

WINSTON 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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WINSTON 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>

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WINSTON 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
Winston County, Mississippi

We have examined Winston 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 Winston 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 Winston 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 is disclosed below:

Inventory Control Clerk.

Finding 1: The Inventory Control Clerk is bonded for less than the statutory requirement.

Applicable State Law: *Section 31-7-124, Mississippi Code Annotated (1972)* states the Inventory Control Clerk shall give bond in a penalty equal to seventy-five thousand dollars (\$75,000.00) with sufficient surety, to be payable, conditioned and approved as provided by law.

Finding Detail: It was noted during testing of officials bonds that the Inventory Control Clerk was bonded for \$50,000 at September 30, 2020.

Failure to obtain a bond for correct amount could limit the amount of recovery in case of errors or fraud.

Recommendation: The Inventory Control Clerk should implement controls to ensure that a bond is obtained for the amount required by state statute.

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Official Response: We will do our best to correct this issue moving forward.

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)*.

Winston 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 Winston 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".

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

WINSTON 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.

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

Schedule 2

Our tests did not identify any emergency purchases.

WINSTON 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
Winston 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: Records, receipts, and purchases for credit card usage was not furnished or maintained.

Applicable State Law: *Section 19-3-68, Mississippi Code Annotated (1972)* states the issuance of a credit card to a supervisor or county employee under the provisions of this section does not authorize the supervisor or county employee to use the credit card to make any expenditure that is not otherwise authorized by law. The supervisors and county employees shall furnish receipts for the use of such credit cards each month to the Chancery Clerk or Purchase Clerk who shall submit a written report monthly to the board of supervisors.

Finding Detail: It was noted during the testing of credit card transactions, that there were several purchases made with the county credit card that did not have receipts on file to support the transactions, missing statements and several purchases that were not travel related.

Failure to maintain receipts for all credit card transactions, maintain record of credit card statements, and reimburse purchases made only for travel related expenses could result in the misuse or misappropriation of public funds.

Recommendation: The Board of Supervisors should maintain receipts for all credit card transactions, maintain record of credit card statements, and reimburse purchases made only for travel related expenses in accordance with state law.

Official Response: We will comply.

Repeat Finding: No.

Finding 2: The Board of Supervisors should strengthen controls over bank statements and reconciliations.

Internal Control Deficiency: An effective system of control over collections, recording and disbursements should include maintaining monthly bank reconciliations.

Finding Detail: During our test work, we noted that one account was not reconciled.

Failure to accurately reconcile the bank statements, resulted in a disbursement not being recorded in the general ledger.

Recommendation: The Board of Supervisors should implement internal controls to ensure that all bank accounts are reconciled, which will ensure that all transactions are recorded in the general ledger.

Official Response: This was a mistake and will be corrected at the next board meeting.

Repeat Finding: No.

Board of Supervisors and Sheriff

Finding 3: Other control deficiencies over drug buy money.

Internal Control Deficiency: An effective system of internal control over the use of petty cash funds for the purchase of drugs or evidence should include vouchers being prepared for funds being disbursed, and a journal documenting the receipts and expenses of the petty cash fund. Additionally, the Board of Supervisors should require said vouchers be submitted prior to reimbursement to the Sheriff, and the Board of Supervisors should set a limit of the petty cash fund prior to the establishment of the petty cash fund.

Finding Detail: During our testing, it was noted that the vouchers prepared by the Sheriff's Office lacked necessary details including case numbers and witnesses, and the Sheriff had not prepared a journal documenting the receipts and expenses of the petty cash fund. Additionally, it was noted that the Board of Supervisors did not require said vouchers to be submitted in order to reimburse the Sheriff's petty cash fund, and the Board had not approved a formal agreement establishing the maximum amount allowed in the petty cash fund. Failure to prepare said vouchers, maintain a journal documenting the receipts and expenses of the petty cash, requiring said vouchers for reimbursement, and establishing a maximum amount held by the Sheriff's Office could result in the misappropriation of public funds.

Recommendation: The Board of Supervisors should require said vouchers be submitted before reimbursing the Sheriff's Office, and the Board should establishment of a maximum amount held by the Sheriff's Office. Additionally, the Sheriff's office should ensure all necessary details are documented prior to the disbursement of funds, and the sheriff should prepare a journal documenting the receipts and expenses of the petty cash fund.

Official Response: The Sheriff and Board of Supervisors will fully comply with the above listed recommendation.

Repeat Finding: No.

Chancery Clerk.

