**Audit Program for Compliance**

Governmental Unit:[Client Name] Balance Sheet Date:9/30/2017

| **Audit Procedures for Consideration** | | N/A Performed by and Date | Workpaper Index |
| --- | --- | --- | --- |
|  | BASIC PROCEDURES |  |  |
|  | Budget |  |  |
|  | 1. Review the minutes of the meeting of the Board of Supervisors adopting budgets and those adopting amendments, and determine whether the budgetary process was performed in accordance with legal requirements, including those that require public notifications and hearings. |  |  |
|  | * 1. Determine that all necessary public hearings and notices are followed in regard to a proposed tax increase and are followed in conjunction with the county's intention to fix its budget for the coming year. (Sections 27-39-203) |  |  |
|  | * 1. Determine that the budget was published at least once no later than September 30th. (Section 19-11-7)(Budget Form P) |  |  |
|  | * 1. Determine that the budget was prepared and amended upon proper forms (Section 19-11-9) and entered in detail in the minutes (Section 19-11-11). (Note: Forms R and D.) |  |  |
|  | * 1. Obtain a copy of the original budget and the final, amended budget. The final amended budget should be recorded in the board minutes on the budget forms by October 31, immediately following the close of the fiscal year.   **AUDITOR NOTE:** We can accept the budget on computer forms if the same information is available. |  |  |
|  | * 1. Determine if expenditures were kept within the approved budget. (Section19-11-17) |  |  |
|  | * 1. Draft appropriate findings for noncompliance with applicable budget laws. |  |  |
|  | * 1. Evaluate whether expenditures in excess of appropriations in individual funds (1) are a material violation of legal requirements and (2) are appropriately disclosed. |  |  |
|  | Related-party Transactions |  |  |
|  | **AUDITOR NOTE:** Related party considerations can be extremely important in a governmental engagement because of the adverse public reaction to publicity concerning transactions that relate to county personnel, especially with public officials. The ethics statutes in Sections 25-4-101 through 25-4-117, give examples of and impose penalties on specific illegal related parties and related transactions. Read the statutes if you are unfamiliar generally with those parties and related party transactions that involve conflicts of interest. Two examples of illegal related party transactions are buying road supplies from a Board of Supervisors' company and leasing time on a county computer to a business owned by a county official. |  |  |
|  | 1. Perform a review for related-party transactions. |  |  |
|  | * 1. At the start of the audit, communicate to the staff the names of known related-parties and related-party transactions noted when completing “Understanding the Entity and Its Environment.” |  |  |
|  | * 1. Review the documents in the permanent file, regulatory filings, and current- year minutes for possible related-parties and related-party transactions. |  |  |
|  | * 1. Summarize related-party transactions found when applying audit procedures to specific accounts (for example, review of confirmation responses relating to compensating balances or guarantees for related- parties, and review of large, unusual, or nonrecurring transactions). |  |  |
|  | * 1. Summarize related-party transactions noted during the review of subsequent events, including consideration of whether large or unusual transactions identified in the review of subsequent transactions involved related-parties. |  |  |
|  | * 1. Inquire of management about the existence of related-party transactions. Obtain the completed “Related Party Questionnaire” from all appropriate county officials and employees. |  |  |
|  | * 1. In conjunction with other audit procedures performed, review the nature and extent of business conducted with major customers, vendors, borrowers, and lenders for indications of undisclosed related-party relationships. |  |  |
|  | * 1. Review invoices from law firms that have performed services for the governmental unit for the existence of related-party relationships. |  |  |
|  | * 1. Consider whether related-party transactions are occurring but not being recognized in the accounting records. |  |  |
|  | * 1. Obtain an understanding of the business purpose of significant related-party transactions. Consider whether transactions have been reviewed and approved at an appropriate level, such as by management or the governing body or audit committee, if the government has one. |  |  |
|  | * 1. If procedures performed reveal the existence of previously undisclosed related-parties or related-party transactions, consider the effect on your risk assessment, including fraud risks, and the need to perform additional procedures. |  |  |
|  | * 1. Consider whether the accounting for related-party transactions is appropriate. Summarize in the workpapers information about significant related-party transactions for disclosure in notes to the schedule of expenditures of federal awards or notes to the financial statements. |  |  |
|  | * 1. Obtain written representations from management regarding the completeness of recorded transactions and the proper accounting and disclosure of related-party transactions. |  |  |
|  | **AUDITOR NOTE:** The county may have issued certificates of participation, which involve related party transactions. (Consult your supervisor before proceeding if you have these certificates). |  |  |
