



STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Hinds County, Mississippi

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 to ensure compliance with legal requirements. The scope of our review covered the 2016 fiscal year.

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. 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.

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.

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

- I. All supervisors must inspect county roads.

Finding

In accordance with Section 65-7-117, Miss. Code Ann. (1972), each member of the Board of Supervisors shall inspect every road and bridge in the County under the jurisdiction of the County not less than once each fiscal year. Each member shall file with the Clerk of the Board a report, under oath, of the condition of the roads and bridges inspected by the supervisor, with recommendations by the supervisor for a four year plan for construction and major maintenance of such roads and bridges. As reported in the prior year's audit report, such inspection reports were not prepared or filed with the Clerk of the Board by two of the five supervisors for the fiscal year ended September 30, 2016.

Recommendation

Each member of the Board of Supervisors should inspect all roads and bridges under the jurisdiction of the County at least annually. Reports detailing the condition of roads and bridges inspected and recommendations should be filed with the Clerk of the Board each fiscal year.

Board of Supervisors' Response

Each member of the Board of Supervisors will inspect all roads and bridges of their respective district at least annually. Reports detailing the condition of roads and bridges inspected and recommendations will be filed with the Clerk of the Board each fiscal year.

Circuit Clerk.

2. The Circuit Clerk should maintain a cash journal for all fees collected.

Finding

Section 9-1-43(6), Miss. Code Ann. (1972), requires the Circuit Clerk to establish and maintain a cash journal for recording cash receipts from private or government sources for furnishing copies of any papers of record or on file, or for rendering services as a notary public, or other fees wherein the total fee for the transaction is Ten Dollars (\$10.00) or less. The cash journal entry shall include the date, amount, and type of transaction. The clerk shall not be required to issue a receipt to the person receiving such services. However, a receipt must be issued for all fees in excess of \$10. During our audit we noted that the Circuit Clerk was not maintaining a cash journal for all fees collected in the office, and deposits were being made without documentation to support deposited amounts. Some fees exceeding \$10 were collected without issuing a receipt, including some fees collected in the mail. Failure to maintain a cash journal and issue receipts for all fees over \$10 could result in misappropriation of public funds and misrepresentation of fees on the annual financial report.

Recommendation

The Circuit Clerk should maintain a cash journal for all fees collected that are not otherwise recorded in the Criminal, Civil, or Marriage License records. Also, we recommend issuing a receipt for all services rendered, but a receipt must be issued for all collections exceeding \$10.

Circuit Clerk's Response

The Circuit Clerk will maintain a cash journal for all fees collected that are not otherwise recorded in the criminal, civil, or marriage license records. The cash journal will include the date, amount, and type of transaction. Receipts are issued for all fees of public funds.

3. The Circuit Clerk's annual financial report contained errors in revenues and expenses.

Finding

Section 9-1-43(1), Miss. Code Ann. (1972), states that, after making deductions for employer contributions paid by the chancery or circuit clerk to the Public Employees' Retirement System under Sections 25-11-106.1 and 25-11-123(f)(4), employee salaries and related salary expenses, and expenses allowed as deductions by Schedule C of the Internal Revenue Code, no office of the chancery clerk or circuit clerk of any county in the state shall receive fees as compensation for the chancery clerk's or circuit clerk's services in excess of Ninety Thousand Dollars. The Circuit Clerk is responsible for providing adequate documentation to support all expenses and ensuring that all fees are recorded on the fee journal and included in the annual financial report. During the testing of the Circuit Clerk's 2016 annual financial report we noted \$14,481.41 in clerk's fees that were not recorded on the fee journal and not included in the 2016 annual financial report. Also, the

following disallowed expenses were noted:

1. Expenses paid out of other bank accounts - \$35,204.96
2. Expenses for which there was insufficient documentation - \$1,541.95
3. Meals and entertainment that were not for business purposes - \$4,163.54
4. Office improvements for which no work has been completed - \$7,800.00
5. Depreciation on equipment that was not turned over to the county - \$11,552.23
6. Advertisements with no copies available to determine if ads were political in nature - \$4,210.00

The Circuit Clerk recognized a total of \$64,474.19 in disallowed expenses on the 2016 annual financial report. However we noted other allowable expenses of \$73,358.00 for equipment purchases that were not recognized on the 2016 annual financial report. Due to failure to maintain adequate documentation of all expenses and detect recording errors on the fee journal the Circuit Clerk, after recalculation of the 2016 annual financial report, owes an additional \$5,596.09 in over the cap fees to the Hinds County Board of Supervisors.

#### Recommendation

The Circuit Clerk should settle the additional \$5,596.09 in excess cap fees for the 2016 calendar year to the Hinds County Board of Supervisors and file an amended 2016 annual financial report with the Office of the State Auditor and the Public Employees' Retirement System. The Circuit Clerk should also establish a system of controls to ensure the fee journal is an accurate and complete.

#### Circuit Clerk's Response

The Circuit Clerk will amend the 2016 AFR and settle with the Board of Supervisors. A system of controls will be established to ensure fee journal is accurate and complete with help from the CPA.

#### Auditor's Note

The Circuit Clerk remitted the 2016 excess fees of \$5,596.09 to the County and filed an amended 2016 annual financial report with the Office of the State Auditor on June 29, 2017.

Sheriff.

4. The Sheriff was overpaid \$8,000.

#### Finding

Section 25-3-25(1)(a), Miss. Code Ann. (1972), authorizes for the Sheriff of counties with a total population of more than one hundred thousand (100,000), a salary of Ninety-nine Thousand Dollars (\$ 99,000.00). Also, Section 25-3-25(6), Miss. Code Ann. (1972), authorizes, in addition to the salary provided for in subsection (1) of this section, the Board of Supervisors of Hinds County shall pay an annual supplement to the sheriff of the county in an amount equal to Fifteen Thousand Dollars (\$ 15,000.00). The Sheriff earned a total salary of \$120,000, earning \$105,000 and \$15,000 respectively and was overpaid \$8,000 from January 1, 2016 to April 30, 2017. Overpayment of a state limited salary results in loss of funds for the county.

#### Recommendation

The Sheriff should repay the overpayment to the County's General Fund and ensure that future salary is within the limitation set by state law.

#### Sheriff's Response

In a memo that I received from Hinds County Administrator Carmen Davis, the Hinds County Board of Supervisors has overpaid the Sheriff's position in their County in the amount of \$8,000.00 from the general

fund over the January 2016 to April 2017 time period.

During the 2014 FY the Sheriff's salary was \$105,000 annually that included \$6,000.00 annual supplement being paid at that time. In 2015 FY, the Sheriff's salary was set at \$120,000.00 by the Board of Supervisors. The \$120,000 salary has been maintained by Hinds County Board of Supervisors through April 2017.

I agree to pay back the Hinds County Board of Supervisors the \$8,000.00 that is owed to the general fund through a monthly deduction from my paycheck over the remaining months of this term in office ending in December 2019. It is my understanding that the salary set from this day forward for the Hinds County Sheriff will be \$114,000.00 annually. This includes \$99,000.00 + \$15,000.00 supplemental pay.

This agreement will be made with the understanding that neither myself, nor my staff are at fault for the overpayment of the salary set by the Hinds County Board of Supervisors.

Hinds County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

July 5, 2017