

LINCOLN COUNTY MISSISSIPPI

COMPLIANCE REPORT

Compliance Special Reports

For the year ended *September 30, 2020*

SHAD WHITE

State Auditor

Stephanie C. Palmertree, CPA, CGMA

Deputy State Auditor

Joe E. McKnight, CPA

Director, County Audit Section



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LINCOLN COUNTY

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LINCOLN 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
Lincoln County, Mississippi

We have examined Lincoln 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 Lincoln 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 Lincoln 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 findings, recommendations, and your responses are listed below:

Board of Supervisors and Inventory Control Clerk.

Finding 1: The Inventory Control Clerk Should Ensure Compliance with State Laws over Surety Bond.

Applicable State Laws: *Section 31-7-124, Mississippi Code Annotated (1972)*, requires the Inventory Control Clerk to execute a bond in a penalty not less than \$75,000 to be payable, conditioned, and approved as provided by law.

Section 25-1-15(2), Mississippi Code Annotated (1972), requires a new bond to be secured every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

Finding Detail: During our review of Copiah County, we noted that the Inventory Control Clerk was bonded for an indefinite time period under a blanket bond for \$75,000.

Failure to comply with the aforementioned state statutes, by being correctly and sufficiently bonded, could result in the loss of public funds.

Recommendation: The County should cancel the blanket bond and obtain an individual bond for the Inventory Control Clerk 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.

Officials' Response: We will ensure that all employees are bonded correctly.

Repeat Finding: No

Board of Supervisors and Purchase Clerk.

Finding 2: The Purchase Clerk Should Ensure Compliance with State Laws over Surety Bond.

Applicable State Laws: *Section 31-7-124, Mississippi Code Annotated (1972)*, requires the Purchase Clerk to execute a bond in a penalty not less than \$75,000 to be payable, conditioned, and approved, as provided by law.

Section 25-1-15(2), Mississippi Code Annotated (1972), requires a new bond to be secured every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

Finding Detail: During our review of Lincoln County, we noted that the Purchase Clerk was bonded for an indefinite time period under a blanket bond for \$75,000.

Failure to comply with the aforementioned state statutes, by being correctly and sufficiently bonded, could result in the loss of public funds.

Recommendation: The County should cancel the blanket bond and obtain an individual bond for the Purchase Clerk 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.

Officials' Response: We will ensure that all employees are bonded correctly.

Repeat Finding: No.

Board of Supervisors, Receiving Clerk and Assistant Receiving Clerks.

Finding 3: The Receiving Clerk and Assistant Receiving Clerks Should Ensure Compliance with State Laws over Surety Bonds.

Applicable State Laws: *Section 31-7-124, Mississippi Code Annotated (1972)*, requires the Receiving Clerk to execute a bond in a penalty not less than \$75,000, and Assistant Receiving Clerks to execute a bond not less than \$50,000, to be payable, conditioned, and approved as provided by law.

Section 25-1-15(2), Mississippi Code Annotated (1972), requires a new bond to be secured every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

Finding Detail: During our review of Lincoln County, we noted that the Receiving Clerk was bonded for an indefinite time period under a blanket bond for \$75,000 and the Assistant Receiving Clerks were bonded for an indefinite period of time under a blanket bond for \$50,000.

Failure to comply with the aforementioned state statutes, by being correctly and sufficiently bonded, could result in the loss of public funds.

Recommendation: The County should cancel the blanket bond and obtain individual bonds for the Receiving Clerk and Assistant Receiving Clerks 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.

Officials' Response: We will ensure that all employees are bonded correctly.

Repeat Finding: No

Purchase Clerk.

Finding 4: Emergency Purchases Should Be Adequately Documented in the Board of Supervisors' Minutes.

Applicable State Law: *Section 31-7-13(k), Mississippi Code Annotated (1972)*, states, "If the governing authority, or the governing authority acting through its designee, shall determine that an emergency exists in regard to the purchase of any commodities or repair contracts, so that the delay incident to giving opportunity for competitive bidding would be detrimental to the interest of the governing authority, then the provisions herein for competitive bidding shall not apply and any officer or agent of such governing authority having general or special authority therefor in making such purchase or repair shall approve the bill presented therefor, and he shall certify in writing thereon from whom such purchase was made, or with whom such a repair contract was made. At the board meeting next following the emergency purchase or repair contract, documentation of the purchase or repair contract, including a description of the commodity purchased, the price thereof and the nature of the emergency shall be presented to the board and shall be placed on the minutes of the board of such governing authority."

Finding Detail: During our review of Lincoln County, three (3) of the four (4) emergency purchases did not define the nature of the emergency and how it would be detrimental to the interest of the governing authority.

Failure to adequately document emergency purchases in the Board of Supervisors' minutes could result in the misappropriation of public funds.

Recommendation: The Board of Supervisors should adequately document all emergency purchases in its minutes.

Official's Response: I will do my best to do a better job in the future.

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)*.

This report is intended for use in evaluating Lincoln 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". The signature is fluid and cursive, with the first name "Joe" and last name "Mcknight" clearly distinguishable.

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

LINCOLN 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.

