

OKTIBBEHA COUNTY MISSISSIPPI

COMPLIANCE REPORT

Compliance Special Reports

For the year ended *September 30, 2020*

SHAD WHITE

State Auditor

Stephanie C. Palmertree, CPA, CGMA

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OKTIBBEHA COUNTY

TABLE OF CONTENTS

SPECIAL REPORTS.....	4
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))	5
Limited Internal Control and Compliance Review Management Report.....	10
Schedule of Surety Bonds for County Officials.....	22

OKTIBBEHA 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
Oktibbeha County, Mississippi

We have examined Oktibbeha 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 Oktibbeha 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 Oktibbeha 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.

Oktibbeha County, Mississippi, complied with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2020.

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 Oktibbeha 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 a long horizontal stroke extending to the right.

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

OKTIBBEHA 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 bidders.

OKTIBBEHA 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>
7/8/2020	Dividers for EMA Consoles	\$ 10,180	Wright Line, Inc.	COVID/EMA Needs

OKTIBBEHA 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
Oktoberbeha 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.

Finding 1: 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 Oktoberbeha County, we noted the following exceptions with the County's surety bonds:

- A "Continuation Certificate" is a document that extends the life of the original surety bond and covers only the current period rather than both the current and previous periods. During the testing of the surety bonds, we noted the bonds of the following county officials and employees were covered by a Continuation Certificate/Renewal:
 - County Administrator,
 - Purchase Clerk,
 - Two (2) Assistant Purchase Clerks,

- Assistant Receiving Clerk,
- Inventory Control Clerk,
- Three (3) Constables,
- Four (4) Deputy Circuit Clerks,
- Three (3) Justice Court Judges,
- Justice Court Clerk,
- Five (5) Deputy Justice Court Clerks, and
- One (1) Deputy Tax Assessor.
- The blanket bond that covers the Deputy Tax Collectors was for an indefinite period.

Failure to have a bond in place for a specific term could limit the amount available for recovery if a loss occurred over multiple terms. Additionally, failure to comply with the state statute, by being correctly and sufficiently bonded, could result in the loss of public funds.

Recommendation: We recommend that the County ensure new bonds are secured every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government, as statutorily required.

Official's Response: We will work with the bonding company to ensure all bonds conform to the requirements of the Mississippi Code Sections for the position.

Repeat Finding: No.

Finding 2: Public Officials Should Ensure Compliance with State Law over Filing Statement of Economic Interest.

Applicable State Law: *Section 25-4-25(a), Mississippi Code Annotated (1972)*, states, "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)(a), Mississippi Code Annotated (1972), states, "Every incumbent public official required by paragraphs (a), (b), (d) and (e) of *Section 25-4-25* 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), states, "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. The commission shall give written notice of the delinquency to the person by United States mail or by personal service of process. If within fifteen (15) days of receiving written notice of delinquency the delinquent has not filed the statement of economic interest, 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."

Finding Detail: During the review of Oktibbeha County, we noted the following officials failed to file a Statement of Economic Interest with the Mississippi Ethics Commission, as required by state law:

- Supervisor, District 2
- Supervisor, District 5
- Justice Court Judges, District 1
- Justice Court Judges, District 3
- County Prosecuting Attorney
- Coroner

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

Recommendation: We recommend the Public Officials ensure a Statement of Economic Interest is filed, annually, no later than May 1st of each year that such officials hold office, regardless of the duration.

Official's Response: Each of the above listed officials has been informed that every incumbent public officials is required to file a Statement of Economic Interest. They were told that each official shall file such statement with the Mississippi Ethics Commission on or before May 1st of each year that such official holds office, regardless of the duration. Each of the above officials said they will update their Statements of Economic Interest.

Repeat Finding: No.

Finding 3: Public Officials Should Ensure Compliance with State Law over Reemployment of Retired Public Employees.

Applicable State Law: *Section 25-11-127(4), Mississippi Code Annotated (1972)*, states, “The provisions of this section shall not be construed to prohibit any retiree, regardless of age, from being employed and drawing a retirement allowance either:

- (a) For a period of time not to exceed one-half (½) of the normal working days for the position in any fiscal year during which the retiree will receive no more than one-half (½) of the salary in effect for the position at the time of employment, or
- (b) For a period of time in any fiscal year sufficient in length to permit a retiree to earn not in excess of twenty-five percent (25%) of retiree’s average compensation.

