



State of Mississippi

OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

March 7, 2007

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Choctaw County, Mississippi

In planning and performing our audit of the financial statements of Choctaw County, Mississippi for the year ended September 30, 2005, we considered Choctaw 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 October 18, 2006.

In addition, for areas not considered material to Choctaw 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 November 20, 2006. 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, October 18, 2006, on the financial statements of Choctaw 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 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

Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor. As reported in the prior two years' audit reports, several required employee bonds were written as "indefinite" coverage for the entire period of employment rather than the term. This would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation

The Board of Supervisors should cancel the current bonds and secure new ones for the duration of the current term.

Board of Supervisors' Response

All bonds are now being issued on a term basis.

2. Finding

Section 19-13-31, Miss. Code Ann. (1972), requires that the President or Vice-president of the board, in the absence of the President, shall sign his name at the end of the docket entries covering the day's business and the board shall enter an order on its minutes approving the demands and accounts allowed by the claim number as it appears on the claims docket. As reported in the prior two years' audit reports, the President and/or Vice-president failed to sign at the end of the docket, entries covering each day's business and did not list the demands approved for payment in the board minutes by claim number. Failure to sign the docket and record claim numbers could allow claims not approved by the board to be added to the claims docket and paid without board approval.

Recommendation

The President and/or Vice-president should sign the claims docket at the end of the docket entries covering each day's business. The signed claims docket should be kept and filed by date. All demands approved by the board for payment should be listed in the board minutes by the claim number as it appears on the claims docket.

Board of Supervisors' Response

The President or Vice-president now signs each claim docket.

3. Finding

An effective system of internal control should include a written disaster recovery plan for the computer system. The county does not have a written disaster recovery plan. Without a written disaster recovery plan there are no guidelines or procedures to follow in the event of a disaster to the computer system and the county may lose the ability to process transactions in the event of a disaster.

Recommendation

The Board of Supervisors should establish a written disaster recovery plan. The plan should be tested periodically by having disaster recovery walk-throughs in which recovery team members get together and simulate disastrous situations and recovery techniques.

Board of Supervisors' Response

We are currently in the process of creating a disaster recovery plan.

4. Finding

Section 19-5-105, Miss. Code Ann.(1972), authorizes the Board of Supervisors to clean up private property determined to be a menace to the public health and safety of the community after following the procedures in this code section, if the owner does not proceed to have the land cleaned up. The Board of Supervisors may by resolution adjudicate the actual cost of the clean up and the cost shall become a lien against the property which land can then be sold by the Tax Collector in the same manner as delinquent taxes. Documentation was not available in the board minutes or other files to show compliance with the procedures of this code section for the clean up of a house that burned. The county appears to have donated a private landowner the use of county personnel and equipment for the clean up of this burned out house.

Recommendation

The Board of Supervisors should document and make a determination in the minutes as to the public health hazard or petitions from surrounding landowners and attempts made to notify the landowner to clean up a lot before the board uses county personnel and equipment on private property.

Board of Supervisors' Response

In the future the board will follow the guidelines set forth in 19-5-105.

Circuit Clerk.

5. Finding

An effective system of internal control should include an adequate separation of duties. As reported in the prior two years' audit reports, cash collection and disbursement functions are not adequately separated for effective internal control. One person receipts funds, prepares all deposits, calculates the monthly settlements, posts the cash journal, reconciles the bank statements and disburses all funds. Failure to have an adequate separation of duties could result in the loss of public funds.

Recommendation

The Circuit Clerk should implement a system for review of the accounting records by another person.

Circuit Clerk's Response

The above finding has been discussed with me by the audit department and is understood. Unfortunately, the Choctaw County Board of Supervisors does not allow adequate funding in the Circuit Clerk's budget to hire additional office personnel.

Justice Court Clerk.

6. Finding

An effective system of internal control should include an adequate separation of duties. As reported in the prior two years' audit reports, cash collection and disbursement functions are not adequately separated for effective internal control. One person receipts funds, prepares all deposits, calculates the monthly settlements, posts the cash journal, reconciles the bank statements and disburses all funds. Failure to have an adequate separation of duties could result in the loss of public funds.

Recommendation

The Justice Court Clerk should implement a system for review of the accounting records by another person.

Justice Court Clerk's Response

Chancery Clerk, Don Threadgill, is to review the records quarterly. Mr. Threadgill is not doing this quarterly.

7. Finding

Section 11-9-105, Miss. Code Ann. (1972), requires the Justice Court Clerk to assign the cases of each Justice Court Judge in the county on a rotating basis to ensure equal distribution of cases among the judges of the county. As reported in the prior year's audit report, a random review of case files revealed that one judge usually hears cases filed by individuals while the other judge hears cases based on tickets issued by law enforcement. Cases do not appear to be equally distributed between the judges as required by law.

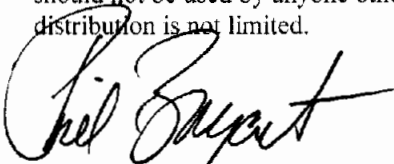
Recommendation

The Justice Court Clerk should rotate the cases to ensure the proper distribution of the cases.

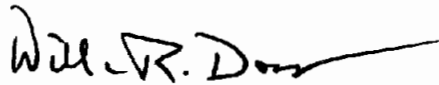
Justice Court Clerk's Response

I will attempt to rectify this.

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



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