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ADAMS COUNTY, MISSISSIPPI

Limited Internal Control and Compliance Review

Management Report

For the Year Ended September 30, 2004

Switzer, Hopkins & Mange
300 Main Street
Natchez MS 39120

ADAMS COUNTY, MISSISSIPPI

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Adams County, Mississippi

In planning and performing our audit of the financial statements of Adams County, Mississippi for the year ended September 30, 2004, we considered Adams County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Adams County, Mississippi's financial reporting, 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. This report does not affect our report dated August 24, 2005, on the financial statements of Adams County, Mississippi.

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. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations and other matters that are opportunities for strengthening internal controls and operating efficiency. Our findings and recommendations and your responses are disclosed below:

Chancery Clerk.

1. Finding

Section 19-11-17, Miss. Code Ann. (1972) requires Clerks of board of supervisors to apportion payments for rail car taxes between municipalities and taxing districts in proportion to the number of miles of railroad in the municipality or other taxing districts to the number of miles of railroad in the entire county. Other taxing districts would include county school districts.

As reported in the prior audit, the county did not split the rail car taxes with the school district for the fiscal year ended September 30, 2003. Also, the county did not split the rail car taxes with the school district for the fiscal year ended September 30, 2004.

Recommendation

Rail car taxes should be apportioned to the school district as required by law.

Chancery Clerk's Response

We have already apportioned these taxes properly effective for the fiscal year ended 2005.

Circuit Clerk.

2. Section 25-7-13, Miss. Code Ann. (1972) sets the fees of Circuit Clerks in cases where the state fails in the prosecution, or in cases of felony where the defendant is convicted and the cost cannot be made out of his estate, at a maximum amount of \$400 per annum.

The Circuit Clerk claimed and was paid \$1,000 for State Fail cases during the current year.

Recommendation

We believe the Circuit Clerk should become familiar with the laws and regulations regarding his fees and that accounting personnel should carefully review all claims for compliance with laws and regulations.

Circuit Clerk's Response

All future claims will comply with laws and regulations.

3. Finding

Section 9-1-43, Miss. Code Ann. (1972), places a limit on the compensation of the Circuit Clerk and gives the Office of the State Auditor the authority to prescribe a system to account for all sources of income and disbursements of the Circuit Clerk. As reported in the prior years' audit, the Circuit Clerk is required to settle fees collected in excess of the cap limitation to the General Fund of the county. We noted the following discrepancies with the Circuit Clerk's journal:

- a. Documentation was not provided for many of the expenses in the journal, which resulted in the expenses being disallowed. Some of the documentation provided was not allowable. The total of disallowed expenses on the Circuit Clerk's fee journal was \$21,938.33. This resulted in compensation to the Circuit Clerk during calendar year 2004 of \$21,938.33 in excess of the cap limitation.
- b. The fee account checking account is not being reconciled in a timely manner. Which resulted in overdrafts in the account and checks returned as NSF.

Recommendation

The Circuit clerk should pay the amount of \$21,938.33, which represents his compensation in excess of the cap, to the General Fund of the county and amend his annual earnings report accordingly. The fee journal should be properly prepared, maintained and reconciled as required by State law.

Circuit Clerk's Response

Documentation will be provided for the disallowed or undocumented expenses. Any compensation in excess of the cap remaining after review of the documentation will be paid to the General Fund and the annual earnings report will be amended. Bank accounts are now being reconciled in a timely manner.

4. Finding

The Mississippi Financial Accounting Manual requires the Circuit Clerk to prepare an aging of accounts receivable at September 30 of each year and a corresponding allowance for doubtful accounts; and to submit this report to the Chancery Clerk by October 31 following the close of the fiscal year. This report is necessary in order for the county to include these receivables and the allowance for doubtful accounts in the financial statements of the county.

The Circuit Clerk submitted an aging of accounts receivable at September 30, 2004 to the Chancery Clerk on November 17, 2004. At the date of our audit, no allowance for doubtful accounts had been submitted.

