

YALOBUSHA 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

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YALOBUSHA COUNTY

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YALOBUSHA 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
Yalobusha County, Mississippi

We have examined Yalobusha 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 Yalobusha 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 Yalobusha 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.

Yalobusha 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 Yalobusha 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, reading "Joe E. Mcknight". The signature is written in a cursive style with a long horizontal flourish extending to the right.

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

YALOBUSHA 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 not made from the lowest bidder.

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

Schedule 2

Our tests did not identify any emergency purchases.

YALOBUSHA 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
Yalobusha 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 Docket of Claims.

Applicable State Law: *Section 19-13-27, Mississippi Code Annotated (1972)*, states, "The clerk of the board of supervisors shall be supplied with, and shall keep as a record of his office, a book to be styled "The Docket of Claims," in which he shall enter monthly all demands, claims and accounts against the county presented to him during the month. The docket shall provide spaces for the name of the claimant, the number of the claim, the amount of the claim, and on what account."

Finding Detail: During our review of Yalobusha County, auditors noted the Board approved claims in the Board Minutes; however, individual claims or claim numbers were not listed. Rather, just a total for each fund was approved.

Failure to document each claim including the name of the claimant, the claim number and the amount of the claim is a violation of *Section 19-13-27, Mississippi Code Annotated (1972)*.

Recommendation: The Clerk of the Board should ensure the claims docket includes individual claims or claim numbers.

Officials' Response: The County will do as required and comply.

Repeat Finding: No.

Board of Supervisors, Chancery Clerk, Circuit Clerk and Tax Assessor/Collector.

Finding 2: Public Officials Should Ensure Compliance with State Law over Office Hours.

Applicable State Law: *Section 25-1-99, Mississippi Code Annotated (1972)*, states, “The offices of all circuit and chancery clerks and sheriffs shall be open for business on all business days from 8:00 a.m. to 5:00 p.m.”

Section 27-1-25, Mississippi Code Annotated (1972), states, “The county assessor shall devote his entire time to the duties of his office. The office of the assessor shall be open for business at all such times as other county offices within the county are required, pursuant to *Section 25-1-99, Mississippi Code of 1972*, to be open for business and, except when necessarily absent on official business, the assessor, or his deputy, shall remain in the assessor’s office during the time the office is open for business.”

Finding Detail: During our review of Yalobusha County, auditors noted the following offices were closed, at both judicial district’s courthouses, from 12:00 pm to 1:00 pm Monday-Friday:

- Chancery Clerk
- Circuit Clerk
- Justice Court
- Tax Assessor/Collector

Failure to remain open from 8:00 a.m. to 5:00 p.m. could result in the loss of public funds due to citizens not being able to make payments, as well as, the public records not being available for review.

Recommendation: We recommend that the Courthouses in Coffeerville and Water Valley should be open for business from 8:00 a.m. to 5:00 p.m. Monday through Friday, as required by state law.

Officials’ Responses:

Board of Supervisors: The Board of Supervisors of Yalobusha County has taken these issues under advisement and is working diligently to address any alleged noncompliance with State law. The Board will review the payroll, staffing, and employee policies of Yalobusha County and will make any economically reasonable and necessary changes.

Chancery Clerk: The Clerk will make any economical, reasonable, safe and necessary changes.

Circuit Clerk: Will talk with the Board of Supervisors and forward this review to them.

Tax Assessor/Collector: Yalobusha County is among those counties with two Judicial Districts. It is my responsibility to maintain four separate offices. These offices are staffed as follows:

- District 1 Tax Collector’s Office has one Deputy Tax Collector and one Bookkeeping Deputy;
- District 2 Tax Collector’s Office has two Deputy Tax Collectors and one Bookkeeping Deputy;
- District 1 Tax Assessor’s Office has one Deputy Tax Assessor; and
- District 2 Tax Assessor’s Office has one Deputy Tax Assessor.

It is my understanding that the Board of Supervisors of Yalobusha County has taken these issues under advisement and is working diligently to address any alleged noncompliance with State Law. It is also my understanding that the Board will review the payroll, staffing and employee policies of Yalobusha County and will make any economically reasonable and necessary changes.

Repeat Finding: No.

Board of Supervisors and Chancery Clerk.