To determine the normal working days for a position under paragraph (a) of this subsection, the employer shall determine the required number of working days for the position on a full-time basis and the equivalent number of hours representing the full-time position. The retiree then may work up to one-half (½) of the required number of working days or up to one-half (½) of the equivalent number of hours and receive up to one-half (½) of the salary for the position. In the case of employment with multiple employers, the limitation shall equal one-half (½) of the number of days or hours for a single full-time position.

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.”

Finding Detail: During the review of Oktibbeha County, we noted the following exceptions with the reemployment of retired public employees:

- No Public Employees’ Retirement System (PERS) Form 4B was submitted for Fiscal Year 2020 for one employee; and
- The County failed to maintain documentation to substantiate when the forms were submitted to PERS.

Recommendation: We recommend the County ensure all PERS Form 4Bs are submitted to PERS within five (5) days of reemployment. We also recommend that proper documentation is maintained to substantiate when the forms are submitted.

Official's Response: We will make every effort in the future to ensure that copies of all documents are properly filed in the office.

Repeat Finding: No.

Finding 4: Public Officials Should Ensure Compliance with State Law over Leasing Property for Work Stations.

Applicable State Law: *Section 65-7-91(1), Mississippi Code Annotated (1972)*, states, “The board of supervisors may, for the benefit of the county, purchase or lease real property upon which to establish facilities for the working of the public

roads, and may erect on the real property barns, sheds, and other necessary buildings for the working of the public roads. However, only real property belonging to or under the control of the state or some other governmental entity may be leased at no more than fair market value by the county for such purposes and any such lease shall be for a term of not less than twenty-five (25) years.”

Finding Detail: During the review of Oktibbeha County, we noted the five-year lease for the Longview Fire Department expired on December 31, 2019, and as of June 22, 2021, the County did not have a current lease for a term of not less than twenty-five years.

Failure to have a current lease in effect is a violation of the aforementioned statute.

Recommendation: We recommend the County ensure that leases are current, and comply with the aforementioned statute.

Official’s Response: Our Fire Coordinator hand delivered a lease contract to the School for signing. It will have to go before the School Board for approval. The Board will meet July 22, 2021. We will make every effort in the future to have all leases/contracts updated upon expiring.

Repeat Finding: No.

Finding 5: Public Officials Should Ensure Compliance with State Law over Filing the Four-Year Road Plan.

Applicable State Law: *Section 65-7-117, Mississippi Code Annotated (1972)*, states, “Each member of the board of supervisors shall inspect every road and bridge in the county under the jurisdiction of the county not later than December 31, 1989, and, thereafter, not less than once each fiscal year. Each member shall file with the clerk of the board a report, under oath, of the condition of the roads and bridges inspected by him with recommendations by him for a four-year plan for construction and major maintenance of such roads and bridges. Based upon such reports, the board of supervisors shall, on or before February 1, 1990, and on or before February 1 of each year thereafter, adopt and spread upon its minutes a four-year plan for the construction and maintenance of county roads and bridges. The plan may be amended at any time by a vote of the majority of the members of the board of supervisors.”

Finding Detail: During the review of Oktibbeha County, we noted each member of the Board of Supervisors certified that every bridge and road in the County was inspected on December 16, 2019; however, the four-year road plan was not created, nor filed, with the Clerk of the Board until June 15, 2020.

Failure to timely inspect every road and bridge or adopt a four-year road plan, resulted in a violation of *Section 65-7-117* and could lead to deteriorating conditions to roads and bridges in the County.

Recommendation: We recommend the Board of Supervisors ensure a four-year road plan is created and filed with the Clerk of the Board by February 1st of each year.

Official’s Response: Each member of the Oktibbeha County Board of Supervisors has been informed that they shall inspect every road and bridge in the County under the jurisdiction of the County no later than December 31st and not less than once each fiscal year. The Board has been informed that they shall file with the Clerk of the Board a report, under oath, of the condition of the roads and bridges inspected by him/her with recommendations by him/her for a Four-Year Road Plan for construction and major maintenance of such roads and bridges. The Board has been informed that based upon such reports the Board shall, on or before February 1st, and on or before February of each year thereafter adopt and spread upon its minutes a four-year road plan for construction and maintenance of County roads and bridges. The Board has also been informed that the plan may be amended at any time by a vote of the majority of the Board Members of the Supervisors. The Board also understands that the County’s four-year road plan was not created, nor filed with the Clerk of the Board, until June 15, 2020.

