

CHOCTAW COUNTY MISSISSIPPI

COMPLIANCE REPORT

Compliance Special Reports

For the year ended *September 30, 2020*

SHAD WHITE, CFE
State Auditor

STEPHANIE C. PALMERTREE, CPA, CFE, CGMA
Deputy State Auditor

JOE E. MCKNIGHT, CPA
Director, County Audit Section



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

CHOCTAW COUNTY

TABLE OF CONTENTS

SPECIAL REPORTS.....	<u>4</u>
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>)	<u>5</u>
Limited Internal Control and Compliance Review Management Report.....	<u>10</u>
Schedule of Surety Bonds.....	<u>14</u>

CHOCTAW 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
Choctaw County, Mississippi

We have examined Choctaw 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, 2020. The Board of Supervisors of Choctaw 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 Choctaw 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 of noncompliance with the aforementioned code sections. Our finding, recommendation, and your response are disclosed below:

Purchase Clerk.

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

Applicable State Law: *Section 31-7-13, Mississippi Code Annotated (1972)*, states, "Purchases which involve an expenditure of more than \$5,000 but not more than \$50,000, exclusive of freight and shipping charges, may be from the lowest and best bidder without publishing or posting advertisement for bids, provided at least two competitive written bids have been obtained."

Finding Detail: During the testing of the County's purchases, the auditors noted two purchases were made without obtaining written quotes or bids.

Failure to obtain two competitive written bids for purchases over **\$5,000** could result in the misuse of public funds and resulted in noncompliance with state law.

Recommendation: We recommend the Purchase Clerk ensure that two competitive written bids are obtained for purchases over **\$5,000**, as required by state law.

Official Response: The clerk will comply and make every effort to avoid the same issue.

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)*.

Choctaw 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 Choctaw 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 black ink, appearing to read "Joe E. Mcknight", written in a cursive style.

JOE E. MCKNIGHT, CPA
Director, *County Audit Section*
Office of the State Auditor

CHOCTAW COUNTY

Schedule 1

Schedule of Purchases Not Made from the Lowest Bidder

For the Year Ended September 30, 2020

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

CHOCTAW COUNTY

Schedule of Emergency Purchases

For the Year Ended September 30, 2020

Schedule 2

Our tests did not identify any emergency purchases.

CHOCTAW COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2020

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
Choctaw 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 2020 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:

Chancery Clerk.

Finding 1: Public Officials Should Strengthen Internal Controls over Cash Collections and Reconciliations.

Internal Control Deficiency: An effective system of internal control over cash collections in the Chancery Clerk's Office should include the proper recording of all collections and settlements in the cash journal and the reconciliation of the cash balances in the cash journals to the bank accounts each month.

Finding Detail: During the review of the County's reconciliations, the auditors noted a difference between the cash journal and reconciled balance in the amount of **\$2,405**.

Failure to reconcile cash balances each month could result in the loss of public funds.

Recommendation: We recommend the County strengthen internal controls by implementing adequate procedures to ensure the Chancery Clerk properly reconciles the bank account to the cash journal monthly.

Official Response: I will comply with the best of my ability.

Repeat Finding: No.

Circuit Clerk.

Finding 2: Public Officials Should Strengthen Internal Controls over Accounting for the Circuit Clerk's fees.

Internal Control Deficiency: An effective system of internal controls over Circuit Clerk fees should include the timely deposit of fees collected and the reconciliation of the cash balances in the Circuit Clerk's cash journals to the bank balances.

Finding Detail: During the review of the County's cash journals, the auditors noted that deposits of Circuit Clerk's fees were not made timely and the Circuit Clerk was not reconciling the cash journals.

Failure to reconcile cash journals and make timely deposits could result in the loss of public funds.

Recommendation: We recommend the Circuit Clerk strengthen internal controls to ensure that deposits are made timely and that the reconciled bank balance agrees with the cash balance on the cash journals.

Official Response: I will correct my cash journals to show forward balances. I will make deposits in a timely manner.

Repeat Finding: No.

Justice Court Clerk.

Finding 3: Public Officials Should Strengthen Internal Controls over Segregation of Duties.

Internal Control Deficiency: *The Internal Control-Integrated Framework published by the Committee of Sponsoring Organizations of the Tread-way Commission* specifies that a satisfactory control environment is only effective when there are adequate control activities in place. An effective system of internal controls should include adequate segregation of duties. A well-designed system of internal controls should include segregating job duties to the greatest extent possible.

Finding Detail: During the review of the County's internal controls, the auditors noted inadequate segregation of duties in the Justice Court Clerk's office. One person collects funds, makes deposits, posts to the cash journal, calculates the monthly settlements, and reconciles the bank statements.

Failure to adequately segregate duties could result in the loss or misappropriation of public funds.