|  | Minutes, Contracts, Ordinances, and Laws |  |  |
|  | 1. Review the minutes of the governing body and any committees of the governing body, and extract information relevant to the audit for the current workpapers or the permanent file. Information to be documented for compliance purposes should include, but is not restricted to the following: |  |  |
|  | * 1. Emergency purchase items. |  |  |
|  | * 1. Other than low bid purchases. |  |  |
|  | * 1. Sole source item purchases. |  |  |
|  | * 1. Interfund transactions (loans, transfers). |  |  |
|  | * 1. Original and final amended budget (Forms R and E). |  |  |
|  | * 1. Evidence that depositories were selected only after advertising for bids (Section 27-105-305). |  |  |
|  | * 1. Evidence that a complete and correct record of all board orders and proceedings were kept. This includes that the president or vice-president signed the minutes at least once a month. (Section 19-3-27) |  |  |
|  | * 1. A list of employees authorized to issue requisitions and receiving reports. (Sections 31-7-103 and 31-7-109) |  |  |
|  | * 1. Authorization of petty cash. (Section 7-7-60) |  |  |
| S | 1. Review general state statutes to the extent considered necessary. |  |  |
|  | * 1. Have the county prepare a Schedule of Officials’ Bonds. Audit this schedule in detail during the first year of each term. During other years, focus examination on revisions, additions, and deletions to this schedule. Determine that the county officials are properly bonded as follows: |  |  |
|  | * + 1. **Board of Supervisors**: Amount should equal 5% of the sum of all the state and county taxes (do not include motor vehicle tax collections) shown by the assessment rolls and levies to have been collectible in the county for the year immediately preceding the commencement of the term of office, not to exceed $100,000. (Section 19-3-5) |  |  |
|  | * + 1. **Chancery Clerk**: Amount should equal 5% of the sum of all the state and county taxes (do not include motor vehicle tax collections) shown by the assessment rolls and levies to have been collectible in the county for the year immediately preceding the commencement of the term of office, not to exceed $100,000. (Section 9-5-131) |  |  |
|  | * + 1. **County Administrator**: Amount should equal 3% of the sum of all the state and county taxes (do not include motor vehicle tax collections) shown by the assessment rolls and levies to have been collectible in the county for the year immediately preceding the commencement of the term of office, not to exceed $100,000. (Section 19-4-9) |  |  |
|  | * + 1. **Sheriff**: $100,000. (Section 19-25-5) |  |  |
|  | * + 1. **Purchase Clerk**: $75,000. (Section 31-7-124) |  |  |
|  | * + 1. **Assistant Purchase Clerks**: $50,000. (Section 31-7-124) |  |  |
|  | * + 1. **Receiving Clerk**: $75,000. (Section 31-7-124)     2. **Assistant Receiving Clerk(s)**: $50,000 (Section 31-7-124) |  |  |
|  | * + 1. **Inventory Control Clerk**: $75,000. (Section 31-7-124) |  |  |
|  | * + 1. **Assistant Inventory Control Clerk**: $50,000. (Section 31-7-124) |  |  |
|  | * + 1. **Road Manager**(s): Not less than $50,000 at the discretion of the Board of Supervisors. (Section 65-17-1) |  |  |
|  | * + 1. **Constables**: $50,000. (Section 19-19-3) |  |  |
|  | * + 1. **Circuit Clerk**: Amount of bond should equal 3% of the sum of all the state and county taxes (do not include motor vehicle tax collections) shown by the assessment rolls and levies to have been collectible in the county for the year immediately preceding the commencement of the term of office, not to exceed $100,000. (Section 9-7-121)     2. **Deputy Circuit Clerk(s)**: Amount should equal 3% of prior year’s taxes, with a minimum of $50,000 and a maximum of $100,000. (Section 9-7-123(2)) |  |  |
|  | * + 1. **Sheriff's deputies**: $50,000. Only deputies hired under Section 45-5-9 are required to be bonded. |  |  |
|  | * + 1. **Justice Court Judge**: $50,000 (Section 9-11-7); Justice Court Clerk and deputy clerks: $50,000 (Section 9-11-29(2)). |  |  |
|  | * + 1. **Tax Collector** (Section 27-1-7): Amount of bond should equal 5% of the sum of all the state and county taxes (do not include motor vehicle tax collections) shown by the assessment rolls and levies to have been collectible in the county for the year immediately preceding the commencement of the term of office. |  |  |
|  | * + 1. **Tax Assessor**: $50,000 (Section 27-1-1).   **AUDITOR NOTE**: If the Collector and Assessor is a combined office, there is no separate Assessor bond required. Only the 5% bond as above is required, not to exceed $100,000. |  |  |
|  | * + 1. **Deputy Tax Collectors**: $50,000. (Section 27-1-9(a))     2. **Deputy Tax Assessor(s)**: $10,000 (Section 27-1-3) |  |  |
|  | * 1. Be sure that the previous year's audit synopsis has been published (Section7-7-221), and that the purchasing information has been published with it. (Section 31-7-115). If the county is not in compliance, issue a finding. |  |  |
|  | * 1. Be sure that Chancery and Circuit Clerks have filed their annual earnings report with the Office of the State Auditor in the proper format. (Section 9-1-45) |  |  |
|  | * 1. Determine compliance with the county's other applicable state laws and regulations by completing the “County Reorganization Act Checklist.” |  |  |
|  | 1. If any legal requirements relevant to the audit are unclear, request a written interpretation from the governmental unit’s legal counsel. |  |  |
