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WILKINSON COUNTY, MISSISSIPPI

**LIMITED INTERNAL CONTROL
AND COMPLIANCE REVIEW
MANAGEMENT REPORT**

SEPTEMBER 30, 2004

Recommendation

The Board of Supervisors should comply with the certification requirements of this section before expenditures are made.

Board of Supervisors' Response

We will comply with the recommendation.

2. Finding – Board of Supervisors

Section 25-3-41, Miss Code Ann. (1972), provides for the advance payment or reimbursement of county business-related travel expenses. As reported in prior years' audit reports, the Board of Supervisors did not follow their policy regarding accounting and documentation for employee travel expenditures. These problems included:

- a. Itemized invoices for hotel, seminar registration and other costs were not always included with employee expense reports.
- b. In all travel expenditures sampled, the County reimbursed the employee \$10 for breakfast, \$10 for lunch, and \$15 for dinner. This reimbursement included reimbursement for dinner on the last day of travel and breakfast on the first day of travel. State law only allows employees to be reimbursed for the actual cost of meals up to a maximum of \$30 per day (or \$35 per day for designated high cost areas). Most of the travel in the reimbursements sampled was not to designated high cost areas.

Recommendation

The Board of Supervisors should follow their adopted travel policy and Mississippi law. The County should not reimburse employees for hotel costs unless the employee provides the County with an itemized invoice from the hotel. Also, the County should only reimburse employees for meals actually eaten on the road (not before the employee leaves the County or after the employee returns to the County), and the County should only reimburse meals up to the allowed daily maximum. The County should also check, at least annually, the list of designated high cost areas, because that list changes periodically.

Board of Supervisors' Response

We will comply with the recommendation including actual cost of meals.

3. Finding – Board of Supervisors / Tax Collector-Assessor

As reported in prior years' audit reports, Section 25-3-3, Miss. Code Ann. (1972), states that the Tax Assessor, also serving as the Tax Collector, shall receive an annual salary and such salary shall be full compensation for services performed by the Tax Assessor-Collector. Section 27-3-52, Miss. Code Ann. (1972), provides additional compensation to the Tax Assessor when the Tax Assessor receives certain certification levels. Based on the County's assessed valuation, the annual salary paid the Tax Assessor-Collector should be \$40,531, and the additional annual compensation for receiving certain certification levels should be \$3,500, resulting in a total annual compensation for the Tax Assessor-Collector of \$44,031. The annual compensation approved by the Board of Supervisors for the Tax Assessor-Collector was \$57,111.

Section 25-3-3, Miss. Code Ann. (1972), allows that, in addition to all other compensation paid to the Tax Assessor-Collector, the Board of Supervisors may allow for the Tax Assessor-Collector to be paid additional compensation when there is a contract between the County and municipalities providing that the Tax Assessor-Collector shall assess property and/or collect taxes for the municipalities.

Recommendation

The Tax Assessor-Collector should repay the sum of \$13,080 to the County's General Fund for amounts paid to her in excess of her allowed compensation. Also, to ensure compliance with the state laws, there should be a contract between the County and any town for whom the Tax Assessor-Collector will receive additional compensation for collecting taxes. Any such contract should describe the method and the specific amount the Tax Assessor-Collector will be compensated for collecting the taxes. The existence of the contract, the provisions for payment and the specific payment amounts should be recorded on the minutes of the Board of Supervisors.

Board of Supervisors' Response

We have not received a response to this finding.

Tax Assessor-Collector's Response

We have not received a response to this finding.

4. Finding – Board of Supervisors

Section 19-11-17, Miss. Code Ann. (1972), prohibits the incurring of expenditures in excess of the final budget as approved by the Board of Supervisors. Actual expenditures exceeded the budgeted amounts in fund 030 – Fire Department Rebate fund by \$4,707. This appears to be the result of an error in preparing the final 2004 amended budget. Actual expenditures also exceeded budgeted amounts in fund 161 – Roads and 162 – Highways by \$120,000 and \$550,000, respectively because transfers out from these funds to other funds were not budgeted.