Finding 4: The audit synopsis should be published.

Applicable State Law: *Section 7-7-221, Mississippi Code Annotated (1972)*, requires the Clerk of the Board to publish a synopsis of the annual audit report as soon as possible after receipt of the report. The Clerk of the Board shall forward a copy of the published synopsis to the State Auditor's Office.

Finding Detail: The Chancery Clerk has not published a synopsis of the most recent prior year's annual report.

Recommendation: The Chancery Clerk should publish a synopsis of the annual audit report when the report is received and forward the synopsis to the State Auditor's Office.

Official Response: We will try to comply.

Repeat Finding: No.

Sheriff.

Finding 5: Controls over cash collection, recording and reconciling in the Sheriff's Office should be strengthened.

Internal Control Deficiency: An effective system of internal control over cash should include segregation of duties between the collection, recording, and reconciling functions of cash management.

Finding Detail: According to our procedures, one person in the Sheriff's Office collects funds, posts to the cash journal, prepares the monthly settlements, and reconciles the bank statements.

The lack of segregation of duties over the collection, recording, and reconciling functions of cash could result in the loss or misappropriation of public funds.

Recommendation: The Sheriff should implement internal controls to ensure that the risk of loss or misappropriation of cash in the Sheriff's Department, due to lack of segregation of duties, is eliminated.

Official Response: Duties will be segregated.

Repeat Finding: No.

Finding 6: Sheriff's Office should make timely deposits.

Internal Control Deficiency: An effective system of internal control over cash should include the depositing of all receipts in a timely manner.

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: According to our tests, we noted that cash receipts were not deposited timely.

Failure to deposit funds on a timely basis could result in the inability to make timely settlements due to the insufficient funds in the bank account and the loss or misappropriation of public funds.

Recommendation: The Sheriff or the Bookkeeper should make daily deposits.

Official Response: We will comply and make daily deposits.

Repeat Finding: No.

Winston 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, appearing to read "Joe E. McKnight". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

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

Name	Position	Company	Bond
James "Burr" Warner	Supervisor District 1	Fidelity and Deposit Company	\$ 100,000
Luke Parkes	Supervisor District 2	Fidelity and Deposit Company	\$ 100,000
Marion Jordan	Supervisor District 3	Fidelity and Deposit Company	\$ 100,000
Ralph Goss	Supervisor District 4	Fidelity and Deposit Company	\$ 100,000
Charlie Wilkes	Supervisor District 5	Fidelity and Deposit Company	\$ 100,000
Rusty Foster	Chancery Clerk	Fidelity and Deposit Company	\$ 100,000
Kelli Rives	Purchase Clerk	Fidelity and Deposit Company	\$ 75,000
Jewel Dixon	Receiving Clerk	Fidelity and Deposit Company	\$ 75,000
Gary Martin	Assistant Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Don Kemp	Assistant Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Gail Triplett	Assistant Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Amzi Triplett	Assistant Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Tim Boatner	Assistant Receiving Clerk	Fidelity and Deposit Company	\$ 50,000
Kathy Graham	Inventory Clerk	Fidelity and Deposit Company	\$ 50,000
Ed Hunt	Constable	Old Republic Surety Company	\$ 50,000
Deterron Hardin	Constable	Fidelity and Deposit Company	\$ 50,000
Kim Ming	Circuit Clerk	Fidelity and Deposit Company	\$ 100,000
Christie Forsythe-Bennet	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Barbara Gladney	Deputy Circuit Clerk	Fidelity and Deposit Company	\$ 50,000
Jason Pugh	Sheriff	Fidelity and Deposit Company	\$ 100,000
Robert Beck	Justice Court Judge	Fidelity and Deposit Company	\$ 50,000
Mike Fuller	Justice Court Judge	Fidelity and Deposit Company	\$ 50,000
Brittany Eichelberger	Justice Court Clerk	Fidelity and Deposit Company	\$ 100,000
Mindy Estes	Deputy Justice Court Clerk	Fidelity and Deposit Company	\$ 50,000
Darlene Bane	Tax Assessor/Collector	Fidelity and Deposit Company	\$ 100,000
Robin Clark	Deputy Tax Collector	Fidelity and Deposit Company	\$ 50,000
Wanda Coward	Deputy Tax Collector	Fidelity and Deposit Company	\$ 50,000
Erica Childress	Deputy Tax Collector	Fidelity and Deposit Company	\$ 50,000
Natasha Walker	Deputy Tax Collector	Fidelity and Deposit Company	\$ 50,000