Repeat Finding: No.

Board of Supervisors and Chancery Clerk.

Finding 6: Public Officials Should Ensure Compliance with State Law over Docket of Claims.

Applicable State Law: *Section 19-13-31, Mississippi Code Annotated (1972)*, states, “At each regular meeting of the board, the claims docket shall be called and all claims then on file, not previously rejected or allowed, shall be passed upon in the order in which they are entered upon the docket.”

Finding Detail: During the review of Oktibbeha County, we noted self-insurance claim numbers were referenced in the Board Minutes; however, the Blue Cross Blue Shield claims were not included in the Claims Docket.

Failure to approve claim numbers and not include them in the claims docket, could result in the loss or misappropriation of public funds.

Recommendation: We recommend the County ensure monies are only dispersed after the claim has been approved in the docket of claims.

Officials’ Responses:

Board of Supervisors: The Board will be given a claims docket of all manual checks written, along with the claims docket normally presented to the Board, to comply with *Section 19-13-31, Mississippi Code Annotated (1972)*.

Chancery Clerk: Blue Cross Blue Shield payments are set on automatic draft. Once we receive notice from the bank that the funds have been drafted, we prepare a manual check for account purposes. When doing monthly claims, it will only include those claims that a check will be generated and mailed out. However, when preparing the report for Board approval, I will include all claim numbers during that period and include any and all manual checks.

Repeat Finding: No.

Board of Supervisors and Tax Assessor/Collector.

Finding 7: Public Officials Should Strengthen Controls over the Interlocal Agreements Between the County and the Municipalities for Assessing and Collecting Taxes.

Internal Control Deficiency: Adequate internal controls consist of renewing interlocal agreements for the assessing and collection of the municipality taxes each term of office.

Finding Detail: During the review of Oktibbeha County, we noted the interlocal agreements between the County and the municipalities of Starkville, Maben, and Sturgis have not been updated since 2004, 2010, and 2010, respectively.

Failure to update the interlocal agreements each term could result in the agreements becoming outdated.

Recommendation: We recommend the interlocal agreements be updated each term. The agreements should also state how much the Tax Collector is to receive for such assessments and collections. If the agreements do not specify, then the Board should issue a Board Order that states the compensation allowed to the Tax Assessor/Collector.

Officials' Responses:

Board of Supervisors: The Tax Assessor/Collector has been informed that the interlocal agreements between the County and the municipalities of Starkville, Maben, and Sturgis have not been updated since 2004 and 2010. I informed him that the State Auditors recommend these agreements be updated each term, and the agreements should also state how much the Tax Collector is to receive for such assessments and collections. The Board has been informed that it should issue a Board order that states the compensation allowed to the Tax Assessor/Collector if the agreements do not specify.

Tax Assessor/Collector: I have talked to the Board of Supervisors twice in the last few weeks about doing a Board order for \$24,000 for the Tax Assessor/Collector's additional compensation in a reasonable amount (*MS Code 25-3-3(6)*) for additional duties and responsibilities in assessing and the collection of taxes for the City of Starkville. A new contract was signed back in April by the Board President and the Mayor of Starkville for \$60,000 for one year. I am awaiting a Board order before signing this contract. Regarding a new interlocal agreement with the City of Maben and with the City of Sturgis, I have no knowledge of any activity on these.

Repeat Finding: No.

Chancery Clerk.

Finding 8: Public Officials Should Ensure Compliance with State Law over Publication of Audit Synopsis.

Applicable State Law: *Section 7-7-221, 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."

Finding Detail: During the review of Oktibbeha County, we noted the latest audit synopsis had not been published.

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

Recommendation: We recommend the Chancery Clerk ensure that the publication of the annual audit synopsis is published, as statutorily required.

Official's Response: Will publish County audit report as soon as I receive it.

Repeat Finding: No.

Finding 9: Public Officials Should Ensure Compliance with State Law over Fee Journal Reporting.