Finding 3: Public Officials and Employees Should Ensure Compliance with State Law over Securing Surety Bonds.

Applicable State Law: *Section 9-7-123(2), Mississippi Code Annotated (1972)*, states, “Each deputy clerk of the circuit court, before he enters upon the duties of the appointment, shall take the oath of office, and shall give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in a penalty equal to three percent (3%) of the sum of all the state and county taxes shown by the assessment rolls and the levies to have been collectible in the county for the year immediately preceding the commencement of the term of office for the circuit clerk. However, the amount of such bond shall not be less than Fifty Thousand Dollars (\$50,000.00) nor more than One Hundred Thousand Dollars (\$100,000.00). The bond shall cover all monies coming into the hands of the deputy clerk by law or order of the court. The board of supervisors, in its discretion, may pay the bond on behalf of the deputy clerk.”

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.”

Section 27-1-3, Mississippi Code Annotated (1972), states, “The assessor may, with the approval of the board of supervisors of the county, appoint deputies, who shall take the oath of office, and shall be required by the assessor to give bond to him in an amount not less than Ten Thousand Dollars (\$10,000.00) for the faithful discharge of their duties. The appointment shall be in writing, filed with the clerk of the board of supervisors, whose approval shall be entered on the minutes of such board.”

Section 27-1-9, Mississippi Code Annotated (1972), states, “Each deputy tax collector shall give bond to be payable, conditioned and approved as provided by law in an amount not less than Fifty Thousand Dollars (\$50,000.00) for the faithful discharge of his duties.”

Section 31-7-124, Mississippi Code Annotated (1972), states, “All assistant purchasing, receiving and inventory control clerks shall be bonded in a penalty not less than Fifty Thousand Dollars (\$50,000.00). Such bond shall be in addition to any other bond required by law, with sufficient surety, to be payable, conditioned and approved as provided by law. The premiums of such bonds shall be paid from any funds available to the board of supervisors for the payment of such premiums.”

Finding Detail: During our review of Yalobusha County, we noted the following exceptions with the County’s surety bonds:

- Seven (7) Deputy Tax Collectors were not bonded.
- Two (2) Deputy Circuit Clerks were not bonded at the correct amount.
- One (1) Deputy Circuit Clerk was not bonded.
- Two (2) Assistant Receiving Clerks’ bonds had indefinite terms.
- One (1) Deputy Tax Assessor was not bonded.
- One (1) Assistant Receiving Clerk was not bonded.
- Three (3) Assistant Receive Clerks’ bonds did not cover the entire fiscal year.

- 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:
 - Three (3) Board Members,
 - Chancery Clerk,
 - Purchase Clerk,
 - Receiving Clerk,

- Nine (9) Assistant Receiving Clerks:
- Inventory Control Clerk,
- Two (2) Deputy Circuit Clerks,
- Sheriff,
- Justice Court Clerk,
- Deputy Justice Court Clerk,
- Tax Assessor/Collector,
- Deputy Tax Assessor,
- Coroner,
- Rubbish Landfill Clerk,
- Garbage Clerk, and
- Assistant Garbage Clerk.

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 applicable to the employee, as statutorily required.

Officials' Response: We are currently taking the appropriate measures to correct these bonds. We will comply.

Repeat Finding: No.

Board of Supervisors and Payroll Clerk.

Finding 4: Public Officials Should Ensure Compliance with State Law over Reemployment of Retired Public Employees.

Applicable State Law: *Section 25-11-127(1)(a), Mississippi Code Annotated (1972)*, states, “No person who is being paid a retirement allowance or a pension after retirement under this article shall be employed or paid for any service by the State of Mississippi, including services as an employee, contract worker, contractual employee or independent contractor, until the retired person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement. After the person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement or such later date as established by the board, he or she may be reemployed while being paid a retirement allowance under the terms and conditions provided in this section.”

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 our review of Yalobusha County, we noted the following exceptions with the reemployment of retire public employees:

- We were unable to determine if the PERS Form 4Bs for four (4) employees were submitted to PERS within five (5) days of reemployment.
- We were unable to determine if four (4) retirees were retired for ninety (90) consecutive days before returning to work, due to the retirement date being omitted from the Public Employees’ Retirement System (PERS) forms.

