

Community College
State Legal Compliance Audit Program
For the Fiscal Years Ended June 30, 2019 & 2020

Initials **Date**

Prepared by: _____

Reviewed by: _____

For Workpapers: _____ through _____

**COMMUNITY COLLEGE
State Legal Compliance Audit Program
For the Fiscal Years Ending June 30, 2019 or 2020**

SUMMARY OF STATE LEGAL COMPLIANCE CONCLUSIONS:

State Code Section and Title:

Compliance Results:

W/P Ref.

Purchasing:

Section 31-7-13 – Purchasing	YES	NO	N/A	_____
Section 73-13-45 - Architect/Engineer	YES	NO	N/A	_____
Section 31-3-15 - Cert. of Responsibility	YES	NO	N/A	_____
Section 31-5-51- Bonds	YES	NO	N/A	_____

Unemployment Compensation Fund Balance:

Section 71-5-359	YES	NO	N/A	_____
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Public Employees’ Retirement System:

Section 25-11-127	YES	NO	N/A	_____
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Other Tests:

_____	YES	NO	N/A	_____
_____	YES	NO	N/A	_____
_____	YES	NO	N/A	_____
_____	YES	NO	N/A	_____

**COMMUNITY COLLEGE
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Initial & W/P Ref.

PURCHASING

Sections 31-7-13, 73-13-45, 31-3-15, 31-5-51

A. Select a sample of purchase orders with total prices between \$5,001 and \$50,000.

B. Determine that at least two competitive written bids were received or it was purchased from a state contract or it was priced at or below the state contract amount for an identical commodity or it was purchased based on competitive bid procedures established by the levying authority, or it falls within an exception specifically enumerated in 31-7-13(m).

Note: Bids may be submitted by facsimile, electronic mail and require a signature unless submitted by electronic transmission and is not required by the governing authority.

C. Select a sample of purchase orders, each totaling more than \$50,000.

D. Determine that the college properly advertised for competitive sealed bids and it was purchased based on competitive bid procedures established by the governing authority or it was purchased from a state contract or it was priced at or below the state contract amount for an identical commodity. If the purchase was for commodities, make sure that the college properly followed reverse auction rules.

NOTE: The amounts shown in A and C would be considered exclusive of freight and shipping charges. Freight and shipping charges would be considered when selecting the lowest and best bid.

NOTE: The appropriate state contract or express product list (by ITS) should be reviewed to ensure compliance with the contract for B and D above.

E. Determine that the lowest and best bid was accepted and if a bid other than the lowest bid was accepted, appropriate justification (with numbers and narratives) for this selection is documented in the board minutes.

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PURCHASING – Cont’d

- F. If the bid accepted was for construction, and:
 - 1. ensure that if the amount exceeded \$25,000, ensure that: § 31-5-51 was met
 - a. A performance bond payable to the college for the work to be done, and _____
 - b. A payment bond payable to the college but conditioned for prompt payment of all persons supplying labor and material used for the amount of the contract, or _____
 - c. A cash bond has been deposited with the State Treasurer in lieu of bonds. _____
 - d. Proof of general liability insurance coverage in an amount not less than one million dollars (\$1,000,000) for bodily injury and property damage.
 - 2. if the amount exceeded \$100,000,
 - a. A licensed professional architect or engineer was retained, § 73-13-45 and _____
 - b. The contractor holds a certificate of responsibility. § 31-3-15 _____

- G. Total the purchases by vendor. Select a sample of vendors with purchases over \$50,000. Review purchases of each vendor for signs of invoice splitting to ensure all purchasing laws were properly followed. Repeat steps D, E, and F for any individual purchases over \$50,000.

- H. Determine that adequate documentation exists for:
 - 1. Emergency purchases. _____
 - 2. One-source only purchases. _____
 - 3. Repairs to equipment where bids were not received. _____

NOTE: Replacement of complete assemblies, such as engines and transmissions, would be subject to bid requirements unless the vendor had already broken down the equipment or vehicle before discovering that a complete replacement was required. If the college is charged a "core" charge, ensure that they get credit for the deposit "core" charge.

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PURCHASING – Cont’d

NOTE: Emergency purchases §31-7-13(k) If the governing authority, or the governing authority acting through its designee, shall determine that an emergency exists in regard to the purchase of any commodities or repair contracts, so that the delay incident to giving opportunity for competitive bidding would be detrimental to the interest of the governing authority, then the provisions herein for competitive bidding shall not apply and any officer or agent of such governing authority having general or special authority therefore in making such purchase or repair shall approve the bill presented therefore, and he shall certify in writing thereon from whom such purchase was made, or with whom such a repair contract was made. At the board meeting next following the emergency purchase or repair contract, documentation of the purchase or repair contract, including a description of the commodity purchased, the price thereof and the nature of the emergency shall be presented to the board and shall be placed on the minutes of the board of such governing authority.

NOTE: Noncompetitive items available from one (1) source only. §31-7-13 (m)(viii) In connection with the purchase of noncompetitive items only available from one (1) source, a certification of the conditions and circumstances requiring the purchase shall be filed by the governing authority with the board of the governing authority. Upon receipt of that certification, the board of the governing authority may, in writing, authorize the purchase, which authority shall be noted on the minutes of the board at the next regular meeting thereafter.