|  | Cash |  |  |
|  | 1. Determine that funds in all county offices are deposited in selected county depositories (qualifying county depositories approved by Board of Supervisors). County depositories may be accepted either annually or every two years. |  |  |
|  | 1. Determine whether the following fund is presented properly by fund type: |  |  |
|  | * 1. (1) mill mandatory levy (Section 27-39-329): General.   **AUDITOR NOTE**: If the county spends from the 1 mill mandatory before the date of the approval letter from the Tax Commission, write a finding. |  |  |
|  | 1. A new collateral reporting process went into effect on 1/01/2013. Counties no longer receive a quarterly report from the Office of the State Treasurer. Instead, the public depositories (the banks) are now required to submit a similar report to the county annually within 30 days of fiscal year-end. |  |  |
|  | * 1. Determine whether the county reconciled the information on the annual report received from the county depositories to their records. Any discrepancies found are to be reconciled with 60 days of fiscal year-end. [27-105-5(5)(b)] |  |  |
|  | * 1. Determine whether the county submitted The Public Depositors Annual Report to the Office of the State Treasurer within 30 days of fiscal year-end. [27-105-5(6)(b)] |  |  |
|  | * 1. Although not statutorily required, determine whether the county notified the appropriate bank officials when increases in deposits exceeded 25% of the average daily balances (as required by the Collateral Security Agreement executed between the county and the depository). For example: tax collections for January that are settled in February, land sale settlements, homestead reimbursements and federal grants. Check January collections that were settled in February to ensure that proper notification was made. |  |  |
|  | 1. If petty cash has been authorized for purchasing information and/or evidence, determine the statutory authority. (Section 99-3-39 or Section 99-27-37) |  |  |
|  | * 1. If authorized under Section 99-3-39, determine that no payment exceeded $2,500; that no payment was made to any law enforcement officer, county employee or immediate family of either; and that payments are within the purposes authorized by the statute. |  |  |
|  | * 1. If authorized under Section 99-27-37, determine that the amount of the fund does not exceed 1/3 of the fines collected for drug or liquor violations. |  |  |
|  | * 1. Whichever authority establishes the fund, ensure that every payment for information or evidence is supported by a receipt which lists: |  |  |
|  | * + 1. The exact amount paid to the confidential source payee |  |  |
|  | * + 1. The specific date paid. |  |  |
|  | * + 1. A description of information provided or evidence purchased for payment. |  |  |
|  | * + 1. Signature of the officer making payment. |  |  |
|  | * + 1. Signature of at least one individual witnessing the payment. |  |  |
|  | * + 1. Signature of the confidential source payee (could be assumed name/signature). |  |  |
|  | * + 1. Assumed name/signature or other signature of confidential source payee on receipt can be authenticated by comparing name/signature to that on file in confidential file. |  |  |
|  | * + 1. Bona fide case number of investigative case. |  |  |
|  | * 1. Ensure that any payment other than for information or evidence: |  |  |
|  | * + 1. Is supported by a receipt/invoice which contains a bona fide Sheriff’s office case number. |  |  |
|  | * + 1. Is made pursuant to purchasing statutes (purchasing statutes do not apply to purchases of information, evidence, or undercover living expenses). |  |  |
|  | * + 1. Is made per Board of Supervisors' approval (when applicable). |  |  |
|  | * + 1. Has been entered on the fixed assets inventory and tagged, if equipment. |  |  |
|  | **Investments and Derivatives** |  |  |
|  | 1. Ascertain whether investments held at year end and during the period covered by the financial statements are in compliance with legal and contractual requirements (Sections 19-9-29 and 91-13-8) as well as the investment policy of the governmental unit. |  |  |
|  | 1. Determine that interest derived from investing special purpose funds, which are outside the function of general county government, is paid into the special purpose fund. (Section 19-9-29) |  |  |
|  | **Property Taxes (Includes land redemption).** |  |  |
|  | 1. Determine if the Board of Supervisors properly levied county ad valorem taxes for the year under review for: |  |  |
|  | * 1. General county purposes. (Section 27-39-303) |  |  |
|  | * 1. Roads and bridges. (Section 27-39-305) |  |  |
|  | * 1. For any other purpose for which a levy is lawfully made. |  |  |
|  | * 1. Look for the Section 83-1-39(5)(d), .25 mill levy for fire protection if there is not an equivalent appropriation from the county's general fund. |  |  |
|  | * 1. Verify the county levies at least two mills in total for support and for enlargement, improvement and repair of the community college within the district of which the county is a member. Also, ensure that current year settlements to community colleges are at least equal to prior year dollar amounts. (If not, a finding should be issued.)   **AUDITOR NOTE:** Refer to Attorney General’s opinion No. 2005-0417 to Stonecypher, dated October 7, 2005. |  |  |
