



## State of Mississippi

OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR

April 9, 2007

### LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Clarke County, Mississippi

In planning and performing our audit of the financial statements of Clarke County, Mississippi for the year ended September 30, 2005, we considered Clarke 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 February 10, 2006.

In addition, for areas not considered material to Clarke 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 29, 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 February 10, 2006, on the financial statements of Clarke 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

The specific authority from the Mississippi Code should be cited for each tax levy contained in the county ad valorem tax levy. The Board of Supervisors approved the fiscal year ended September 30, 2005 tax levy without citing the specific authority from the Mississippi Code for the following purposes: Clarke County Economic Development District, Clarkdale Fire District, Carmichael Fire District, East Quitman Fire District, County reappraisal, bond interest and sinking issues, and Pat Harrison Waterway District support and debt service levies. A statutory authority does exist for a county to levy for each of these purposes; however, we were unable to verify the authority or the correctness of the amount levied. The failure to cite the specific levy authorization could result in a county levy for unauthorized purposes or an incorrect levy amount.

Recommendation

The Board of Supervisors should cite the specific levy authority from the Mississippi Code for each county levy.

Board of Supervisors' Response

This was strictly an oversight. We will see that this is corrected.

Board of Supervisors/County Administrator.

2. Finding

Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same. Warrants were issued on funds which did not have sufficient money to pay the warrants. At September 30, 2005, the Garbage Solid Waste Fund had a negative cash balance of \$29,243, the Volunteer Fire Department Fund had a negative cash balance of \$12,377 and the Waste Tire Grant Fund had a negative cash balance of \$2,264.

Recommendation

The County Administrator should ensure that no warrants are signed or delivered until there is sufficient money in the fund upon which it is drawn to pay the same, as required by law.

Board of Supervisors/County Administrator's Response

In the future, we will make sure no checks are written without sufficient funds.

Chancery Clerk.

3. Finding

An effective system of accounting for fee income should include a fee account cash journal to account for the receipts and expenses related to the operation of the office. The fee account cash journal was not maintained correctly. All fee expenses were not correctly posted in the fee account cash journal. As a result, the 2005 annual report filed with the Office of the State Auditor and the Public Employee's Retirement System was not an accurate report.

#### Recommendation

The Chancery Clerk should ensure that the fee account cash journal is properly maintained and includes the expenses related to the operation of the office. The Chancery Clerk should file an amended annual report with both the Office of the State Auditor and the Public Employee's Retirement System.

#### Chancery Clerk's Response

I have started a fee journal in the correct format for Calendar year 2006. I have filed an amended annual report for the current audited fiscal year (Annual report for 2005).

Circuit Clerk.

#### 4. Finding

An effective system of accounting for revenue, includes the settlement of collections to the proper parties on a timely basis. As reported in the prior two years' audit reports, partial payments and restitution are not settled to the proper parties on a timely basis. As of September 30, 2005, the criminal journal balance restitutions collected and not distributed was \$32,992.71 and partial payments unsettled were \$3,757.63.

#### Recommendation

The Circuit Clerk should settle restitution and partial payments to the proper parties on a timely basis. Partial payments collected should be settled monthly.

#### Circuit Clerk's Response

We are in the process of computerizing our financial records. Once this is done, settlements and restitution payments can be made in a more timely manner.

Tax Assessor-Collector.

#### 5. Finding

Section 27-35-143 through 27-35-149, Miss. Code Ann. (1972), prescribe the reasons and procedures to be followed for making changes in assessments to individual assessments of parcels of real and personal property. As reported in the prior year audit report, the Tax Assessor-Collector made changes in assessments without prior approval from the Board of Supervisors. Likewise, Section 27-35-155, Miss. Code Ann. (1972), requires that the Tax Assessor-Collector notify the Board of Supervisors, in writing, concerning the preparation of additional assessments for properties which had escaped taxation on the approved rolls. The Tax Assessor-Collector made additional assessments without notifying the Board of Supervisors. Failure to follow proper procedures increases the potential for changes in assessments to be made for improper reasons.

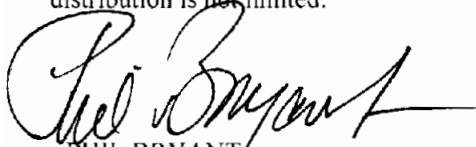
#### Recommendation

The Tax Assessor-Collector should comply with the approval provisions of the law before making assessment changes.

#### Tax Assessor-Collector's Response

We are now taking change orders to the Board of Supervisors monthly. No changes will be made without an approved Board order.

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.



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