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ADAMS COUNTY, MISSISSIPPI

Limited Internal Control and Compliance Review

Management Report

For the Year Ended September 30, 2005

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, 2005, 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. The fieldwork for these review procedures and tests was completed on June 9, 2006. 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 June 9, 2006, on the financial statements of Adams County, Mississippi.

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. 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 9-1-43, Mississippi Code Annotated (1972), requires the Chancery Clerk to deposit any fees received, net of allowable deductions, in excess of \$90,000 into the county general fund on or before April 15 for the preceding calendar year.

The Chancery Clerk did not settle his net fees for calendar year 2005 in excess of the \$90,000 limit until May 31, 2006.

Recommendation

We recommend that the Chancery Clerk settle any fees in excess of \$90,000 by the April 15 due date stipulated in Section 9-1-43.

Chancery Clerk's Response

These fees will be settled to the County on or before April 15 of each year.

Chancery Clerk - Continued

2. Finding

Section 27-105-5(6)(b), Miss. Code Ann. (1972) requires every public depositor to file an Annual Report with the State Treasurer no later than thirty (30) following the end of its fiscal year. The County's report due October 31, 2005 was not submitted until November 22, 2005.

Recommendation

We recommend that the County establish a calendar to assure that all time-sensitive reports are filed on a timely basis.

Chancery Clerk's Response

The accounting department's calendar has been marked to guarantee that the report is filed on or before October 31 of each year.

3. Finding

Section 19-13-43, Miss. Code Ann. (1972) requires that, before a warrant is issued, there must be sufficient money available in the fund upon which it is drawn to pay the same and all prior unpaid checks drawn on that fund. Warrants were written on County funds which did not have sufficient cash balances. The following funds had deficit cash balances at September 30, 2005: Adolescent Offenders Grant, Airport Fund and Waste Collection and Disposal Fund.

Recommendation

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

Chancery Clerk's Response

Before we close out the books each year at September 30, all cash deposits and expenditures that month will be analyzed and funds transferred to be certain each fund has a positive balance.

Circuit Clerk.

4. Finding

As reported in prior year audits, cash receipts as shown on deposit slips and recorded in the Circuit Clerk's cash journals are not deposited to his bank clearing accounts on a daily, or other timely basis. We found currency deposits credited to the bank clearing accounts in May, 2006 that were dated 10/20/2004 (\$3,750.00), 2/14/2005 (\$2,065.00), 2/22/2005 (\$835.00), 6/24/2005 (\$2,495.00), 7/18/2005 (\$1,276.50), and 8/5/2005 (\$185.00). Another currency deposit credited to the bank clearing account in April, 2006 was dated 8/16/2005 (\$135.00).

Receipt numbers for these currency deposits were not shown on the deposit slips.

Recommendation

Failure to deposit cash receipts, particularly currency, within a reasonable time period represents a serious breakdown in internal controls. Deposits should be made to the bank accounts daily, and any deposits (checks or currency) listed as outstanding on the bank reconciliation for more than two (2) days should be investigated. Receipt numbers should be listed on deposit slips to identify which receipts are included in each deposit.

Circuit Clerk - Continued

Circuit Clerk's Response

The Circuit Clerk did not respond to this finding.

5. Finding

Payroll expenses paid by the County for the benefit of the Circuit Clerk were not reimbursed to the County in a timely manner. At September 30, 2005, the County had not been reimbursed for the Circuit Clerk's office payroll for July and August, 2005.

Various checks written by the Circuit Clerk to the County for repayment of fees or payroll due the County were returned as not sufficient funds (NSF). The NSF checks were often not corrected by the Circuit Clerk in a timely manner. For example, the Circuit Clerk's payment for the September 2004 payroll was deposited October 4, 2004, returned as NSF, and was not re-deposited until October 29, 2004; the payment for November 2004 payroll was deposited January 14, 2005, returned NSF, and was not re-deposited until January 26, 2006.

Recommendation

Failure of the Circuit Clerk to reimburse the County in a timely manner amounts to an unauthorized loan to the Circuit Clerk. Any payments due the County should be made in a timely manner.

Circuit Clerk's Response

The Circuit Clerk did not respond to this finding.