|  | 1. Obtain a copy of the levy sheet for audit documentation. Look up each listed code section. Verify that each levy is expended for authorized purposes. Tick-mark each levy on the levy sheet to indicate proper authorization and authorized expenditures. Also, verify that levies that have state-imposed limitations do not exceed those limitations. |  |  |
|  | 1. Perform the 10% CAP limitation test, which is both an effective analytical review procedure and a compliance test. This test will provide some pervasive evidence of the valuation, completeness and presentation assertions in the property tax transaction class as a whole. For purposes of the analytical review, the Excel model must be modified to reflect the variances on a fund type basis. Our predetermined variance in collections between this year and last year will be set at 10% after taking into effect new growth and the 10% CAP. If a fund type variance exceeds 10%, we need to ascertain why and document the explanation. For compliance purposes, debt service funds, the reappraisal maintenance fund and tax levies for programs mandated by the legislature for the first year of the tax levy are exempt from the 10% CAP; however, these funds will need to be included in the test for analytical review purposes.   **AUDITOR NOTE:** Except for the 1 mill mandatory levy which should stand alone, as long as the county does not exceed the 10% cap in total, it is permissible to exceed 10% in a fund type. |  |  |
|  | 1. For legal compliance, check that: |  |  |
|  | * 1. The county assessment rolls have been certified by the State Tax Commission. (Section 27-35-127) |  |  |
|  | * 1. Reports of all taxes and fees collected during the preceding month were made on the first day of each month or within 20 days thereafter. (Section 27-29-11) |  |  |
|  | * 1. Ad valorem tax exemptions granted for new enterprises [Section 27-31-101(1)] or expansion/equipment replacement of existing facilities [Section 27-31-105(1)] do not exempt school taxes; |  |  |
|  | * 1. ad valorem tax exemptions granted for new enterprises do not exempt taxes levied under the old 4 mill state levy, including the Pat Harrison levy; [Section 27-39-329(2)(c)] |  |  |
|  | * 1. ad valorem tax exemptions granted for new enterprises do not exempt the 1 mill mandatory levy; [Sections 27-39-329(2)(b) and 27-39-329(2)(c)] |  |  |
|  | **NOTE TO AUDITOR**: A fee-in-lieu of taxes granted under Section 27-31-104 for new enterprises or under Section 27-31-105(2) for expansion of existing enterprises, includes taxes levied for school purposes. |  |  |
|  | * 1. Fees were properly collected. |  |  |
|  | * 1. Penalties and interest were assessed on taxes collected after February 1 of each year. (Sections 25-7-21 and 27-41-9)   **AUDITOR NOTE**: If February 1 falls on a Saturday, Sunday or legal holiday, the taxes due on February 1 can be paid on the first working day afterwards without interest. |  |  |
|  | * 1. Damages were charged on late payment of motor vehicle property taxes. (Section 27-51-43) |  |  |
|  | * 1. A list is maintained of amendments in assessments on each tax roll with an affidavit to correctness. (Section 27-29-3) |  |  |
|  | * 1. The homestead roll has been corrected. (Section 27-33-51) |  |  |
|  | * 1. Credit slips have been processed correctly. (Section 27-51-41) |  |  |
|  | * 1. Legislative credit is computed correctly when an old tag is surrendered for credit. If an old tag is surrendered for credit that had the legislative credit on the old tag, the credit on the new tag must be pro-rated to refund to the state a portion of the old legislative credit. (Consult your supervisor if you do not understand.) |  |  |
|  | * 1. Decals are accounted for. Investigate any gaps. |  |  |
|  | **Chancery Clerk** |  |  |
|  | 1. Perform the following procedures for the Chancery Clerk's fee journal:   **AUDITOR NOTE**: Fee journal audit should be performed for each calendar year. Determine last year audited. May be required to audit 2 years. |  |  |
|  | * 1. **Do a risk assessment based on problems in prior years**. (Exceptions would be considered high risk.) The supervising senior can tailor some of the following work based on that risk assessment. |  |  |
|  | * 1. Add 2 or 3 months of the Chancery Clerk's fee journal for accuracy. |  |  |
|  | * 1. Obtain the December 31, bank reconciliation prepared by the Chancery Clerk and ensure that: |  |  |
|  | * + 1. The bank balance on the reconciliation agrees with the balance on the bank statement. |  |  |
|  | * + 1. The reconciled book balance agrees with the cash balance in the fee journal. |  |  |
|  | * + 1. Reconciling items appear valid and subsequent clearance of items appears reasonable. |  |  |
|  | * + 1. No unusual changes in balance per bank and balance per books occurred from previous month. If so, investigate such changes |  |  |
|  | * + 1. Reconciliation was prepared on a timely basis. |  |  |
|  | * 1. Judgmentally select a few transactions (15 to 20) from UCC filings, deeds, deeds of trusts, bankruptcies, adoptions, court dockets, etc. and determine if: |  |  |
|  | * + 1. Additions and extensions on receipt are correct. |  |  |
|  | * + 1. Fees collected appear proper. |  |  |
|  | * + 1. Receipt/transaction properly posted to the fee journal or accounts receivable subsidiary ledger. |  |  |
|  | * + 1. Receipt deposited on a timely basis. |  |  |
|  | * 1. Obtain a list of all payments by the county to the Chancery Clerk (payroll and vendor) for the audited calendar year. Judgmentally select five or six of these payments and determine if: |  |  |