Circuit Clerk - Continued

Recommendation

The Circuit Clerk should prepare the required reports and submit them to the Chancery Clerk in a timely manner as required by Mississippi Financial Accounting Manual.

Circuit Clerk's Response

The changing of the Circuit Clerk's accounting software program from one that would not generate an acceptable aging report to one that would was not completed until November 17, 2004. The allowance for doubtful accounts was omitted by mistake. The 2005 aging report and the allowance for doubtful accounts will be filed by October 31, 2005.

Justice Court Clerk.

5. Finding

The Mississippi Financial Accounting Manual requires the Justice Court Clerk to prepare an aging of accounts receivable at September 30 of each year and a corresponding allowance for doubtful accounts; and to submit this report to the Chancery Clerk by October 31 following the close of the fiscal year. This report is necessary in order for the county to include these receivables in the financial statements of the county.

At the date of our audit, the allowance for doubtful accounts had not been submitted to the Chancery Clerk.

Recommendation

The Justice Court Clerk should prepare the required report and submit it to the Chancery Clerk in a timely manner as required by Mississippi Financial Accounting Manual.

Justice Court Clerk's Response

Discussed with Justice Court Judges and an allowance for doubtful accounts will be prepared by September 30 in the future.

Sheriff.

6. Finding

Section 19-25-73, Miss. Code Ann. (1972), limits the cost of food, labor and related supplies used for the feeding of prisoners to \$6.00 per prisoner, per day. The cost of meals for feeding prisoners during the current fiscal year was \$6.09 per prisoner, per day.

Recommendation

The Sheriff should limit the cost of food, supplies, and wages paid in connection with the feeding of prisoners to \$6.00 per prisoner, per day, as required by law.

Sheriff's Response

We have already started by working on getting the county to purchase food at lower prices and have purchased food trays to cut down on paper supplies for the jail.

Sheriff - Continued

7. Finding

Section 19-25-13, Miss. Code Ann. (1972) requires a sheriff to pay monthly into the general fund all fees and charges collected by said sheriff. The Sheriff collected fees for background checks, fingerprinting and accident reports and was not settling those fees to the County on a monthly basis.

Recommendation

The Sheriff should settle all fees and charges including those for background checks, fingerprinting and accident reports with the County on a monthly basis as required by law.

Sheriff's Response

We will work with the Chancery Clerk to correct this.

8. Finding

Section 31-7-101, Miss. Code Ann. (1972), requires the implementation of a central purchase system from and after the first Monday of January 1989. Purchase of any items with an acquisition cost of \$100.00 or more shall be purchased by central purchasing.

Section 31-7-57, Miss. Code Ann. (1972), provides for the recovery of the fair market value of commodities and services provided by any vendor in good faith.

We discovered one instance when central purchasing was not utilized and an invoice for targets and a target range were acquired and installed without a requisition, purchase order or proper bid procedure. The invoice was ultimately paid by court order citing Section 31-7-57, Miss. Code Ann. (1972).

Recommendation

The Sheriff should follow the requisition, purchase order and bid procedures required by the central purchasing system or required by law.

Sheriff's Response

We will follow requisition, purchase and bid laws as required.

The Mississippi Office of the State Auditor has taken exception to certain costs. The details of the exceptions and dispositions are as follows:

Exception Issued On/Demand Issued On:

M. I. Vines, Circuit Clerk

Name of Exceptions/Demands:

See Circuit clerk Findings 2 and 3 described in this report.

Amount of Exceptions/Demands:

Finding #2	\$ 600.00
Finding #3	21,938.33

Disposition of Exceptions/Demands:

These matters have been turned over to the Investigative Division of the Office of the State Auditor.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than this party. However, this report is a matter of public record and its distribution is not limited.

Natchez, Mississippi
August 24, 2005

Sevigny Hopkins & Morgan