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- I. Determine that lease-purchase contracts were made pursuant to the same bid requirements as for the purchase of such equipment or furniture. _____

 - J. Determine that funding for such lease-purchase contracts, if not obtained from the vendor, was obtained pursuant to the requirements of Section 31-7-13 (e) and such contracts do not exceed the useful life of the financed equipment pursuant to ADR guidelines. _____

 - K. Prepare compliance overview working paper. _____

NOTE: Transactions selected as part of other tests, i.e., internal control, substantive, etc., can also be used for purchasing law test procedures. Additional items should be selected based on the auditor's judgment.

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CONCLUSION

We have performed procedures to sufficiently achieve the audit objectives for the examination of the legal compliance requirements for purchasing, and the results are adequately presented in the accompanying working papers.

Section 31-7-13	YES	NO	N/A
Section 73-13-45	YES	NO	N/A
Section 31-3-15	YES	NO	N/A
Section 31-5-51	YES	NO	N/A

REMARKS

CONCLUSION

We have performed procedures to sufficiently achieve the audit objectives for the examination of the legal compliance requirements for school depositories and securities to be deposited, and the results are adequately presented in the accompanying working papers.

Section 37-7-333	YES	NO	N/A
Section 27-105-305	YES	NO	N/A
Section 27-105-5	YES	NO	N/A

REMARKS

NOTE: Any uncollateralized cash balances are disclosed in the GASB 40 Cash and Investment Note to the Financial Statements.

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UNEMPLOYMENT COMPENSATION FUND BALANCE

Section 71-5-359

- A Using client copies of W-2 forms, calculate applicable wages (for calendar year 2013).
Do not include excess above \$6,000, elected officials or part time salaries.

NOTE: In-lieu of using the W-2 forms, reasonable tests may be performed.

- B. Compute 1% of applicable wages and compare to the cash and investment balance of Fund 2820 at June 30, 2018.

- C. Determine if disclosure is needed in the notes to the financial statements.

- D. Prepare compliance overview working paper.

CONCLUSION

We have performed procedures to sufficiently achieve the audit objectives for the examination of the legal compliance requirements for the unemployment compensation fund, and the results are adequately presented in the accompanying working papers.

Section 71-5-359

YES

NO

N/A

REMARKS

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Initial and W/P Ref.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI

Section 25-11-127.

Section 25-11-127 MS Code Ann. (1972) addresses reemployment of PERS retirees by an entity covered under the PERS System. Before an entity hires an individual as an employee, the entity should verify if the prospective employee is a current retiree of the Public Employees' Retirement System (PERS) receiving retirement benefits.

If the prospective employee is a PERS retiree, and the person is determined to be an employee (v. a true independent contractor), the entity should have filed with PERS the PERS Form 4B "Certification / Acknowledgment of Reemployment of Retiree" within five days of employment.

If the individual is a PERS retiree and has been hired as a true independent contractor, the entity should have completed and filed with PERS the "Employee vs. Independent Contractor Form" to determine the prospective employee's status (Employee vs. Independent Contractor).

Audit Procedures:

A.) Inquire of the Human Resources Department / Payroll if the entity has employed any individuals either as an employee or as a contractual employee that are also current PERS retirees. Another source of this information could come from inquiry about the existence of any individuals on the payroll register that do not have retirement withholdings etc withheld from their check.

B.) Inquire of the Human Resources Department/Payroll if the entity has engaged any individuals as true independent contractors who are also current PERS retirees.

C.) If the entity has employed retirees either as employees or as true independent contractors, verify that the appropriate forms were completed and filed with PERS. If the forms were not filed, advise the agency that they should be filed and prepare a memo to your supervisor for notifying the PERS that the entity has not complied with the law.

D.) On a test basis, where a retiree has been reemployed as an employee, verify that the retiree has not been paid more than allowed by law as noted on the Form 4-B. If the reemployed retiree has been paid more than is allowed by law (based on the State's fiscal year regardless of the entity's fiscal year), prepare a memo to your supervisor for notifying PERS that the entity and retiree have not complied with the law.

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OTHER TESTS:

As required by SAS 54, prepare a legal compliance test in any other state legal compliance area for which noncompliance could cause a direct and material misstatement of the general purpose financial statements.
Document procedures performed.

Also, consider whether related party transactions require disclosure due to the Mississippi Ethics statutes.

CONCLUSION

_____	YES	NO	N/A	W/P. Ref. _____
_____	YES	NO	N/A	W/P. Ref. _____
_____	YES	NO	N/A	W/P. Ref. _____
_____	YES	NO	N/A	W/P. Ref. _____
_____	YES	NO	N/A	W/P. Ref. _____
_____	YES	NO	N/A	W/P. Ref. _____
_____	YES	NO	N/A	W/P. Ref. _____

REMARKS

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COMPLETION

- A. Prepare findings and recommendations, if necessary. _____
- B. Prepare any audit exception schedules. _____
- C. Index working paper and accumulate for file. _____

REMARKS