6. Finding

Section 9-1-43, Mississippi Code Annotated (1972), requires the Circuit Clerk to maintain a cash journal (fee journal) for cash receipts from private or government sources for furnishing copies of any papers of record or on file, services rendered as a notary public or any fee wherein the total fee for the transaction is ten dollars (\$10.00) or less. Section 9-1-43 also requires the Circuit Clerk to deposit any fees received, net of allowable deductions, in excess of \$90,000 into the county general fund on or before April 15 for the preceding calendar year.

Section 9-1-45, Mississippi Code Annotated (1972), requires the Circuit Clerk to file by April 15 of each year an Annual Report of revenues and expenses of his office for the preceding calendar year.

The Circuit Clerk did not file the calendar year 2005 Annual Report required by Section 9-1-45 by the April 15, 2006 due date and had not filed the report by the date of this report. In addition, the Circuit Clerk did not grant us access to his fee journal. As a result, it is impossible for us to determine the Circuit Clerk's status in relation to the \$90,000 earnings limitation.

Recommendation

We recommend that the Circuit Clerk comply with the law relating to the filing of Annual Reports (Section 9-1-45) and the preparation of fee journals (Section 9-1-43). We believe the Circuit Clerk's fee journal is County property based upon Sections 9-1-43 and 9-1-45, and as such, it is subject to review by the County and its representatives, including its auditors. Accordingly, we believe that the fee journal should be posted and balanced at least monthly.

Circuit Clerk's Response

The Circuit Clerk did not respond to this finding.

Circuit Clerk - Continued

7. Finding

Section 25-17-13(4), Mississippi Code Annotated (1972), limits the Circuit Clerk's fees in state 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, to \$400 per year.

Section 25-17-13(2)(k) provides for an allowance to the Circuit Clerk for public service not particularly provided for of \$5,000 per year.

During the fiscal year ended September 30, 2005, the Circuit Clerk was paid \$600 for state fail cases and \$5,400 for public service not otherwise provided for a total of \$600 more than was provided for by law.

Recommendation

We recommend that the Circuit Clerk become familiar with and comply with the law relating to the statutory fees.

Circuit Clerk's Response

The Circuit Clerk did not respond to this finding.

8. Finding

We found various instances during the fiscal year ended September 30, 2005, where the Circuit Clerk was overpaid or underpaid for fees as a result of sloppy preparation of claim forms and mathematical errors on those forms. The errors we found amounted to a net overpayment to the Circuit Clerk of \$63.

Recommendation

We recommend that the Circuit Clerk review his procedures for the preparation and submission of claim forms. We believe this process deserves a higher level of care.

Circuit Clerk's Response

The Circuit Clerk did not respond to this finding.

Sheriff.

9. 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. As reported in the prior audit, the Sheriff was not settling fees collected for background checks, fingerprinting and accident reports 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, to the County on a monthly basis as required by law.

Sheriff's Response

All fees and charges including background checks, fingerprinting, and accident reports will be settled on a monthly basis by sending all monies to Adams County General Funds.

Sheriff - Continued

10. Finding

Section 37-7-101, Miss. Code Ann. (1972) requires the implementation of a central purchase system from and after the first Monday of January, 1989. The code provides that the purchase of any items with an acquisition cost of \$100 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 52 instances where invoices were ultimately paid by court order citing Section 37-7-57, rather than through the normal central purchase system which requires requisitions, purchase orders and proper bid procedures, as applicable. Of the instances cited above, 34 of those instances were Sheriff's department purchases.

Recommendation

We believe that payments pursuant to the provisions of Section 31-7-57 should be very rare. We do not believe the legislature intended Section 31-7-57 as a means of circumventing the central purchasing laws. We recommend that the Sheriff and other department heads follow the requisition, purchase order and bid procedures required by the central purchasing system as required by law.

Sheriff's Response

The Central Purchasing laws will be adhered to by obtaining a Purchase Order number for all items in excess of \$100.00 with the exception of rare emergency purchases or repairs that could occur during the year.

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. L. Vines, Circuit Clerk

Name of Exceptions/Demands:

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

Amount of Exceptions/Demands:

Finding #7	\$ 600.00
Finding #8	63.00

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
June 9, 2006