|  | * + 1. Payment is properly posted to fee journal. |  |  |
|  | * + 1. Payment is deposited to fee account.. |  |  |
|  | * 1. Judgmentally select fees/commissions received from land redemption and mineral stamps for 3 or 4 months and determine if: |  |  |
|  | * + 1. Fee/commission is properly posted to fee journal. |  |  |
|  | * + 1. Fee/commission is deposited to fee account. |  |  |
|  | * 1. Judgmentally select four or five accounts from accounts receivable records for subsequent collection and determine if: |  |  |
|  | * + 1. Amount collected is properly posted to fee journal. |  |  |
|  | * + 1. Amount collected is deposited to fee account. |  |  |
|  | * 1. Review the November and December fee journal and accounts receivable records to see if an unusual amount of credit transactions took place. This could indicate a deliberate attempt to circumvent the salary cap. |  |  |
|  | * 1. Examine documentation for several (15) expenses posted to the fee journal and determine that they are valid Schedule C expenses. Scan all expenses in fee journal for allowability. Refer to list of allowed/disallowed expenses. |  |  |
|  | * 1. Obtain a copy of the Chancery Clerk's annual report filed with the Office of the State Auditor. Verify amounts reported on the fee journal agree to the annual report. |  |  |
|  | * 1. Determine if the Chancery Clerk exceeded the salary cap. Salary cap is $90,000. (Section 9-1-43) |  |  |
|  | * 1. For legal compliance (Sections 9-1-43 and 9-1-45), ensure that: |  |  |
|  | * + 1. No salaries or expenses are paid for employees who are related to the Chancery Clerk by blood or marriage within the first degree of kinship according to the civil law method of computing kinship as provided in Sections 1-3-71 and 1-3-73. The spouse and/or children of the Chancery Clerk may be paid a salary; however, the combined annual salaries of the clerk, spouse and any child of the clerk may not exceed an amount equal to the salary limitation. |  |  |
|  | * + 1. The Chancery Clerk maintains accounting system as required. (Fee journal and accounts receivable subsidiary ledger.) |  |  |
|  | * + 1. Receipts are issued for all services over $10. |  |  |
|  | * + 1. Any amount in excess of the salary cap of $90,000 is settled to the county by April 15 of the subsequent year. |  |  |
|  | * + 1. The Chancery Clerk filed an annual report with the Office of the State Auditor by April 15 of the subsequent year. |  |  |
|  | * 1. Prepare memo to notify PERS of any disallowed expenses or erroneous amounts on the annual report that you are aware of, even if the clerk does not exceed the cap. |  |  |
|  | **AUDITOR NOTE**: All services that only the Chancery Clerk can perform are subject to the salary cap. Services that the Chancery Clerk performs that could be performed by someone else are not subject to the salary cap. |  |  |
|  | **Land Redemption** |  |  |
|  | 1. Perform the following audit procedures (**at least once every three years**) to determine that land redemption collections are being properly accounted for, that collections are settled on a timely basis and with the proper authorities, and that the processing of land redemption collections is in compliance with statutory requirements: |  |  |
|  | * 1. Determine if an accounting is made for missing and voided releases during the period under audit. |  |  |
|  | * 1. Examine the land redemption account for the year looking for unusual checks such as even amounts written to the chancery clerk or their employees which could be loans. |  |  |
|  | * 1. Perform a cash count for the current period. |  |  |
|  | * + 1. Determine the amount of unsettled receipts as of the period the cash count is being performed. |  |  |
|  | * + 1. In the presence of the custodian, count the cash on hand. Custodian should sign the cash count sheet verifying the cash was returned intact |  |  |
|  | * + 1. Obtain a cut-off bank statement as of the period the cash count is being performed. |  |  |
|  | * + 1. Total of unsettled receipts should equal total of cash on hand plus cash in bank. If amounts do not equal, investigate material differences and obtain adequate explanations for such differences. |  |  |
|  | * 1. Judgmentally select a few releases and test the following compliance features: |  |  |
|  | * + 1. Release payable to the proper party. |  |  |
|  | * + 1. Extensions and additions on release are mathematically correct. |  |  |
|  | * + 1. The proper amount of taxes, fees, interest and damages have been paid and collected. |  |  |
|  | * + 1. Amount of taxes paid agrees to "Land Sold" listing prepared by Tax Collector. |  |  |
|  | * + 1. All land redemption collections are deposited into an account styled "Land Redemption Account". (Section 27-45-5) |  |  |
|  | * + 1. Prenumbered checks are used when making land redemption settlements. (Section 27-45-5) |  |  |
|  | * + 1. Land redemption collections are settled within twenty days after the end of each month and the required report is made to the Board of Supervisors. |  |  |
|  | Circuit Clerk |  |  |
|  | 1. Perform the following procedures for the Circuit Clerk's fee journal:   **AUDITOR NOTE:** Fee journal audit should be performed for each calendar year. Determine last year audited. May be required to audit 2 calendar years. |  |  |
|  | * 1. **Do a risk assessment based on problems in prior years.** (Exceptions would be considered high risk.) The supervising senior can tailor some of the following work based on that risk assessment. |  |  |