Failure to properly complete and file PERS Form 4Bs could jeopardize the provisions for reemployment of a retired public employee.

Recommendation: We recommend the County ensure that PERS Form 4Bs are filed timely and that retirees are not rehired before a consecutive ninety (90) days have lapsed, as required by state law.

Officials’ Response: The County will continue to file the appropriate forms and document the date sent to PERS via certified mail.

Repeat Finding: No.

Chancery Clerk.

Finding 5: Public Officials Should Ensure Compliance with State Law over Fee Journal and Annual Financial Report.

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 our review of Yalobusha County, we noted the following exceptions with the Chancery Clerk’s Annual Financial Report and Fee Journal:

- The amount expensed for prior year employer retirement contributions on wages for Clerk was erroneously reported as \$5,521 instead of \$5,513, an \$8 overstatement;
- Two travel reimbursements were issued using the incorrect mileage rates; and
- One travel reimbursement form did not include dates of travel.

Failure to correctly report expenses and properly complete travel reimbursement forms could result in the loss or misappropriation of public funds.

Recommendation: We recommend the Chancery Clerk ensure travel reimbursement forms are completed correctly and expenses are correctly added to the Annual Financial Report. We additionally recommend the Clerk remits eight dollars (\$8) to the County’s General Fund and amend the 2020 Annual Financial Report.

Official’s Response: The Clerk will take appropriate measures to submit the sum that is due to the County. I will comply. The Clerk will reimburse travel rates correctly with duties.

Auditor’s Note: Reimbursement in the amount of eight dollars (\$8) was repaid to the County’s General Fund on June 6, 2022, as evidenced by receipt warrant number 2022-584.

Repeat Finding: No.

Finding 6: 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 our review of Yalobusha County, we noted that twelve (12) receipts out of the fifteen (15) receipts tested in the Chancery Clerk’s Office, were not deposited until two (2) to five (5) business days after the monies were receipted in the Chancery Clerk’s Office.

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

Recommendation: We recommend the Chancery Clerk deposit monies the same day or the next business day after the monies are receipted.

Official’s Response: The Clerk will comply with timely deposits.

Repeat Finding: No.

Finding 7: 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 oversight over items listed as outstanding and 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 our review of Yalobusha County, we noted the following exceptions over the September 2020 bank reconciliations:

- The Garbage and Landfill accounts were not reconciled. The clerk just settled each month's balance;
- We noted a difference in the trial balance and reconciled book balance for all County Fund bank accounts totaling \$277,996. Of that amount, the following exceptions were also noted:
 - The Project ERBR-81 bank account was not included in the County’s General Ledger;
 - The DIP Grant Fund had a deficit cash balance of \$(5,000) at September 30, 2020; and
 - The Payroll Account had a deficit cash balance of \$(316,486) at September 30, 2020.

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

Recommendation: The Chancery Clerk 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:

- "The Garbage and Landfill accounts were not reconciled. The clerk just settled each month's balance." Response - The County will develop an appropriate reconciliation and comply.

- "The project ERBR-81 bank account was not included in the County's book balances." Response - The ERBR-81 was indeed not included, but in the future the County will comply and book future projects into the system.
- "The following accounts had negative book balances at 9-30-2020." Response to "DIP Grant deficit cash balance of \$(5,000)." - The County received the DIP grant and a CAP loan to fund a large industrial project and the Clerk erroneously posted the \$5,000 intended for the DIP grant portion to the CAP loan portion and this has since been corrected. Response to "payroll clearing account had a deficit cash balance of \$(316,486)." A deposit was made 9-30-2020 and the receipt entry showing the clerk posted same on 10-1-2020. The County will make timely posting of receipts in the future.

Repeat Finding: No.

Finding 8: Public Officials Should Strengthen Controls to Ensure Proper Segregation of Duties in the Chancery Clerk's Office.

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

Finding Detail: During our review of Yalobusha County, we noted inadequate segregation of duties in the Chancery Clerk's office. The Chancery Clerk makes deposits, reconciles the bank statements, and makes settlements.

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

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

Official's Response: The Clerk feels that since the Clerk is responsible for the settlements, reconciliations, and deposits that she should do them. However, I will take measures to correct.