Recommendations

The Board of Supervisors should not make expenditures in excess of budgeted amounts.

Board of Supervisors' Response

We have not received a response to this finding.

5. Finding – Chancery Clerk

Section 9-1-43, Miss. Code Ann. (1972), places a limit on the compensation of the Chancery 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 Chancery Clerk. As reported in prior years' audit reports, the Chancery Clerk is required to settle fees collected in excess of the cap limitation to the General Fund of the County.

During calendar year 2004, amounts were claimed for auto depreciation in addition to mileage reimbursements and expenses, professional fees and office expenses which were undocumented and determined to be unallowable. This was substantially mitigated by certain fees collected for additional work on lunacy cases that were reported as being subject to the fee cap being determined to be not subject to the fee cap. The net result is that the fee cap was exceeded by \$692. The Chancery Clerk repaid the \$692 to the County on August 5, 2005.

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Wilkinson County, Mississippi
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During the 2004 calendar year audit, problems were noted in the prescribed system, which caused delays and difficulty in performing our audit. Due to the absence of a daily reconciliation of cash receipts to the bank deposits and not reconciling of bank accounts, some routine audit procedures could not be completed. As a result, we were unable to determine that all income collected was deposited and reported in the fee journal. However, it does appear that substantially all revenue deposited into the bank was reported in the fee journal.

Recommendation

The Chancery Clerk should prepare a daily detail of receipts and agreed it to daily deposits and to the fee journal.

Chancery Clerk's Response

Efforts were made to ensure all receipts and deposits are accounted for in the Chancery Clerk accounts.

6. Finding – Circuit Clerk

Section 9-1-43, Miss. Code Ann. (1972), requires the Circuit Clerk to maintain a cash journal to account for the receipts and expenses related to the operation of the office. While we found that the Circuit Clerk was maintaining a fee journal, we did note that fee revenues were recorded in one account, making it impossible to determine the amounts of each type of fee collected.

Recommendation

The Circuit Clerk should record fee income in separate accounts for each type of fee collected.

Circuit Clerk's Response

The Circuit Clerk will comply.

7. Finding – Election Commissioners

Section 25-15-153, Miss. Code Ann. (1972), allows county election commissioners and the Circuit Clerk \$70 per day for work on elections, voter roll maintenance, and training up to a maximum number of days per year. For Wilkinson County, the maximum number of days was 81 for calendar year 2004. Four of the five election commissioners were paid for days worked in excess of the maximum number of days allowed. The District 1 commissioner was paid for 100 days, the District 2 commissioner was paid for 110 days, the District 3 commissioner was paid for 113 days, the District 4 commissioner was paid for 168 days, and the District 5 commissioner was paid for 105 days.

Recommendation

The District 1 Election Commissioner should repay \$630 to the County's General Fund the District 2 election commissioner should repay \$1,050 to the County's General Fund, the District 3 election commissioner should repay \$1,050 to the County's General Fund, and the District 4 election commissioner should repay \$1,050 to the County's General Fund for the payment of days worked in excess of the allowed limit. In the future, the Election Commissioner should only claim days allowed by law.

District One Election Commissioner's Response

We have not received a response to this finding.

District Two Election Commissioner's Response

We have not received a response to this finding.

District Three Election Commissioner's Response

We have not received a response to this finding.

District Four Election Commissioner's Response

We have not received a response to this finding.

8. Finding

The County has, for many years, operated several of its funds at substantial cash deficits and has not raised sufficient revenues or other sources of cash to fund its expenditures in some funds, particularly the general fund. This situation has caused an illegal diversion of money from some special revenue funds into the general fund and some special revenue funds.

