

A Limited Management and Compliance Review of Harrison County

Executive Summary

Introduction

PEER examined the county's compliance with laws adopted to govern the operations of "unit system" counties as well as Harrison County's efficiency in managing its resources and its compliance with laws affecting such management.

Background

In response to documented cases of corruption in county government in the 1980s, the Legislature adopted the "County Government Reorganization Act of 1988" (Chapter 14, Laws of the First Extraordinary Session, 1988). Provisions of this act addressed developing a centralized purchasing system, which became mandatory for all counties. This placed controls on procurements by individual supervisors, an area in which serious problems eventually gave rise to criminal prosecutions. Additionally, the legislation provided for the use of county administrators, a central inventory system in all counties, and, of considerable significance, established the unit system of road and bridge fund management to foster efficient use of road and bridge resources.

Harrison County's Compliance with Provisions of the 'County Government Reorganization Act of 1988'

Harrison County is substantially in compliance with unit system requirements; however, it has not availed itself of some of the efficiencies commonly associated with a unit system of government.

Operation as a Unit System County

Harrison County has taken the necessary steps to create the departments and procedures and to hire staff necessary to operate as a unit system county by

- adopting and maintaining a countywide system of personnel administration for all county employees, administered by a County Administrator. All employees of the county except those of elected officials are employees of the county as a whole, and not of any particular supervisor's district.

- hiring a county Road Manager, who directs the county Road Department and has further established a central road repair and maintenance facility for the county along with five additional road repair and maintenance facilities, one in each supervisor's district.
- developing a four-year road plan for improvements to the roads in Harrison County, which is reviewed and adopted, as well as amended, by the board of supervisors on an annual basis.

Failure To Realize Efficiencies

Although Harrison County complies with formal requisites of the unit system law, certain county practices impede the realization of the efficiencies the unit system offers to local governments:

- The county utilizes road repair and maintenance facilities in each supervisor's district rather than conducting road and bridge operations from the central road repair and maintenance facility.
- The county's road plan lacks priorities for improvements to roads in the county.

Other Management and Compliance Issues

Harrison County Road Department resources have been committed to projects and activities that are not associated with the purposes and responsibilities of road and bridge construction, upkeep, and maintenance.

Noncompliant Use of Road and Bridge Funds

Contrary to state law, the Harrison County Board of Supervisors uses road and bridge funds to support recreational facilities.

Activity reports generated by the Road Manager include projects whose description of work are related to recreational facilities, such as for the construction or upkeep of splash pads,¹ boat launches, ballparks, fairgrounds, and other areas that appear to be recreational in nature.

Imprudent Expenditures of Escrow Funds

Although within the scope of state law, the Harrison County Board of Supervisors expends escrow funds imprudently without any measurable benefit to the county as a whole.

¹A splash pad is a water playground area with ground jets and nozzles that spray water upward to create a zero-depth water play area.

For fiscal years 2016 and 2017, Harrison County allocated \$537,834.56 and \$494,226.41, respectively, from the Escrow Fund among the county's five supervisor districts to allow each supervisor to make decisions regarding specific expenditures.

In addition, the Harrison County Board of Supervisors expended \$98,364 and \$106,709 in escrow funds during fiscal years 2016 and 2017, respectively, for advertising in event programs and other printed materials, banners, signage, and T-shirts or sports jerseys.

Noncompliance with Travel Policies of the State and County

For county fiscal years 2016, 2017, and 2018 (as of November 30, 2017), the Harrison County Board of Supervisors expended approximately \$73,000 on in-state and out-of-state travel associated with attendance at conferences and events. In 33 instances, supervisors' travel expenditures were not compliant with state law or state or county travel policies, including failure to provide required receipts after receiving a travel advance; paying for meals of other employees; claiming reimbursement for expenses that were prepaid by the county; and claiming reimbursement for nonreimbursable purchases.

In addition, Harrison County's recordkeeping methods and practice of prepaying travel expenses result in difficulty auditing the county's travel records and determining total travel costs of individual supervisors. In November 2017, the county began utilizing a county credit card for travel-related prepayments, and now receives monthly statements that are assigned to a particular supervisor and trip for reconciliation.

Executive Sessions

According to the minutes of the Harrison County Board of Supervisors, during several meetings held between October 2015 and September 2017 the board went into executive session, and its announcements to the public and the recitation of reasons for going into closed and executive sessions set out in the minutes failed to meet the requirements of the "Open Meetings Law," MISS. CODE ANN. Section 25-41-1.

Recommendations

1. The Legislature should consider amending MISS. CODE ANN. Sections 17-3-1 and 17-3-3 to place limits on advertising expenditures by counties. Such limits might include a requirement that advertising be limited to publications or sponsorships of trade or business meetings held in the county.

2. To address the management and compliance issues set out in this report, Harrison County should
 - secure the services of an independent certified public accounting firm to review the expenditures of all escrow, travel, and road and bridge funds and related accounts to ensure that the expenditures are in conformity with internal policies and law. In instances in which the firm determines that spending is not in conformity with policy or law, the firm shall recommend corrective action, which may include interfund transfers to reimburse funds from which expenditures were improperly made.
 - perform, in addition to a review of expenditures, the procedures necessary to express an opinion on the effectiveness of the county's financial internal controls and, if needed, recommend corrective action to improve the county's system of financial internal controls.
 - consider closing work centers in Districts 1 and 4 and transferring those staffs and equipment from the Road Department to centers in Districts 2, 3, and 5. The centers in Districts 1 and 4 should be reviewed for possible repurposing or disposal if no useful purpose can be found for the facilities.
 - adopt priorities and project milestones and completion targets for all activities reported in the four-year road plans required by law. Such plans should also be kept up to date.
 - consult with the Ethics Commission regarding the proper methods for informing the public and recording in the minutes the reasons for conducting business in executive session.
3. The Harrison County Board of Supervisors should reconsider its practice of allocating a portion of escrow tax levy collections equally among individual supervisors. The board should formally adopt a resolution stating its intent to use such collections for the county as a whole. However, should the board choose to continue its current practice, the county comptroller should create unique account numbers in the county's accounting system for each supervisor's district that can be utilized to determine escrow expenditures by district.

For more information or clarification, contact:

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