, in the amount of \$820, was remitted to the County on 6/22/2020 as evidenced by Receipt Number 197589.

Repeat Finding: No.

Circuit Clerk.

Finding 8: Public Officials Should Ensure Compliance with State Law over Timely Deposits.

Applicable State Law: *Section 25-1-72, Mississippi Code Annotated (1972)*, provides that, "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 Circuit Clerk failed to make daily deposits. Of the fifteen (15) deposits tested, eight (8) deposits ranged between two (2) to four (4) business days after the monies were received.

Failure to make timely deposits could lead to loss or misappropriation of public funds.

Recommendation: We recommend the Circuit Clerk implement controls to ensure deposits are made on the day money is receipted or the next business day.

Official Response: We will comply with making timely deposits.

Repeat Finding: No.

Constable, North Half; Constable, South Half; Justice Court Judge, North Half; Tax Assessor/Collector.

Finding 9: The Public Officials Should Ensure Compliance with State Law over Statements of Economic Interest.

Applicable State Law: *Section 25-4-25(a), 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(1), Mississippi Code Annotated (1972), provides that, “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.”

Section 25-4-29(2), Mississippi Code Annotated (1972), provides that, “Any person who fails to file a statement of economic interest within thirty (30) days of the date of the statement is due shall be deemed delinquent by the commission...a fine of Fifty Dollars (\$50.00) per day, not to exceed a total fine of One Thousand Dollars (\$1,000.00) shall be assessed against the delinquent filer for each day thereafter in which the statement of economic interest is not properly filed. The commission shall enroll such assessment as a civil judgment with the circuit clerk in the delinquent filer’s county of residence.”

Finding Detail: As a result of procedures performed, we noted that the following public officials failed to file a Statement of Economic Interest by May 1st, as required by state law:

- Constable, North Half
- Constable, South Half
- Justice Court Judge, North Half
- Tax Assessor/Collector

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

Recommendation: We recommend the Public Officials should file a Statement of Economic Interest annually, no later than May 1st of each year, that such official hold’s office, regardless of duration.

Official Responses:

Constable, North Half: I will be glad to check on this A.S.A.P.

Constable, South Half: This has been corrected.

Justice Court Judge, North Half: Due to the Justice Court Judge being out on sick leave a response could not be obtained.

Tax Assessor/Collector: I signed my Statement of Ethics when I was sworn in office. I didn’t know I was required to do this every year. I will fill this out every year.

Repeat Finding: No.

Election Commissioners.

Finding 10: Public Officials Should Ensure Compliance with State Law over Completing Claim Forms.

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’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 procedures performed, we noted the following exceptions with the Election Commissioners’ claim forms:

- Due to a miscalculation in the number of per diem days, the Election Commissioners were overpaid a combined total of \$2,746; and
- The claim forms were missing information such as statute references, hours worked, beginning/ending time, and attestation date.

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

Recommendation: We recommend the Election Commissioners complete the forms, prescribed in the statute listed above, accurately. The Election Commissioners should remit the overpayments back to the County.

Official Response: Thank you for taking the time to explain how the time is calculated for the per diem pay we receive. We were all new when elected, and this was not adequately explained to us. We have met and discussed the time recording, how you explained it to me. We will get this paid back as soon as we can. We also got the code sheet so we can accurately identify the time.

Auditor’s Note: As of the date of this report, the amount has not been repaid. If the amount remains unpaid within 30 days, this matter will be referred to the OSA Investigative Division.

Repeat Finding: No.

Finding 11: Public Officials Should Ensure Compliance with State Law over Completing/Submitting PERS Form 4Bs.

Applicable State Law: *Section 25-11-127(4)(b), Mississippi Code Annotated (1972)*, provides that, “Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being

made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment.”

Section 105, PERS Regulation 34, provides that, “A service retiree reemployed under *Section 103* may make one election per fiscal year to either (i) limit the number of days/hours worked for all covered employers to that allowed under *Section 103.1.a.* or (ii) limit the amount of compensation that will be earned from all covered employers as provided under *Section 103.1.b.* of this regulation.”

The Instructions on the PERS Form 4B provides that, “A Form 4B, Reemployment of PERS Service Retiree Certification/Acknowledgement, should be submitted each fiscal year (July 1 – June 30) of reemployment.”

Finding Detail: As a result of procedures performed, we noted that the Payroll Clerk failed to complete/submit the required forms to PERS within five (5) days of reemployment for the two (2) PERS retirees employed during fiscal year 2018. Failure to properly file Form 4Bs could jeopardize the provisions for reemployment.

Recommendation: We recommend the Payroll Clerk file the PERS Form 4Bs each fiscal year of the reemployment of PERS retirees.

Official Response: I was not aware of this rule, and I will comply and send forms to PERS.

Repeat Finding: No.

Finding 12: Public Officials Should Strengthen Internal Controls over Collections and Disbursements Through Adequate Segregation of Duties.

Control Deficiency: An effective system of internal controls should include adequate segregation of duties. *Standards for Internal Control in the Federal Government (the Green Book)*, *Principle 10.13*, states, “Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties.” *Principle 10.14* states, “If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.”

Finding Detail: As a result of procedures performed, we noted that the cash collection and disbursement functions are not adequately segregated for effective internal controls. The Deputy Tax Collector makes deposits, takes the deposits to the bank, calculates the monthly settlements, posts to the cash journal, reconciles the bank statements, and disburses all funds.

Failure to implement adequate segregation of duties could result in fraud, waste, abuse, or loss of public funds.

Recommendation: We recommend the Tax Assessor/Collector implement internal controls to ensure adequate segregation of duties regarding the collection and disbursement functions in the Tax Collector’s office.

Official Response: I will have an additional deputy to start and help me with the daily deposits.

Repeat Finding: No.

Tippah County's 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 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 written in a cursive, flowing style.

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