Applicable State Law: *Section 9-1-43, Mississippi Code Annotated (1972)*, states, "After making deductions for employer contributions paid by the chancery or circuit clerk to the Public Employees' Retirement System under *Sections 25-11-106.1 and 25-11-123(f)(4)*, employee salaries and related salary expenses, and expenses allowed as deductions by Schedule C of the Internal Revenue Code, no office of the chancery clerk or circuit clerk of any county in the state shall receive fees as compensation for the chancery clerk's or circuit clerk's services in excess of Ninety-four Thousand Five Hundred Dollars (\$94,500.00)."

Finding Detail: During the review of the Chancery Clerk's fee journal, we noted the Clerk's Annual Financial Report (AFR) reported "Employer Retirement Contribution on Employee Wages" expense in the amount of \$29,393, which was overstated by \$3,184. Also, the amount reported for "Employer Social Security/Medicare Contribution on Employee

Wages” expense in the amount of \$11,120 was understated by \$511. This net difference of \$2,673 included additional fringe benefits, such as various supplemental insurances paid by employees, which are considered disallowed expenses.

Failure to correctly report expenses on the Annual Financial Report could result in the loss or misappropriation of public funds.

Recommendation: We recommend the Chancery Clerk comply with the aforementioned code section and ensure expenses are correctly added to the Annual Financial Report. The Chancery Clerk should file an amended Annual Financial Report and submit to the Office of the State Auditor and the Public Employees’ Retirement System, and remit \$2,673 to the County’s General Fund.

Official’s Response: The \$2,673 consists of payroll liabilities for December 2019 which were not due until January 2020 and were paid in January 2020.

Auditor’s Note: The Chancery Clerk repaid the County’s General Fund on July 25, 2022 in the amount of \$2,673, as evidenced by check number 2266.

Repeat Finding: No.

Finding 10: Public Officials Should Strengthen Internal Controls and Ensure Compliance with State Law Over Bank Reconciliations.

Internal Control Deficiency: Proper internal controls over cash should include proper reconciliations of bank statements.

Applicable State Law: *Section 25-4-105(3), Mississippi Code Annotated (1972)*, states, “No warrant shall be signed, removed from the warrant book, nor delivered by the clerk until there is sufficient money in the fund upon which it is drawn to pay the same and all prior unpaid warrants drawn upon that fund, whether delivered or not.”

Finding Detail: During the review of Oktibbeha County, we noted the following exceptions over the bank reconciliations:

- The Insurance Clearing Fund account had a deficit cash balance of \$(37,529) at September 30, 2020;
- The County’s bank reconciliations were made from book balance to bank statement balance and did not date any adjusting entries for interest until after month end;
- The Drainage District bank account was reconciled yearly, not monthly; and
- We noted the Oktibbeha Central Drainage District and Oktibbeha County Soil & Water accounts used the County’s tax identification number, but the County does not have control of these accounts nor are they included in the County’s general ledger.

Failure to record all transaction in the general ledger and properly reconcile bank statements could result in the misstatement of the County’s financial statements, errors, or fraud occurring without being detected in a timely manner.

Recommendation: The Comptroller should implement policies and procedures to ensure all transactions are properly recorded in the general ledger and all variances from book balances are accounted for in a timely manner.

Official’s Response: Due to date of draft by Blue Cross Blue Shield, funds to cover the draft were not receipted into the Insurance Clearing Fund by September 30, 2020. We will make every effort to avoid this in the future. I spoke with Three Rivers Planning Development and he advised me that every county that they service receipts interest the same way as Oktibbeha. I am wanting to correct this but unless told a different way to receipt, I’m not sure how.

I have spoken with our financial auditor about the Central Drainage District and Soil and water accounts being listed under the County’s TIN. I was advised to have the Board sign an order requesting these accounts be removed from the County’s

TIN. I will present this to the Board at the July 6, 2021 Board Meeting. Afterwards, I will forward a copy of the order to the appropriate places for removal.

Repeat Finding: No.

Finding 11: Public Officials Should Ensure Compliance with State Law over the Tax Levy.

Applicable State Law: *Section 27-39-317 Mississippi Code Annotated (1972)*, provides that in making the levy of taxes, the board of supervisors shall specify, in its order, the levy for each purpose.