Repeat Finding: No.

Circuit Clerk.

Finding 9: Public Officials Should Ensure Compliance with State Law over the Fee Journal and Annual Financial Report.

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 our review of Yalobusha County, we noted the following errors on the Circuit Clerk's Annual Financial Report (AFR) and Fee Journal:

- Revenues on the Annual Financial Report (AFR) were understated by \$257;
- \$2,809 worth of expenses claimed on the AFR were disallowed due to lack of adequate documentation, unallowable expenses, or expenses that were not expended until Calendar Year 2021;
- All expenses, other than "labor", were not documented in the fee account or fee journal; and
- Due to corrections on the AFR, the Circuit Clerk owes \$2,052 to the County.

Failure to correctly maintain a fee journal and properly complete the AFR could result in the loss or misappropriation of public funds.

Recommendation: We recommend that the Circuit Clerk ensure amounts claimed on the Annual Financial Report (AFR) are correct. The Clerk should reimburse \$2,052, from the fee account, to the County's General Fund for over the cap fees. Additionally, the Clerk should submit an amended AFR to the Office of the State Auditor and to the Public Employees' Retirement System (PERS).

Official's Response: I will comply with the auditor's findings.

Auditor's Note: Reimbursement in the amount of \$2,052 was repaid to the County's General Fund on May 28, 2021, as evidenced by receipt warrant number 2021-613.

Repeat Finding: No.

Finding 10: 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 our review of Yalobusha County, we noted the following deposits were not made the same day or the next business day:

- Out of the fifteen (15) receipts tested at the District 1 Office, we noted eleven (11) receipts were not deposited timely; and
- Out of the fifteen (15) receipts tested at the District 2 Office, we noted eleven (11) receipts were not deposited timely.

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

Recommendation: We recommend the Circuit Clerk deposit monies the same day or the next business day after the monies are receipted.

Official's Response: I will comply with this review.

Repeat Finding: No.

Finding 11: Public Officials Should Strengthen Controls to Ensure Proper Segregation of Duties in the Circuit Clerk's Office.

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

Finding Detail: During our review of Yalobusha County, we noted inadequate segregation of duties in the Circuit Clerk's office. The Deputy Circuit Clerk, at each judicial district, receipts monies, makes deposits, writes checks, makes settlements, and reconciles bank accounts.

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

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

Official's Response: Will divide among myself and deputies. I will comply.

Repeat Finding: No.

Justice Court Clerk.

Finding 12: 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 our review of Yalobusha County, we noted inadequate segregation of duties in the Justice Court Clerk's office. The Clerk to receipts payments, processes daily receipts, takes deposits to the bank, reconciles bank statements, and makes settlements.

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

Recommendation: We recommend that 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 Justice Court Office personnel will include an adequate segregation of duties. We rotate the reconciliation of Bank Statements each month and the Deputy Clerk reconciles and the Clerk writes the check and turns paperwork in to the Board. One picks up the mail and the other opens and sorts for processing. Each day we post, balance, and cross check each other's receipts and money collected.

Repeat Finding: No.

Purchase Clerk.

Finding 13: Public Officials Should Ensure Compliance with State Law over Credit Card Expenditures.

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. The chancery clerk or county purchase clerk shall maintain complete records of all credit card numbers and all receipts and other documents relating to the use of such credit cards. 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. The report shall include an itemized list of all expenditures and use of the credit cards for the month, and such expenditures may be allowed for payment by the county in the same manner as other items on the claims docket. 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. Any supervisor or county employee who uses the credit card to make an expenditure that is not approved for payment by the board shall be personally liable for the expenditure and shall reimburse the county."

Finding Detail: During our review of Yalobusha County, we noted the following exceptions related to credit card expenditures:

- Two (2) instances where receipts were not attached to the required monthly report submitted to the Board of Supervisors; and
- Twelve (12) instances where the travel credit card was not used to pay expenses incurred when traveling.

Failure to maintain receipts and to use the travel credit card for expenses other than those incurred when traveling could result in the loss or misappropriation of public funds.

Recommendation: We recommend the Purchase Clerk ensure that receipts are maintained and credit card purchases are only made for travel expenses, as required by state law.