Recommendation

We strongly recommend the County immediately take aggressive steps to ensure that laws regarding diversion of money and fund deficits are complied with. We strongly recommend the County take the following specific actions as soon as possible:

- Identify and eliminate any expenditures that are not absolutely essential. This should include an aggressive look at duplications in the five district road departments. There are almost certainly substantial cost savings the County could realize by combining some or all functions of these departments into one centralized department and allocating the costs of the centralized department to the existing five road funds.
- Aggressively seek ways to increase revenues in each fund operating at a deficit to fund current expenditures. This would likely include raising taxes levied to support some funds.
- Develop a plan to repay all inter-fund loans and clear all deficit fund balances within five years. This plan would also likely include raising taxes levied to support some funds that have substantial inter-fund payables or negative cash balances. It would also likely include reducing taxes levied to support some funds that have substantial inter-fund receivables or positive cash balances.

Response

The Wilkinson County Board of Supervisors is presently ascertaining ways to eliminate this historical problem.

9. Finding

We noted in our audit of the solid waste fund that there are numerous accounts with large past due balances dating back to 1993, the year the County began charging for solid waste pickup. While we recognize that initiating collection actions from taxpayers is a sensitive issue, we believe it is basically unfair for some citizens to pay for solid waste pickup while others do not.

Recommendation

We recommend the County take any additional steps allowed by law to collect past due solid waste bills. We recommend the County consider levying a tax to pay for solid waste pickup, rather than charging for the service. This could free up the solid waste clerk to perform other functions for the County.

Response

The Board of Supervisors is presently studying this recommendation.

10. Finding

Many of the Board of Supervisors meeting minutes were not signed by the Board President and/or the Chancery Clerk.

Recommendation

All Board minutes should be signed by both the Board President and the Chancery Clerk.

Response

The Board President has corrected this recommendation.

11. Finding

Although we found a copy of the final 2004 budget in the Board minutes, we could not find a specific Board order approving that budget.

Recommendation

The Board should issue a Board order approving the final 2004 budget. All budgets should be specifically approved by the Board.

Response

The Board will comply.

12. Finding

The Chancery Clerk has not issued W-2s or 1099s to his employees and he has not filed appropriate quarterly payroll tax returns or paid payroll taxes for his employees.

Recommendation

The Chancery Clerk should file all appropriate payroll tax returns, including quarterly Form 941s, W-2s and 1099s for calendar year 2004 and through the current date. He should also begin filing those returns on a timely basis.

Response

This has been corrected.

12. Finding

Various Sections of the Miss. Code Ann. (1972) require the County to carry bonds for the following public officials as follows:

- 19-3-5 – Board of Supervisors – 5% of taxes levied, not to exceed \$100,000
- 9-5-131 – Chancery Clerk - 3% of taxes levied, not to exceed \$100,000
- 31-7-124 – Purchase Clerk - \$75,000, and assistants - \$10,000
- 31-7-124 – Receiving Clerk - \$75,000, and assistants - \$10,000
- 31-7-124 - Inventory Clerk - \$75,000, and assistants - \$10,000
- 19-19-3 – Constables - \$25,000
- 9-7-121 – Circuit Clerk - 3% of taxes levied, not to exceed \$100,000
- 19-25-5 – Sheriff - \$100,000
- 45-5-9 – Sheriff deputies - \$25,000
- 9-11-7 – Justice Court Judge - \$10,000
- 9-11-29(2) – Justice Court Clerk and deputy clerks - \$50,000
- 21-1-7 – Tax Collector – 5% of taxes levied

The Code Sections require separate bonds for these officials. The County has obtained one blanket bond for all of these officials.

Recommendation

The County's insurance agent has informed us that he is in the process of getting the individual bonds issued. We recommend this be followed up on until the bonds are actually issued.

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Exception Issued On: Laverne Poole, District Three Election Commissioner
Nature of Exception: See Finding #7 described in this report.
Amount of Exception: \$1,050
Disposition of Exception: This matter has been turned over to the Investigative Division of the Office of the State Auditor.

Brazel, Saunders & O'Neil, LLP

August 5, 2005