Section 27-51-13 Mississippi Code Annotated (1972), states, “On or before September 10, the clerk of the board of supervisors shall furnish the county tax collector a certified copy of the county tax levy for the ensuing year. This tax levy shall not only show the tax levy for each purpose for which it was levied, but it shall also show the total tax levy for each separate taxing area in the county, including the state ad valorem tax levy.

If for any reason the said county tax levy is not adopted and/or delivered to the county tax collector on or before the 15th day of September, then the said tax collector is hereby authorized to postpone for one (1) month the beginning of the collection of ad valorem taxes and road and bridge privilege taxes on all motor vehicles legally situated in his county and liable for said taxes, and the tax collector shall notify the taxpayers of his county by newspaper publication that the beginning of the collection of said taxes is postponed for one (1) month due to the fact that he has not been furnished with a certified copy of the said tax levy as provided by law. Copies of this said newspaper notice shall be furnished to the State Tax Commission and the Mississippi Highway Safety Patrol, and the provisions of said notice shall be controlling in all respects on such agencies and on any other peace officer, and no damages, penalties or interest shall accrue against any owner of such motor vehicles during such postponement period. If such tax levy is not furnished the tax collector within the said one (1) month, then the same procedure as to postponement shall be followed and the same immunities shall apply from month to month until such tax levy has been furnished the tax collector.”

Section 27-39-319 Mississippi Code Annotated (1972), states, “When the board of supervisors shall have made the levy of county taxes by resolution, the clerk of the board shall thereupon immediately certify the same to the State Auditor and tax collector of the county.

When a resolution levying ad valorem taxes has been adopted by the board of supervisors, the clerk of the board of supervisors shall certify immediately a copy of such resolution to the State Tax Commission. The clerk shall have the resolution of the board of supervisors printed within two (2) weeks after it is entered on the minutes of the board of supervisors, and he shall furnish any taxpayer upon request with a copy thereof. If a newspaper is published within such county, then such resolution shall be published in its entirety, at least one (1) time, within ten (10) days after its adoption. If no newspaper is published within such county, then a copy of such resolution, in its entirety, shall be posted by such clerk in at least three (3) public places in such county, within ten (10) days after its adoption.

The clerk shall be liable on his bond for any damages sustained by his failure to comply with the requirements of this section.”

Finding Detail: During the review of Oktibbeha County, we noted the following exceptions with the Fiscal Year 2019-2020 Tax Levy:

- The Board Order approving the Fiscal Year 2019-2020 Tax Levy documented the approval of 123.57 mills; however, the order found in the electronic Official Board Minutes did not specify on its order, the levy for each purpose, as required by *Section 27-39-317*;
- The detailed Tax Levy of 119.33 mills, as subsequently provided to the auditors, did not match in total to the approved levy of 123.57 mills. If the Tax Assessor/Collector would have used the incorrect tax levy provided to the auditors by the Clerk, these discrepancies would have created a \$1,571,812 taxing shortage;
- There were also various sections on the detailed levy provided, that had the incorrect assessments and levies documented;

- The Clerk did not provide the Tax Assessor/Collector a certified copy of the County's tax levy for the ensuing year on or before September 10, as required by *Section 27-51-13*; and
- Tax levy resolution was not published in its entirety (or at all), at least one time, within ten days after its adoption, as required by *Section 27-39-319*.

Failure to properly approve and publish the tax levy, could result in the incorrect taxes being levied.

Recommendation: We recommend the County ensure the tax levy is properly approved and published in detail.

Official's Response: I will provide the Tax Collector within the time frame for the tax levy.

Repeat Finding: No.

Finding 12: Public Officials Should Ensure Compliance with State Law over the Public Depositor Annual Report.

Applicable State Law: *Section 27-105-5(6), Mississippi Code Annotated (1972)*, states, "Public depositors shall comply with the following requirements:

- (a) A public depositor shall ensure that the name of the public depositor and its tax identification number are on the account or certificate provided to the public depositor by the qualified public depository in a manner sufficient to disclose the identity of the public depositor;
- (b) Not later than thirty (30) days following its fiscal year end, a public depositor shall notify the State Treasurer of its official name, address, federal tax identification number, and provide a listing of all accounts that it had with qualified public depositories, including the deposit balance in those accounts, as of its fiscal year end. A public entity established during the year shall furnish its official name, address and federal tax identification number to the State Treasurer before making any public deposit."