Official's Response: I am in the process of getting cards changed or getting a second card for purchases. I will comply to this.

Repeat Finding: No.

Sheriff.

Finding 14: Public Officials Should Ensure Compliance with State Law over Maintenance of a Cash Journal.

Internal Control Deficiency: An effective system of internal control over the collection, recording and disbursement of cash should include maintaining a cash journal monthly.

Applicable State Law: *Section 7-7-211(b), Mississippi Code Annotated (1972)*, states, "To provide best practices, for all public offices of regional and local subdivisions of the state, systems of accounting, budgeting and reporting financial facts relating to said offices in conformity with legal requirements and with generally accepted accounting principles or other accounting principles as promulgated by nationally recognized professional organizations; to assist such subdivisions in need of assistance in the installation of such systems; to revise such systems when deemed necessary, and to report to the Legislature at periodic times the extent to which each office is maintaining such systems, along with such recommendations to the Legislature for improvement as seem desirable;"

Finding Detail: During our review of Yalobusha County, we noted the following exceptions with the Sheriff's cash journal:

- No receipts were issued for December 2019 or February 2020,
- Cash journal receipts were not listed in order,
- Receipts, from the receipt book, were not documented in the cash journal,
- Checks disbursed by the Sheriff's Office were not documented in the cash journal, and
- A cash ledger balance was not calculated based upon entries in the cash journal for the Sheriff's account; therefore, a reconciliation of the bank statement balance to book balance was not properly performed.

Failure to maintain a cash journal and to perform proper reconciliations could lead to fraud, and the loss or misappropriation of public funds.

Recommendation: We recommend the Sheriff maintain a cash journal, settle all fees and charges collected to the proper party, and implement controls to ensure that settlements are made on a timely basis in accordance with state law.

Official's Response: In accordance with the findings, we have decided, after some instruction from the auditors, that the cash journal receipts will always be in correct numerical order, all receipts will be entered into the cash journal numerically, and the balance will be calculated on the last day of every month. Check disbursed by the Sheriff's office will be written in the cash journal and separate settlement sheets made.

Repeat Finding: No.

Finding 15: Public Officials Should Ensure Compliance with State Law over Operation of Inmate Canteen Facility.

Applicable State Law: *Section 19-3-81(1)(b), Mississippi Code Annotated (1972)*, states, "If the board of supervisors of any county authorizes the sheriff of such county to operate such a facility or facilities as provided in subsection (1) of this section, any funds which may be derived from the operation of an inmate canteen facility or facilities shall be deposited into a special fund in the county treasury to be designated as the "Inmate Canteen Fund." Any monies in the special fund may be expended solely by the sheriff of the county for any educational related expenses, to purchase equipment and supplies and to provide for maintenance of the equipment purchased for the benefit and welfare of the inmates incarcerated in the county jail. The term "supplies" shall not include supplies related to the personal hygiene of inmates."

Finding Detail: During our review of Yalobusha County, we noted that the Sheriff's Office did not maintain a cash journal and did not settle inmate canteen commissions or interest during Fiscal Year 2020 as required by *Section 19-3-81(1)(b), Mississippi Code Annotated (1972)*.

Recommendation: We recommend the Sheriff maintain the cash journal for the Inmate Canteen Facility and settle all fees and charges collected to the proper party. Also, the Sheriff should implement controls to ensure that settlements are made on a timely basis in accordance with state law.

Official's Response: Per the findings above, an Inmate Canteen Fund will be established per instruction from the Attorney General. The amount will be settled at the end of each month, the commission portion to be settled out to the Inmate Canteen Fund.

Repeat Finding: No.

Finding 16: Public Officials Should Ensure Compliance with State Law over Monthly Settlements.

Applicable State Law: *Section 19-25-13, Mississippi Code Annotated (1972)*, states, "All fees and charges for services heretofore collected by sheriffs shall be collected by the sheriff and paid monthly into the general fund of the concerned county."

Finding Detail: During our review of Yalobusha County, we noted the Sheriff's Office did not complete the monthly settlement for the month of December 2019. Also, there were four (4) instances where the settlements were not made monthly, as required by state law.

Failure to complete the monthly settlements is a violation of *Section 19-25-13, Mississippi Code Annotated (1972)*, and could result in the loss or misappropriation of public funds.