|  | * 1. Add 2 or 3 months of the Circuit Clerk’s fee journal for accuracy. |  |  |
|  | * 1. Obtain the December 31, bank reconciliation prepared by the Circuit Clerk and ensure that: |  |  |
|  | * + 1. The bank balance on the reconciliation agrees with the balance on the bank statement. |  |  |
|  | * + 1. The reconciled book balance agrees with the cash balance in the fee journal. |  |  |
|  | * + 1. Reconciling items appear valid and subsequent clearance of items appears reasonable. |  |  |
|  | * + 1. No unusual changes in balance per bank and balance per books occurred from previous month. If so, investigate such changes. |  |  |
|  | * + 1. Reconciliation was prepared on a timely basis. |  |  |
|  | * 1. Judgmentally select a few transactions (5) from marriage license records, court files or dockets, etc. and determine if: |  |  |
|  | * + 1. Additions and extensions on receipt are correct. |  |  |
|  | * + 1. Fees collected appear proper. |  |  |
|  | * + 1. Receipt/transaction properly posted to the fee journal or accounts receivable subsidiary ledger. |  |  |
|  | * + 1. Receipt deposited on a timely basis. |  |  |
|  | * 1. Trace all fees from settlement reports to determine if: |  |  |
|  | * + 1. Fee/commission is properly posted to the fee journal |  |  |
|  | * + 1. Fee/commission is deposited to fee account. |  |  |
|  | * 1. Obtain a list of all payments by the county to the Circuit Clerk (payroll and vendor) for the audited calendar year. Judgmentally select five or six of these payments and determine if: |  |  |
|  | * + 1. Payment is properly posted to fee journal. |  |  |
|  | * + 1. Payment is deposited to fee account. |  |  |
|  | * 1. Examine documentation for several (15) expenses posted to the fee journal and determine that they are valid Schedule C expenses. Scan all expenses in fee journal for allowability. Refer to the list of allowed/disallowed expenses. If the Circuit Clerk only has a few expenses, the number to be examined can be reduced with the Supervisor’s approval. |  |  |
|  | * 1. Obtain a copy of the Circuit Clerk’s annual report filed with the Office of the State Auditor. Verify amounts reported on the fee journal agree to the annual report. |  |  |
|  | * 1. Determine if the Circuit Clerk exceeded the salary cap. Salary cap is $90,000. (Section 9-1-43). |  |  |
|  | * 1. For legal compliance (Sections 9-1-43 and 9-1-45), ensure that: |  |  |
|  | * + 1. No salaries or expenses are paid for employees who are related to the Circuit Clerk by blood or marriage within the first degree of kinship as provided in Sections 1-3-71 and 1-3-73. The spouse and/or children of the Circuit Clerk may be paid a salary; however, the combined annual salaries of the clerk, spouse and any child of the clerk may not exceed an amount equal to the salary limitation. |  |  |
|  | * + 1. The Circuit Clerk maintains accounting system including the fee journal and the accounts receivable subsidiary ledger.) |  |  |
|  | * + 1. Receipts are issued for all services over $10. |  |  |
|  | * + 1. Any amount in excess of the salary cap of $90,000 is settled to the county by April 15, of the subsequent calendar year |  |  |
|  | * + 1. The Circuit Clerk filed an annual report with the Office of the State Auditor by April 15, of the subsequent calendar year. |  |  |
|  | * 1. Prepare memo to notify PERS of any disallowed expenses or erroneous amounts on the annual report that you are aware of, even if the clerk does not exceed the cap. |  |  |
|  | **AUDITOR NOTE:** All services that only the Circuit Clerk can perform are subject to the salary cap. Services that the Circuit Clerk performs that could be performed by someone else are not subject to the salary cap. |  |  |
|  | **Expenditures for Goods and Services** |  |  |
|  | 1. Obtain the following: |  |  |
|  | * 1. Purchases from other than the lowest bidder. |  |  |
|  | * 1. Emergency purchases. |  |  |
|  | * 1. Sole source item purchases. |  |  |
|  | **AUDITOR NOTE:** Add items not on the schedules discovered through audit procedures and inform county officials. |  |  |
|  | **AUDITOR NOTE:** Delete items on the schedule for which it has been determined that they do not meet the criteria for being included and a finding is included in the report about such items. |  |  |
|  | 1. In regard to the above three schedules, review board minutes documentation to establish that: |  |  |
|  | * 1. All items in minutes are on schedules. |  |  |
|  | * 1. All items on schedules are documented in minutes. |  |  |
|  | * 1. Documentation appears adequate. |  |  |
|  | 1. Evaluate the items on the schedules with your supervisor to determine if appropriate findings should be written.   **AUDITOR NOTE:** For example, a finding should be written on an item on the emergency purchase schedule that is not an emergency purchase. |  |  |
|  | 1. Perform the following procedures: |  |  |
|  | * 1. Perform a compliance test on the central purchasing system for the following attributes: Haphazardly select items for testing until you have a total of 25 claims with purchasing attributes. Each claim should exceed $1000.   **AUDITOR NOTE:** Your test should not consist entirely of ISI items. Refer to Section 31-7-13 for the latest applicable law for bid and quote requirements on all purchasing tests. |  |  |
|  | * + 1. Whether the receiving report is signed by an authorized person in the receiving department. |  |  |