Finding Detail: During the review of Oktibbeha County, we noted the Chancery Clerk failed to report her bank accounts on the Public Depositor Annual Report.

Failure to report public funds could lead to the loss of public transparency.

Recommendation: We recommend the Chancery Clerk ensure all public funds are reported on the Public Depositor Annual Report, as required by state law.

Official's Response: I was just informed that I had to send this report in and after knowing I have mailed a copy to Mississippi State Treasurer's Office and also a copy to the Board of Supervisors. Bankfirst also sent this to the Mississippi State Treasurer's Office.

Repeat Finding: No.

Circuit Clerk.

Finding 13: Public Officials Should Ensure Compliance with State Law over Annual Financial Report.

Applicable State Law: *Section 9-1-43(1), Mississippi Code Annotated (1972)*, states, "After making deductions for employer contributions paid by the chancery or circuit clerk to the Public Employees' Retirement System under *Sections 25-11-106.1* and *25-11-123(f)(4)*, employee salaries and related salary expenses, and expenses allowed as deductions by Schedule C of the Internal Revenue Code, no office of the chancery clerk or circuit clerk of any county in the state shall receive fees as compensation for the chancery clerk's or circuit clerk's services in excess of Ninety-four Thousand Five

Hundred Dollars (\$94,500.00). All such fees received by the office of chancery or circuit clerks that are in excess of the salary limitation shall be deposited by such clerk into the county general fund on or before April 15 for the preceding calendar year.”

Finding Detail: During the review of the Circuit Clerk’s Annual Financial Report, we noted the Circuit Clerk claimed expenses in the amount of \$6,667 for personal insurance withholdings, which is a disallowed expense.

Failure to only claim allowable expenses on the Annual Financial Report could result in the misappropriation of public funds.

Recommendation: We recommend the Circuit Clerk ensure only allowable expenses are claimed on the Annual Financial Report. The Clerk will need to file an amended Annual Financial Report with the Office of the State Auditor and the Public Employees’ Retirement System and remit \$6,667 to the County’s General Fund.

Official’s Response: The withholding in question was an automatic deduction from the Clerk’s monthly payroll for health insurance (\$555.62*12 months). The office’s financial software system automatically recorded and categorized this deduction as a business expense which caused this expense to be transferred to the Clerk’s Annual Financial Report. This led to the Clerk to believe the insurance deduction was allowed and appropriate. After learning that this insurance deduction expense was not allowable, the Clerk took immediate corrective action by contacting the office’s software company, report the erroneous issue, and ensured the software was corrected to prevent this from happening in the future. The Clerk also immediately remitted full payment to the County.

Auditor’s Note: The Circuit Clerk remitted a check, in the amount of \$6,667, to the County on June 23, 2021.

Repeat Finding: No.

Justice Court Clerk.

Finding 14: Public Officials Should Strengthen Controls to Ensure Proper Segregation of Duties in the Justice Court Clerk’s Office.

Internal Control Deficiency: An effective system of internal controls should include an adequate segregation of duties.

Finding Detail: During the review of Oktibbeha County, we noted inadequate segregation of duties in the Justice Court Clerk’s office. The Justice Court Clerk receipts deposits from the deputy clerks, takes deposits to the bank, writes checks, reconciles bank statements, and makes settlements.

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

Recommendation: We recommend the Justice Court Clerk take the necessary steps to ensure that adequate segregation of duties regarding the collection and disbursement functions is implemented.

Official’s Response: The Court Clerk counts the money, and for accountability and efficiency the deposits are given to one of the deputy clerks to be recounted and then to another for a third count. Once the third count is made and the numbers are aligned, one of the bonded deputy clerks will take the deposits to the bank to be deposited. I have also implemented that the Criminal Deputy Clerk and Civil Deputy Clerk will verify every check that I, the court clerk, distributes in the office.

Repeat Finding: No.

Sheriff.

Finding 15: Public Officials Should Ensure Compliance with State Law over Timely Deposits.

