

WARREN 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*

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Director, *Compliance Audit Division*



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WARREN COUNTY
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WARREN COUNTY

SPECIAL REPORTS



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISSISSIPPI CODE ANNOTATED (1972))

Members of the Board of Supervisors
Warren County, Mississippi

We have examined Warren County, Mississippi's compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with *Sections 31-7-101 through 31-7-127, Mississippi Code Annotated (1972)* and compliance with the purchasing requirements in accordance with the bid requirements of *Section 31-7-13, Mississippi Code Annotated (1972)* during the year ended September 30, 2018. The Board of Supervisors of Warren 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 Warren 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 a certain instance of noncompliance with the aforementioned code sections. Our finding and recommendation and your response are disclosed below:

Purchase Clerk.

2018-001. The Purchase Clerk Should Ensure Compliance with the Central Purchasing System.

Repeat Finding No.

Criteria *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 Annotated (1972), states, "The State Department of Audit, under the authority of Section 7-7-211, shall design and prescribe the form of the inventory to be made, the form of the purchase requisition, the form of the purchase order, the form of the receiving report; prescribe systems of filing and prescribe the system of records necessary for the maintenance of a

central purchase system, receiving system and an inventory control system; and shall promulgate and prescribe such other documentation, procedures and regulations necessary for the efficient maintenance of such systems.” Purchase requisitions must be signed by an authorized person in the requesting department who has been assigned the authority to obligate the department’s budget. Purchase requisitions, purchase orders, and receiving reports should accompany all claims for payment.

Condition	During the testing of central purchasing, the following instances of noncompliance were noted: <ul style="list-style-type: none">• There were four (4) instances in which the purchase requisitions were signed by unauthorized personnel within the road department.• There was one (1) instance in which an invoice was accepted before the requisition and purchase order was approved by the Purchase Clerk.
Cause	The invoice was accepted before the approval of the requisition and purchase order by the Purchase Clerk. In addition, requisitions were approved by unauthorized personnel.
Effect	Failure to comply with state law could result in unauthorized purchases and misappropriation of county funds
Recommendation	The Purchase Clerk should ensure that purchase requisitions are signed as approved by department heads or persons who are authorized to approve purchases and that purchase documents are completed and approved in the correct sequence.
Official’s Response	It has always been our (unwritten) policy to KNOW who in each department has been entrusted with the authority to create and sign purchase requisitions by the elected official or appointed department head over that department, but we have had no official record of such knowledge. In keeping with the goal of compliance with internal controls, I intend to develop a list of all departments showing the authorized person for each department (as designated by the elected official or appointed department head) and have that list approved each year by the current Board of Supervisors. I anticipate that list will be presented to the Board for approval in April of 2019 and then January of each year going forward.

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.

Warren County’s response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

This report is intended for use in evaluating Warren 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

WARREN 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 from other than the lowest bidder.

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

Schedule 2

Our tests did not identify any emergency purchases.

WARREN COUNTY

Schedule 3Schedule 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>
11/20/2017	Ten (10) Taser Units	\$	15,177	Axon Enterprises, Inc.
12/18/2017	Specialized Computer Equipment		10,085	Controls Systems, Inc.
4/4/2018	Ten (10) In-car Camera & Video Systems		35,250	Digital Ally, Inc.
6/4/2018	Four (4) In-car Camera & Video Systems		19,300	Digital Ally, Inc.
6/4/2018	Body Camera Equipment and Docking Station		4,185	Digital Ally, Inc.



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Warren 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.

2018-001	<u>The Board of Supervisors Should Ensure Compliance with State Law over the Renewal of the Inter-local Agreement with the City of Vicksburg at the Beginning of Board Member's New Office Terms.</u>
Repeat Finding	No.
Criteria	<i>Section 17-13-7(4), Mississippi Code Annotated (1972)</i> , provides that, "Any two (2) or more local governmental units may enter into written contractual agreements with one another for joint or cooperative action to provide services and facilities..." <i>Section 17-13-7(4)</i> supports <i>Section 27-41-2</i> which allows inter-local agreements for collection by county of ad valorem taxes due to municipality.
Condition	During our testing of payroll, we noted the County entered into an inter-local contractual agreement with the City of Vicksburg for the collection of its taxes. The written contractual agreement expired in 2004.
Cause	The inter-local agreement has not been renewed between the City of Vicksburg and Warren County.
Effect	Failure to renew contractual agreements could result in the loss or misappropriation of public funds. Successor board member may not be bound to a contract of previous boards.
Recommendation	The Board of Supervisors should renew the inter-local agreement with the City of Vicksburg at the POST OFFICE BOX 956 • JACKSON, MISSISSIPPI 39205 • (601) 576-2800 • FAX (601) 576-2650 www.osa.state.ms.us

beginning of each new term of office.