Recommendation: We recommend the Sheriff settle all fees and charges collected to the proper party and implement controls to ensure that settlements are made on a timely basis in accordance with state law.

Official's Response: In accordance to these findings, the Yalobusha County Sheriff's office has reviewed the issues presented, and will monthly, by the 12th of each month, have the settlements made into the general fund of the County.

Repeat Finding: No.

Finding 17: Public Officials Should Strengthen Controls to Ensure Compliance with State Law over Timely Deposits.

Internal Control Deficiency: An effective system of internal control should include daily deposits and proper record keeping.

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."

Section 19-25-59, Mississippi Code Annotated (1972), states, "It shall be the duty of every sheriff to keep a record, to be called the "Mesne Process Docket," in which he shall note each writ, other than an execution, received by him for service, specifying the names of the parties, the court from which issued, the date of its reception, how executed, and when and how returned. The record shall be kept as a public record, and turned over to his successor."

Section 19-25-61, Mississippi Code Annotated (1972), states, "It shall be the duty of every sheriff to keep a record, to be called the "Execution docket," in which he shall note each execution received by him, specifying the names of all the parties, the amount and date of the judgment, the court from which issued and when returnable, the amount of the costs, the date

when the same was received, and all levies and other proceedings had thereon. The record shall be kept by the sheriff as a public record, and at the expiration of the term of office of such sheriff, it shall be delivered to his successor.”

Section 19-25-63, Mississippi Code Annotated (1972), states, “It shall be the duty of every sheriff to keep a record, to be called the “Jail docket,” in which he shall note each warrant or mittimus by which any person shall be received into or placed in the jail of his county, entering the nature of the writ or warrant, by whom issued, the name of the prisoner, when received, the date of the arrest and commitment, for what crime or other cause the party is imprisoned, and on what authority, how long the prisoner was so imprisoned, how released or discharged, and the warrant therefor or the receipt of the officer of the penitentiary when sent there. All of said entries shall be full and complete, so as to give a perfect history of each case. The record shall be kept as a public record, and turned over to his successor.”

Finding Detail: During our review of Yalobusha County, we noted during the transition of Administrative Assistants in the Sheriff’s Office, a drawer was found to contain multiple checks that had been received by the Sheriff’s Office. Some had also been receipted, but never deposited. These checks were reviewed by the Chancery Clerk, and the Administrative Assistant, and those that were within date were deposited and the others were returned with a request for a replacement check. No records were kept of the number of checks returned to the issuer or the amount of money. Furthermore, no record was kept to see that every check was replaced.

Additionally, we noted the following exceptions with the fifteen (15) receipts tested:

- Five (5) instances were noted where monies were not deposited by the next business day, ranging from two (2) to eighteen (18) business days after the monies were receipted.
- One (1) instance was noted where auditors were unable to trace a check receipt to a deposit slip due to the check number not being documented on the receipt.
- Six (6) instances had no receipt number documented on the deposit slip; therefore, we were unable to determine which cash receipts were included in each deposit.
- Fifteen (15) instances were noted where the auditor was unable to trace the receipt to the appropriate docket, due to the Sheriff not maintaining the required dockets.

Failure to make timely bank deposits could result in the loss or misappropriation of public funds. Also, the failure to document the receipt in the appropriate docket is a violation of *Sections 19-25-59, 19-25-61, and 19-25-63*.

Recommendation: We recommend the Sheriff deposit monies the same day or the next business day after the monies are receipted and document the receipt in the appropriate docket.

Official’s Response: In accordance to these findings, we have discussed the events that occurred. This situation, unfortunately cannot be rectified, but we can do better in future events by properly depositing received funds that day or the next business day, and keep extremely detailed records and receipts of all checks and/or cash payments made to this office.

Repeat Finding: No.

Finding 18: Public Officials Should Strengthen Controls to Ensure Proper Segregation of Duties in the Sheriff’s Office.

Internal Control Deficiency: An effective system of internal controls should include an adequate segregation of duties when depositing monies and reconciling bank transactions.

