



State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

June 26, 2006

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
George County, Mississippi

In planning and performing our audit of the financial statements of George County, Mississippi for the year ended September 30, 2004, we considered George County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control. Our opinions on the financial statements have been previously submitted to you in a separately issued document dated May 25, 2005.

In addition, for areas not considered material to George 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. The fieldwork for these review procedures and tests was completed on May 25, 2005. Our procedures and tests 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 May 25, 2005, on the financial statements of George County, Mississippi.

However, because of the reduced scope, these procedures and 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 areas that are opportunities for strengthening internal controls and operating efficiency. Our findings and recommendations and your responses are disclosed below:

Board of Supervisors.

1. Finding

As reported in prior years' audit reports, the county has some interfund loans outstanding. The Mississippi Code is silent regarding the authority of the county to make these loans. Failure of the Board of Supervisors to ensure repayment of these loans is an illegal diversion of legally restricted funds.

Recommendation

For any interfund loan made, the Board of Supervisors should approve and record in the board minutes the reason for the loan, when the loan will be repaid and the source of funds for repayment. The Board of Supervisors should ensure that each of these old loans are repaid by approving and recording in the board minutes a repayment schedule and then complying with the repayment schedule.

Board of Supervisors' Response

These amounts were paid June 10, 2005.

Chancery Clerk.

2. Finding

Section 19-13-43, Miss. Code Ann. (1972), prohibits warrants from being signed or delivered by the Clerk until there is sufficient money in the fund upon which it is drawn to pay the same. Checks were written on a county fund which did not have a sufficient cash balance.

Recommendation

The Chancery Clerk should ensure that no checks are written on funds when cash is not available.

Chancery Clerk's Response

The federal money in these funds had to be expended, and the bookkeeper was unaware she could borrow money from another fund to cover these expenditures.

Sheriff.

3. Finding

Section 19-25-74, Miss. Code Ann. (1972), requires the Sheriff to submit a meal log to the Board of Supervisors documenting all meals served to prisoners on a monthly basis. As reported in prior years' audit reports, the Sheriff did not submit a copy of the meal log to the Board of Supervisors.

Recommendation

The Sheriff should submit a copy of the meal log to the Board of Supervisors each month.

Sheriff's Response

Since being advised by the State Auditor in April of 2004 that a daily meal log must be kept on the form prescribed by the Audit Department, I began, in May of 2004, keeping the log and intend to continue maintaining the log.

4. Finding

Weak controls exist over the collecting, recording and settlement of cash in the Sheriff's office. The following deficiencies were noted:

- a. As reported in prior years' audit reports, collections were not deposited into the bank on a daily basis.

- b. Bank statements were not reconciled to the cash journal.
- c. Balances were not carried forward to the next month on the cash journal.
- d. Accounting duties were not segregated. The Sheriff's bookkeeper handles the daily deposits, posting of the cash journal, monthly bank reconciliations and monthly settlement reports, including disbursement of funds.

Recommendation

The Sheriff should deposit collections into the bank on a daily basis, reconcile bank statements to the cash journal, and segregate duties to allow for a system of checks and balances within the department.

Sheriff's Response

I will ensure that any monies collected will be on a daily basis, and deposits made accordingly. A system of checks and balances will be initiated.

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.



PHIL BRYANT
State Auditor



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division