|  | * + 1. Whether all purchasing documents are present, properly completed, and the date sequence is logical. |  |  |
|  | Haphazardly select items for testing until you have a total of 25 claims with purchasing attributes. Each claim should exceed $1000.  **AUDITOR NOTE:** Your test should not consist entirely of ISI items. Refer to Section 31-7-13 for the latest applicable law for bid and quote requirements on all purchasing tests. |  |  |
|  | * 1. Judgmentally check some bids and quotes on purchases (not fixed assets) such as gravel, asphalt, tires, etc. that would normally require bids or quotes. |  |  |
|  | * 1. Test compliance with the quote and bidding requirements for some fixed asset purchases. |  |  |
|  | * 1. Judgmentally select a few purchases for examination to determine that invoices are not being split to circumvent purchasing laws. (Refer to Section 31-7-13.) |  |  |
|  | 1. Evaluate compliance with central purchasing system after completion of all related test work. |  |  |
|  | **Credit Cards** |  |  |
|  | 1. Check compliance with MS Code Section 19-3-68, which allows the Board of Supervisors to 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. Compliance includes: |  |  |
|  | * 1. 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 |  |  |
|  | * 1. The supervisor and county employee 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 |  |  |
|  | * 1. The monthly 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. |  |  |
|  | * 1. Credit cards can only be used for expenses incurred while on official travel status for the county and are not for personal use. |  |  |
|  | * 1. Credit cards may be used to pay for meals and motel bills. All expenses are still subject to the restrictions established by Section 25-3-41. Any expenses charged to the credit card in excess of the limitations established by Section 25-3-41 must be reimbursed to the county. Any personal expenses (telephone, movie rental, etc.) charged on the credit card must be reimbursed. |  |  |
|  | * 1. Credit cards may be used to purchase fuel for a county-owned vehicle while on travel status. Credit cards may not be used to purchase fuel for a personal vehicle. |  |  |
|  | * 1. In the discretion of the Board of Supervisors, credit cards may be used to pay for minor repairs to county owned vehicles while on travel status. Section 31-7-103 may be used for guidance when establishing policy. Repairs that require the issuance of a purchase order should be handled through the central purchasing system. |  |  |
|  | **Payroll and Related Liabilities** |  |  |
|  | 1. Ensure that salaries are paid in accordance with statutory requirements. Complete the Schedule of Statutory Fees and Salaries. |  |  |
|  | 1. If the county has a cafeteria plan: |  |  |
|  | * 1. Verify that the plan provider is listed on the Office of the State Auditor’s list of approved providers. |  |  |
|  | * 1. Verify that the county is not administering the cafeteria plan. |  |  |
|  | * 1. Review the county’s plan document and a copy of the employee’s summary plan document. |  |  |
|  | * 1. Consult your supervisor as to how to check compliance with Sections 25-17-1 through 25-17-11 and IRS regulations. |  |  |
|  | 1. Scan payroll records for any employees that do not have retirement withholding withheld from their payroll check.   **AUDITOR NOTE:** Section 25-11-127, Miss. Code Ann. (1972), addressed reemployment of Public Employees Retirement System (PERS) retirees by an entity covered under the PERS System. PERS should be notified when any current retiree of the PERS receiving retirement benefits is hired by the county as either an employee or a true independent contractor. |  |  |
|  | * 1. If an individual is not in the retirement system and it is determined that the individual should be, prepare a memo to your supervisor. PERS will be notified. |  |  |
|  | * 1. Determine if any current PERS retirees are employed by the county as an employee. Verify that PERS Form 4B “Certification/Acknowledgment of Reemployment of Retiree” has been filed within five days of employment. |  |  |
|  | * 1. Determine if any current PERS retirees are hired by the county as a true independent contractor. Verify that PERS Form “Employee vs. Independent Contractor Form” has been filed with PERS. |  |  |
|  | * 1. If required forms have not been filed with PERS, inform payroll clerk of the requirement to file. Also, prepare a memo to your supervisor. PERS will be notified that the county has not complied with the law. |  |  |
|  | * 1. On a test basis, verify that any current PERS retiree has not been paid more than allowed by law based on Form 4B. The allowed amount is based on the State’s fiscal year. If an individual has been paid more than allowed, a memo to your supervisor should be prepared for notifying PERS of the violation. |  |  |
|  | 1. Scan payroll records using experience and judgment looking for possible irregularities. At a minimum, check that fee paid officials are paying their "fringes". (Do limited work. Only see if it appears fringes are being paid. Don't recalculate amounts unless it appears they are not paying.) For example, the county should not be paying the retirement and social security on land redemption fees for the Chancery Clerk.   **AUDITOR NOTE:** Consult supervisor as to the extent of this scanning process. Be alert for additional small payments. This could be illegal payments for accrued leave, bonuses, blanket travel reimbursements, etc. |  |  |