Applicable State Law: *Section 25-1-72, Mississippi Code Annotated (1972)*, states, “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: During the review of Oktibbeha County, we noted the following exceptions with the Sheriff Department’s deposits:

- Of the fifteen (15) jail receipts tested, auditors noted five (5) instances where the deposits were not made timely, ranging from two (2) to three (3) days after the receipt of funds.
- Of the fifteen (15) canteen receipts tested, auditors noted three (3) instances where the deposits were not made timely, ranging from three (3) to five (5) days after the receipt of funds.

Failure to make timely deposits could result in the loss or misappropriation of public funds.

Recommendation: We recommend that the County ensure deposits are made the same business day that monies are receipted or the following business day.

Official Response: Our normal ways to make deposits have always been Monday, Wednesday, and Fridays. During COVID, we were not looking up misdemeanors charges, just issuing citations so the monies collected were limited; therefore, we went to the bank on Mondays and Fridays. Now that we have been informed of *Section 25-1-72*, deposits will be made daily with Friday, Saturday, and Sunday being deposited on Mondays.

Repeat Finding: No.

Finding 16: Public Officials Should Strengthen Controls to Ensure Proper Segregation of Duties in the Sheriff’s Office.

Internal Control Deficiency: A well designed system of internal controls should require adequate segregation of duties when depositing and reconciling bank transactions.

Finding Detail: During the review of Oktibbeha County, we noted inadequate segregation of duties in the Sheriff’s Department. The same person receipts payments by mail, prepares the deposit slips, posts payments to the applicable dockets, maintains cash journals, reconciles the bank accounts to the cash journals, and prepares the monthly settlements.

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

Recommendation: We recommend the Sheriff take the necessary steps to ensure that adequate segregation of duties regarding the collection and disbursement functions is implemented.

Official’s Response: After receiving your letter, the Sheriff has decided to have one support staff complete some of the listed tasks and the other support staff to complete the remaining tasks to segregate the duties.

Repeat Finding: No.

Tax Assessor/Collector.

Finding 20: The Public Officials Should Ensure Compliance with State Law over Tax-Exempt Industries.

Applicable State Law: *Section 27-39-325 Mississippi Code Annotated (1972)*, states, “The board of supervisors of any county having a plan or contract for reappraisal which has been approved by the State Tax Commission may annually levy an ad valorem tax on all the taxable property within the county, in an amount necessary to defray the cost of reappraisal. The funds derived from the levy shall be placed in a special account and shall be used only for the expenses involved in reappraisal or for repaying any amounts of indebtedness incurred for that purpose. The board may borrow money or issue its notes at the rate of interest to maturity allowed in *Section 75-17-105* for the purposes of reappraisal and may pledge the avails of the levy authorized herein for the payment of the principal of and the interest on the indebtedness. The indebtedness incurred for the purpose of defraying the cost of reappraisal shall not be included in computing the debt limit of the county under any present or future law.

No board of supervisors shall make the levy authorized herein for a period of years longer than necessary to pay for reappraisal of property within the county or to repay any indebtedness authorized herein. Provided, however, an ad valorem tax on all the taxable property within the county may be levied in an amount sufficient to defray the cost of maintaining and updating appraisals and an ownership mapping system including, but not limited to, costs for the purchase and maintenance of computer equipment and motor vehicles and costs for computer services and remuneration of certified appraisers and other necessary personnel. The tax levies authorized herein shall not be included in the ten percent (10%) limitation on increases under *Section 27-39-321*.

This section shall also apply to the board of supervisors of any county which has reappraised in compliance with the State Tax Commission regulations and has an outstanding indebtedness incurred to fund such reappraisal of property.

The tax levies authorized in this section shall not be reimbursable under the provisions of the Homestead Exemption Law of this state.”

Finding Detail: During the review of Oktibbeha County, we noted the Tax Assessor/Collector did not exempt tax-exempt industries from the reappraisal levy. The auditors found no authority for the collection of the 1 mill reappraisal levy levied under *Section 27-39-325* on exempt industries.

Failure to properly levy taxes on tax-exempt industries results in the industries paying taxes they are considered exempt from.

Recommendation: We recommend the Tax Assessor/Collector only levy the appropriate taxes on the tax-exempt industries.

Official’s Response: The one mill tax levy for reappraisal will be deleted from the tax-exempt industries.

Repeat Finding: No.