Official's Response The Warren County Board of Supervisors will renew contracts with individuals and inter-local agreements either at the start of a new term or annually whichever the situation dictates.

Board of Supervisors, Chancery Clerk, and Circuit Clerk.

2018-002 The Board of Supervisors, Chancery Clerk, and Circuit Clerk Should Strengthen Control To Ensure the Renewal of the Restoration Agreements at the Beginning of Each New Term of Office.

Repeat Finding No.

Criteria The County may contract with the Chancery and Circuit Clerk for the preservation of any record deemed by the Board of Supervisors to be essential to the operation of government or containing information necessary to protect the rights and interests of persons or to establish and affirm the powers and duties of governments in the resumption of operations after the damage or destruction of the original records. This contract must specify the duties to be performed and must be renewed every office term. As a general rule, governing authorities may not bind their successors in office to contracts.

Condition During the testing of the Chancery and Circuit Clerk's fee journal, we noted restoration agreements with the Board of Supervisors had not been renewed for the new term of office.

Cause County officials did not renew restoration contracts at the beginning of their new terms of office.

Effect Failure to renew contractual agreements could result in the loss or misappropriation of public funds. A contractual agreement that is not renewed may not bind successor board members to the previous board's obligations. Failing to renew contracts could result in the overpayment of the Chancery and/or Circuit Clerk.

Recommendation The Board of Supervisors, Chancery Clerk, and Circuit Clerk should renew their restoration contracts at the beginning of their new office terms.

Officials' Response **Board of Supervisors:** The Warren County Board of Supervisors will renew contracts with individuals and inter-local agreements either at the start of a new term or annually whichever the situation dictates.

Chancery Clerk: The restoration agreement will be renewed at the beginning of each new term of office.

Circuit Clerk: The restoration agreement with Warren County Board of Supervisors will be renewed at the beginning of each new term.

Board of Supervisors and Sheriff.

2018-003 The Board of Supervisors and Sheriff Should Ensure Compliance with State Law over Filing Statements of Economic Interest.

Repeat Finding No.

Criteria *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..."

Condition	During our review of the Statements of Economic Interest, we noted that two (2) Supervisors and the Sheriff did not file the required form by May 1 st as required by state law.
Cause	Two (2) Supervisors and the Sheriff did not file the required statement.
Effect	Failure to file the Statement of Economic Interest results in non-compliance with <i>Section 25-4-25</i> and could result in fines being assessed and a civil judgment being enrolled against the delinquent filers as allowed by <i>Section 25-4-29 (2)</i> .
Recommendation	All Supervisors and the Sheriff should file the Statement of Economic Interest annually, no later than May 1 st of each year that such official holds office, regardless of the duration.
Officials' Response	<p>Board of Supervisors: Both supervisors have filed their 2018 Statement of Economic Interest on Friday March 22, 2019.</p> <p>Sheriff: After staff changes in my front office this information was not forwarded to the Ethics Commission as it should have been. This matter was corrected immediately after being informed of the issue.</p>

Tax Collector

2018-006	<u>The Tax Collector Should Strengthen Internal Controls over the Safekeeping and Depositing of Public Funds.</u>
Repeat Finding	No.
Criteria	Management is responsible for establishing an internal control system that ensures strong financial accountability for safeguarding assets and revenues.
Condition	During our testing of internal controls in the Tax Collector's Office, we noted that there was a shortage of deposits in the amount of \$100,654.
Cause	Internal controls were inadequate in accounting for the deposit of revenues collected.
Effect	Inadequate internal controls resulted in the loss of public funds amounting to \$100,654.
Recommendation	The Tax Collector should ensure that all future revenues collected are properly receipted and deposited. We also recommend timely reconciliation of all funds collected.
Official's Response	As mentioned during our audit, I have a pending case of embezzlement that is being investigated by the Auditor's Office. Since I made the discovery, I have put a few separation of duty controls in place. I have also been more involved with keeping an eye out on the bank statements. Now, one clerk does not collect money, send it to the bank, and reconcile the bank statements. Therefore, it is no longer easy for one person to be the only person handling funds. Also, I have also contacted the bank and asked that any corrections with deposits must be verified by the Tax Collector.
Auditor's Note	OSA investigation division has turned the case over to the Warren County District Attorney.

Warren County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity

and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

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

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