Recommendation: We recommend the County strengthen internal controls by implementing adequate procedures to ensure that the adequate segregation of duties regarding the collection and disbursement functions within the Justice Court Clerk's Office.

Official Response: I acknowledge the findings. I will talk with the Chancery Clerk's Office about fixing the issue.

Repeat Finding: No.

Purchase Clerk.

Finding 4: Public Officials Should Ensure Compliance with State Law over Credit Card Purchases.

Applicable State Law: *Section 19-3-68, Mississippi Code Annotated (1972)*, states, "The Board of Supervisors of any county may acquire one or more credit cards which may be used by members of the Board of Supervisors and county employees to pay expenses incurred by them when traveling in or out of the state in the performance of their official duties."

Finding Detail: During the review of the County's credit cards, the auditors tested 17 purchases made with the County's credit card which had five errors that were not travel related totaling \$14,326.95.

Failure to ensure that only travel related expenses are incurred on the County's credit card could result in the misappropriation or loss of public funds.

Recommendation: We recommend the County ensure compliance by assuring all expenses incurred with the credit card are only for travel – related expenses, as required by state law.

Official Response: The Clerk agrees and will implement oversight to avoid any further issues.

Repeat Finding: No.

Tax Collector.

Finding 5: Public Officials 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.”

Finding Detail: During the review of the County’s surety bonds, the auditors noted the following exceptions:

- Two employees were bonded for an indefinite period during fiscal year 2020; and
- One employee was not bonded for fiscal year 2020.

Failure to obtain bonds for the appropriate period of time could limit the amount of recovery in case of errors or fraud.

Recommendation: We recommend the County ensure compliance by assuring that the Deputy Tax Collectors are properly bonded for a period of time concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.

Official Response: We will comply.

Repeat Finding: No.

Receiving Clerk.

Finding 6: Public Official 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.”

Finding Detail: During the review of the County’s surety bonds, the auditors noted that the Receiving Clerk was bonded for an indefinite period during fiscal year 2020.

Failure to obtain bonds for the appropriate period of time could limit the amount of recovery in case of errors or fraud.

Recommendation: We recommend the County ensure compliance by assuring the Receiving Clerk is properly bonded for a period of time concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.

Official Response: This issue has been resolved.

Repeat Finding: No.

Inventory Clerk.

Finding 7: Public Officials 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.

Finding Detail: During the review of the County’s surety bonds, the auditors noted that the Inventory Clerk was bonded for an indefinite period during fiscal year 2020.

Failure to obtain bonds for the appropriate period of time could limit the amount of recovery in case of errors or fraud.

Recommendation: We recommend the County ensure compliance by assuring that the Inventory Clerk is properly bonded for a period of time concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.

Official Response: This issue has been corrected.

Repeat Finding: No.

Choctaw 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,



JOE E. MCKNIGHT, CPA
Director, *County Audit Section*
Office of the State Auditor

Choctaw County
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2020
UNAUDITED

Name	Position	Company	Bond
Joey Stephenson	Supervisor District 1	Travelers Casualty and Surety Company	\$100,000
Greg Fondren	Supervisor District 2	Travelers Casualty and Surety Company	\$100,000
Chris McIntire	Supervisor District 3	Travelers Casualty and Surety Company	\$100,000
John Shoemaker	Supervisor District 4	Travelers Casualty and Surety Company	\$100,000
Mark Bruce	Supervisor District 5	Travelers Casualty and Surety Company	\$100,000
Steve Montgomery	Chancery Clerk	Travelers Casualty and Surety Company	\$100,000
Steve Montgomery	Purchase Clerk	Travelers Casualty and Surety Company	\$100,000
Brenton McKnight	Receiving Clerk	Travelers Casualty and Surety Company	\$75,000
Jalisa Lee	Inventory Control Clerk	Travelers Casualty and Surety Company	\$75,000
Amy Burdine	Circuit Clerk	Travelers Casualty and Surety Company.	\$100,000
Lynda Miles	Deputy Circuit Clerk	Travelers Casualty and Surety Company	\$50,000
Pamela Perry	Deputy Circuit Clerk	Travelers Casualty and Surety Company	\$50,000
Roy Carter	Constable	Travelers Casualty and Surety Company	\$50,000
Thomas Raybourn	Constable	Travelers Casualty and Surety Company	\$50,000
Brandon Busby	Sheriff	Travelers Casualty and Surety Company	\$100,000
Teresa Weeks	Justice Court Judge	Travelers Casualty and Surety Company	\$50,000
William Stephenson	Justice Court Judge	Travelers Casualty and Surety Company	\$50,000
Heather Woods	Justice Court Clerk	Travelers Casualty and Surety Company.	\$50,000
Dianne P. Chancellor	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Lori Kerr	Tax Assessor/Collector	Travelers Casualty and Surety Company	\$100,000
Josh Miles	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Lisa Algood	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Sedgie Taylor	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000