Finding Detail: During our review of Yalobusha County, we noted that inadequate segregation of duties allowed the same person to receive, open and distribute mail, receive payments, issue receipts, prepare the deposits, take the deposits to the bank, maintain the cash journal, prepare settlements, and reconcile the bank statements.

Failure to segregate duties and reconcile bank accounts to the cash journal could result in fraud or 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: In accordance with these findings we have started the following, starting May 3rd, the new Jail Administrator will receive the mail, distribute the mail to the correct department, the Admin Assistant will receive payments, issue receipts, and prepare deposit. When the bank statements come in, the Sheriff will view and sign them, then compare to the prepared settlement.

Repeat Finding: No.

Yalobusha 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".

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

YALOBUSHA COUNTY

Schedule of Surety Bonds for County Officials

For the Year Ended September 30, 2020

UNAUDITED

Name	Position	Company	Bond
Cayce Washington	Supervisor District 1	Old Republic Surety Group	\$100,000
Kenneth E. Rogers	Supervisor District 2	Old Republic Surety Group	\$100,000
Kenny Harmon	Supervisor District 3	Old Republic Surety Group	\$100,000
Eddie Harris	Supervisor District 4	Western Surety Company	\$100,000
Gaylon Gray	Supervisor District 5	Old Republic Surety Group	\$100,000
Amy F. McMinn	Chancery Clerk	Old Republic Surety Company	\$100,000
Vicki Vance	Purchase Clerk	Old Republic Surety Company	\$100,000
Shelia Schmitz	Receiving Clerk	Old Republic Surety Company	\$75,000
Wade Williams	Assistant Receiving Clerk	Old Republic Surety Company	\$50,000
Joe Pomerlee	Assistant Receiving Clerk	Old Republic Surety Company	\$50,000
Tommy Marion	Assistant Receiving Clerk	Old Republic Surety Company	\$50,000
Annie Harris	Assistant Receiving Clerk	Old Republic Surety Company	\$50,000
Libby Kuchta	Assistant Receiving Clerk	Old Republic Surety Company	\$50,000
John Wayne Smith	Assistant Receiving Clerk	Old Republic Surety Company	\$50,000
John Foxx	Assistant Receiving Clerk	Old Republic Surety Company	\$50,000
Brenda Joiner	Assistant Receiving Clerk	Old Republic Surety Company	\$50,000
Sara Jones	Assistant Receiving Clerk	Old Republic Surety Company	\$50,000
Roland Jones Sr.	Assistant Receiving Clerk	Old Republic Surety Company	\$50,000
Selina Scero	Assistant Receiving Clerk	Western Surety Company	\$50,000
Angel Lundebay	Assistant Receiving Clerk	Western Surety Company	\$50,000
Amy F. McMinn	Inventory Control Clerk	Old Republic Surety Group	\$75,000
Randy Simmons	Constable	Old Republic Surety Group	\$50,000
Ralph Horton	Constable	Old Republic Surety Group	\$50,000
Daryl Burney	Circuit Clerk	Old Republic Surety Group	\$100,000
Lawanda Fly	Deputy Circuit Clerk	Old Republic Surety Company	\$50,000
Vicki Caldwell	Deputy Circuit Clerk	Old Republic Surety Company	\$50,000
Mark D. Fulco	Sheriff	Western Surety Company	\$100,000
Janet Caulder	Justice Court Judge	Old Republic Surety Company	\$50,000
Trent Howell	Justice Court Judge	Old Republic Surety Company	\$50,000
Carol Wilburn	Justice Court Clerk	Western Surety Company	\$50,000
Connie Stark	Deputy Justice Court Clerk	Old Republic Surety Company	\$50,000
Linda Shuffield	Tax Assessor/Collector	Old Republic Surety Company	\$100,000
Linda Shuffield	Tax Assessor	Old Republic Surety Company	\$40,000
Logan Nellie Foxx	Deputy Tax Assessor	Old Republic Surety Company	\$10,000
Ronnie Stark	Coroner	Old Republic Surety Company	\$10,000
Shelia Schmitz	Rubbish Landfill Clerk	Old Republic Surety Company	\$10,000
Shelia Schmitz	Garbage Clerk	Old Republic Surety Company	\$10,000
Vicki Vance	Assistant Garbage Clerk	Old Republic Surety Company	\$50,000