LINCOLN COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2020

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
10/31/2019	Replace transmission	\$ 11,665	McDavid's Diesel Service	Transmission went out and damage was found to be more extensive than originally thought.
3/17/2020	Caps and encasements for bridge repair	13,443	S & S Dragline Inc.	Bridge was being replaced when the caps and encasements were found to be damaged.
3/30/2020	Repair circle drive shaft	9,369	Puckett Machinery	During a shaft replacement, several leaks were found that needed repair.
4/13/2020	Replace injectors and pump on District 4 dump truck	11,935	Tri-State Truck Center Inc.	Needed a new pump and found that injectors, gauges, and wiring harness were bad.

LINCOLN COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2020

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
3/23/2020	Ditcher attachment for District 2	\$ 7,616	K & S Industrial



**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
Lincoln 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:

Board of Supervisors and Deputy Circuit Clerks.

Finding 1: Deputy Circuit Clerks Should Ensure Compliance with State Laws over Surety Bonds.

Applicable State Laws: *Section 9-7-123(2), Mississippi Code Annotated (1972)*, requires that all Deputy Circuit Clerks be bonded for three percent (%3) of the prior year's taxes with the minimum of \$50,000 and a maximum of \$100,000.

Section 25-1-15(2), Mississippi Code Annotated (1972), requires a new bond to be secured every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

Finding Detail: During our review of Lincoln County, we noted that five (5) of the six (6) Deputy Circuit Clerks were bonded for an indefinite time period under a blanket bond for \$50,000. One (1) Deputy Circuit Clerk was not bonded.

Failure to comply with the aforementioned state statutes, by being correctly and sufficiently bonded, could result in the loss of public funds.

Recommendation: The County should cancel the blanket bond and obtain individual bonds for each Deputy Circuit Clerk. Additionally, the County should ensure that all Deputy Circuit Clerks are bonded in accordance with state law.

Officials' Response: We will ensure that all employees are bonded correctly.

Repeat Finding: No.

Board of Supervisors, Justice Court Clerk and Deputy Justice Court Clerks.

Finding 2: The Justice Court Clerk and Deputy Justice Court Clerks Should Ensure Compliance with State Laws over Surety Bonds.

Applicable State Law: *Section 9-11-29(2), Mississippi Code Annotated (1972)*, requires the Justice Court Clerk and each Deputy Justice Court Clerk be bonded for a minimum of \$50,000.

Section 25-1-15(2), Mississippi Code Annotated (1972), requires a new bond to be secured every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

Finding Detail: During our review of Lincoln County, we noted that the Justice Court Clerk and Deputy Justice Court Clerks were bonded for an indefinite time period under a blanket bond for \$50,000.

Failure to comply with the aforementioned state statutes, by being correctly and sufficiently bonded, could result in the loss of public funds.

Recommendation: The County should cancel the blanket bond and obtain individual bonds for the Justice Court Clerk and each Deputy Justice Court Clerk. Additionally, the County should ensure that the Justice Court Clerk and Deputy Justice Court Clerks are bonded in accordance with state law.

Officials' Response: We will ensure that all employees are bonded correctly.

Repeat Finding: No.

Board of Supervisors and Deputy Tax Collectors.

Finding 3: Deputy Tax Collectors Should Ensure Compliance with State Laws over Surety Bonds.

Applicable State Laws: *Section 27-1-9(a), Mississippi Code Annotated (1972)*, requires each Deputy Tax Collector to be bonded for an amount not less than \$50,000.

Section 25-1-15(2), Mississippi Code Annotated (1972), requires a new bond to be secured every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

Finding Detail: During our review of Lincoln County, we noted that seven (7) of the nine (9) Deputy Tax Collectors were bonded for an indefinite time period under a blanket bond for \$50,000. Two (2) of the Deputy Tax Collectors were not bonded.

Failure to comply with the aforementioned state statutes, by being correctly and sufficiently bonded, could result in the loss of public funds.

Recommendation: The County should cancel the blanket bond and obtain individual bonds for each Deputy Tax Collector. Additionally, the County should ensure that all Deputy Tax Collectors are bonded in accordance with state law.

Officials' Response: We will ensure that all employees are bonded correctly.

Repeat Finding: No.

Board of Supervisors and Deputy Tax Assessors.

Finding 4: Deputy Tax Assessors Should Ensure Compliance with State Laws over Surety Bonds.

Applicable State Laws: *Section 27-1-3, Mississippi Code Annotated (1972)*, requires that each Deputy Tax Assessor shall give bond in an amount not less than \$10,000 for the faithful discharge of his duties.

Section 25-1-15(2), Mississippi Code Annotated (1972), requires a new bond to be secured every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

Finding Detail: During the review of Lincoln County, we noted that the Deputy Tax Assessors are bonded for an indefinite time period under a blanket bond for \$25,000.

Failure to comply with the aforementioned state statutes, by being correctly and sufficiently bonded, could result in the loss of public funds.

Recommendation: The County should cancel the blanket bond and obtain individual bonds for each Deputy Tax Assessor. Additionally, the County should ensure that all Deputy Tax Assessors are bonded in accordance with state law.