|  | **AUDITOR NOTE:** Based on the AG’s opinion to Roy Noble Lee, Jr., on March10, 2000, the Office of the State Auditor notified all Chancery and Circuit Clerks on July 14, 2000, that effective July 1, 2000, the following fees paid to a clerk may no longer be included in payroll and should be included on the claims docket:   * **Lunacy case fees**   **However, if the court orders payment to the Chancery Clerk for performance of additional administrative services not statutorily required (consultations with family or friends, calling attorney, scheduling physicians, providing insurance information to hospitals, making arrangements for prescreening and follow-ups, etc.), these payments may be processed through payroll. (See AG opinion to Honorable Travis W. Childers dated January 25, 2002.)**   * **Fees for recording or copying on behalf of the county** * **UIFSA fees** * **Indigent criminal case fees ordered paid by the Supreme Court on a particular case** * **Indigent civil case fees ordered paid by the Supreme Court on a particular case** * **Any fee paid by the county “in the same manner as ‘like service’ in other cases”.** |  |  |
|  | **Capital Assets and Related Expenditures** |  |  |
|  | 1. Consider whether there is compliance with laws and regulations pertinent to construction activity, including consideration of the following: |  |  |
|  | * 1. Contracts were bid and awarded in accordance with legal requirements. |  |  |
|  | * 1. Contractors have given appropriate bonds. |  |  |
|  | * 1. Contract amendments have been approved. |  |  |
|  | **Debt and Debt Service** |  |  |
|  | 1. Inquire about provisions of the charter, ordinances, or statutes related to authority to borrow, and perform the following procedures: |  |  |
|  | * 1. Review legislative minutes for authorization to issue debt and, if applicable, records of voter referendums approving issuance. |  |  |
|  | * 1. Confirm by written communication the cash balance on general obligation bonds paid off during the fiscal year with bond and interest paying agents or trustees. Compare against report required by Section 31-17-57. |  |  |
|  | * 1. For legal requirements, ensure that: |  |  |
|  | * + 1. Proceeds of any new general long-term debt have been utilized for purposes for which the issue was authorized. (Section 19-9-1 through 21) |  |  |
|  | * + 1. The county stayed within the limitation of indebtedness. (Section 19-9-5)   **AUDITOR NOTE:** MDA Capital Improvements Loans are not subject to the debt limitation per Section 57-1-303. |  |  |
|  | * + 1. The tax levy was sufficient to provide for the payment of the principal of and interest on applicable long-term debt. (Section 19-9-9) |  |  |
|  | * + 1. Any balance remaining after the purpose for which bonds were issued has been transferred to the applicable bond and interest fund. (Section 19-9-23) |  |  |
|  | * + 1. The Board of Supervisors advertised for bids when selling bonds or issuing notes. (Section 19-9-17) |  |  |
|  | **Fund Equities** |  |  |
|  | 1. Review applicable state statutes, local ordinances, or other legislation for matters that affect components of fund balances. |  |  |
|  | 1. For legal compliance, check to see that any unemployment compensation trust funds do not get below the minimum required balance. (Section 71-5-359(f)) |  |  |
|  | **Insurance and Self-Insurance** |  |  |
|  | 1. Test conformity with SAO Circular No. 13 regulations, using the form 100% Test of Individually Significant Items, if applicable. These include: |  |  |
|  | * 1. A contract should support services to be provided and fees for such services. |  |  |
|  | * 1. The Board of Supervisors should adopt a policy on the amount of reserve to be maintained for future catastrophic losses, if applicable. |  |  |
|  | * 1. Request from administrator for funds to pay approved insurance claims should be supported by a list of claims to be paid from the requested amount. |  |  |
|  | * 1. Request from administrator, for claims payment and administrative fees, should be entered on the claims docket, in total for claims, for Board of Supervisors’ approval. |  |  |
|  | 1. Check the following requirements of Section 25-15-101 for Self Insurance programs: |  |  |
|  | * 1. Ensure that the administration and service of the county’s self insurance program is contracted to a third party approved by the Commissioner of Insurance and benefits provided in excess of the self-insurance plan are covered by a policy or policies of group insurance or group contract or contracts issued by a company licensed to do business in this state |  |  |
|  | * 1. For counties that have less than 150 employees: |  |  |
|  | * + 1. Ensure that the county is not paying more than $2,000 per year per employee in premiums/contributions to the self-insurance pool. |  |  |
|  | * + 1. Ensure that the self insurance plan has been certified by the Mississippi Department of Insurance as being actuarially sound. |  |  |
|  | * 1. Ensure that any county providing insurance under this section does not waive, but expressly reserves, its sovereign immunity under the laws of the State of Mississippi; and all plans and agreements executed by the county providing insurance or other coverage under this section contains a provision expressly limiting liability for the payment of all benefits for single or multiple claims to the extent of the insurance carried or to the extent of funds available under the self-insurance fund. |  |  |