Oktibbeha 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

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

Name	Position	Company	Bond
John P. Montgomery, Jr.	Supervisor, District 1	Traveler's Casualty and Surety	\$100,000
Orlando Trainer	Supervisor, District 2	Traveler's Casualty and Surety	\$100,000
Marvell Howard	Supervisor, District 3	Traveler's Casualty and Surety	\$100,000
Bricklee Miller	Supervisor, District 4	Traveler's Casualty and Surety	\$100,000
Joe Williams	Supervisor, District 5	Traveler's Casualty and Surety	\$100,000
Emily P. Garrard	County Administrator	Western Surety Company	\$100,000
Sharon Livingston	Chancery Clerk	Traveler's Casualty and Surety	\$100,000
Deanna M. Blackwell	Purchase Clerk	Western Surety Company	\$75,000
Emily P. Garrard	Asst. Purchase Clerk	Western Surety Company	\$50,000
Deanna Denise Collier	Asst. Purchase Clerk	Western Surety Company	\$50,000
Tom Malone	Receiving Clerk	Western Surety Company	\$75,000
Scottie Keith Livingston	Receiving Clerk	Western Surety Company	\$75,000
Darrell Gene Fulgham	Asst. Receiving Clerk	Western Surety Company	\$50,000
Michelle Tutton	Inventory Clerk	Western Surety Company	\$75,000
James E. Lindsey	Constable	Traveler's Casualty and Surety	\$50,000
Curtis Randle	Constable	Traveler's Casualty and Surety	\$50,000
Shank Phelps	Constable	Traveler's Casualty and Surety	\$50,000
Tony Rook	Circuit Clerk	Traveler's Casualty and Surety	\$100,000
Vicki Teeter	Deputy Circuit Clerk	Western Surety Company	\$50,000
Sheryl S. Elmore	Deputy Circuit Clerk	Western Surety Company	\$50,000
Schreese Henry Carter	Deputy Circuit Clerk	Western Surety Company	\$50,000
Melody D. Monts	Deputy Circuit Clerk	Western Surety Company	\$50,000
Stephen C. Gladney	Sheriff	Traveler's Casualty and Surety	\$100,000
William A. Boykin	Justice Court Judge	Traveler's Casualty and Surety	\$50,000
Charles Martin Haug	Justice Court Judge	Traveler's Casualty and Surety	\$50,000
Larnzy L. Carpenter	Justice Court Judge	Traveler's Casualty and Surety	\$50,000
Shalonda Denise Sykes	Justice Court Clerk	Western Surety Company	\$50,000
Nora J. Goliday	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Tawanda W. Ware	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Georgia Alexander	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Georgia Ann Berry	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Gail C. Roberts	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Gay Lynn Williams	Deputy Justice Court Clerk	Western Surety Company	\$50,000

OKTIBBEHA COUNTY

Schedule of Surety Bonds for County Officials – con't

For the Year Ended September 30, 2020

UNAUDITED

Name	Position	Company	Bond
Allen Gordon Morgan	Tax Assessor/Collector	Traveler's Casualty and Surety	\$100,000
Julia (Hankins) Nowell	Deputy Tax Collector	Traveler's Casualty and Surety	\$50,000
Patricia Kornegay	Deputy Tax Collector	Traveler's Casualty and Surety	\$50,000
Deborah Dewberry	Deputy Tax Collector	Traveler's Casualty and Surety	\$50,000
Patsy Henderson	Deputy Tax Collector	Traveler's Casualty and Surety	\$50,000
Judith Trantum	Deputy Tax Collector	Traveler's Casualty and Surety	\$50,000
Johelen Walker	Deputy Tax Collector	Traveler's Casualty and Surety	\$50,000
Carol Vaughn	Deputy Tax Collector	Traveler's Casualty and Surety	\$50,000
Crystal Lawston	Deputy Tax Collector	Traveler's Casualty and Surety	\$50,000
Emily Conn	Deputy Tax Collector	Traveler's Casualty and Surety	\$50,000
Barbara Cubon	Deputy Tax Assessor	Western Surety Company	\$50,000
Debbie Owen	Deputy Tax Assessor	Traveler's Casualty and Surety	\$50,000
Ashley Holley	Deputy Tax Assessor	Traveler's Casualty and Surety	\$50,000
Shawn Patrick Word	Jail Administrator	Western Surety Company	\$25,000