Officials' Response: We will ensure that all employees are bonded correctly.

Repeat Finding: No.

Lincoln 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,

A handwritten signature in black ink, reading "Joe E. McKnight". The signature is written in a cursive, flowing style with a prominent initial "J" and a long, sweeping underline.

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

LINCOLN COUNTY

Schedule of Surety Bonds for County Officials

For the Year Ended September 30, 2020

UNAUDITED

Name	Position	Company	Bond
Jerry L. Wilson	Supervisor District 1	FCCI Insurance Company	\$100,000
Jerry McGehee	Supervisor District 2	FCCI Insurance Company	\$100,000
Nolan Earl Williamson	Supervisor District 3	FCCI Insurance Company	\$100,000
Eddie Brown	Supervisor District 4	FCCI Insurance Company	\$100,000
District 5: Doug Falvey	Supervisor District 5	FCCI Insurance Company	\$100,000
David Fields	County Administrator	FCCI Insurance Company	\$100,000
Alisha McGehee	Chancery Clerk	FCCI Insurance Company	\$100,000
Debbie Brent	Purchase Clerk	CNA Surety	\$75,000
Janice Haley	Receiving Clerk	CNA Surety	\$75,000
Andre Jones	Assistant Receiving Clerk	CNA Surety	\$50,000
Lance James	Assistant Receiving Clerk	CNA Surety	\$50,000
Ricky Nations	Assistant Receiving Clerk	CNA Surety	\$50,000
Kathi Easley	Assistant Receiving Clerk	CNA Surety	\$50,000
Adam Tanksley	Assistant Receiving Clerk	CNA Surety	\$50,000
Amanda Warren	Assistant Receiving Clerk	CNA Surety	\$50,000
Annie Johnson	Assistant Receiving Clerk	CNA Surety	\$50,000
Quinn Jordan	Assistant Receiving Clerk	CNA Surety	\$50,000
Gerri Miller	Assistant Receiving Clerk	CNA Surety	\$50,000
Roger Ates	Assistant Receiving Clerk	CNA Surety	\$50,000
Larry Rice	Assistant Receiving Clerk	CNA Surety	\$50,000
James Edward May	Assistant Receiving Clerk	CNA Surety	\$50,000
Sarah Louise Walker	Assistant Receiving Clerk	CNA Surety	\$50,000
Kelly Smith	Inventory Control Clerk	CNA Surety	\$75,000
William Boyd	Constable	FCCI Insurance Company	\$50,000
Lawrence Porter	Constable	FCCI Insurance Company	\$50,000
Dustin Bairfield	Circuit Clerk	FCCI Insurance Company	\$100,000
Jackie Bates	Deputy Circuit Clerk	CNA Surety	\$50,000
Letitia Rice	Deputy Circuit Clerk	CNA Surety	\$50,000
Heather Britt	Deputy Circuit Clerk	CNA Surety	\$50,000
Sarah Walker	Deputy Circuit Clerk	CNA Surety	\$50,000
Peyton Rogers	Deputy Circuit Clerk	CNA Surety	\$50,000
Amber Nicole Calcote	Deputy Circuit Clerk	CNA Surety	\$50,000
Steven Rushing	Sheriff	FCCI Insurance Company	\$100,000
Robert Ian Smith	Justice Court Judge	FCCI Insurance Company	\$50,000
Roger Martin	Justice Court Judge	Western Surety Company	\$50,000
Sharon Lofton	Justice Court Clerk	CNA Surety	\$50,000
Venecia Lee	Deputy Justice Court Clerk	CNA Surety	\$50,000
Tiffani Jones	Deputy Justice Court Clerk	CNA Surety	\$50,000

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

	Position	Company	Bond
Lyndsey Mayes	Deputy Justice Court Clerk	CNA Surety	\$50,000
Georgia Ann Reeves	Deputy Justice Court Clerk	CNA Surety	\$50,000
Blake Pickering	Tax Assessor-Collector	FCCI Insurance Company	\$100,000
Lance Remshure	Deputy Tax Assessor	CNA Surety	\$25,000
Mason Smith	Deputy Tax Assessor	CNA Surety	\$25,000
Chasity Easley	Deputy Tax Assessor	CNA Surety	\$25,000
Renada Taylor	Deputy Tax Assessor	CNA Surety	\$25,000
Patty White	Deputy Tax Assessor	CNA Surety	\$25,000
Chris Smith	Deputy Tax Collector	CNA Surety	\$50,000
Alma Laird	Deputy Tax Collector	CNA Surety	\$50,000
Kayla Golmon	Deputy Tax Collector	CNA Surety	\$50,000
Lori Cantrell	Deputy Tax Collector	CNA Surety	\$50,000
Debra Black	Deputy Tax Collector	CNA Surety	\$50,000
Sarah Remshure	Deputy Tax Collector	CNA Surety	\$50,000
Christy Douglas	Deputy Tax Collector	CNA Surety	\$50,000
Kim Thompson	Deputy Tax Collector	CNA Surety	\$50,000
Tristen Hall	Deputy Tax Collector	CNA Surety	\$50,000