



MADISON COUNTY BOARD OF SUPERVISORS

125 West North Street • Post Office Box 608
Canton, Mississippi 39046
601-855-5500 • Facsimile 601-855-5759
www.madison-co.com

TO: Madison County Board of Supervisors

FROM: Comptroller's Office

DATE: February 16, 2016

SUBJECT: Claim Rejection (Lefoldt & Co., P.A.)

In the June 1, 2015 meeting, the Board of Supervisors authorized a contract with Lefoldt & Co, PA to perform work for the Tax Collector's Office. This agreement was limited to a fee of \$10,000 with a written report required. This approval was communicated to the the vendor and Tax Collector on the same day.

On July 31, 2015, the vendor submitted an invoice for \$14,805. They were reminded of the limitation and subsequently paid \$10,000 on September 22, 2015. This left a balance in their records of \$4,805, after the County paid the original amount agreed under the agreement.

Additional invoices totaling \$13,965 were submitted to the County. These invoices are for services provided in addition to the scope of the original agreement. The invoices are listed as follows:

Date	Amount	Amount Paid
07/31/2015	\$14,805.00	\$10,000.00
08/31/2015	\$2,730.00	
09/24/2015	\$1,102.50	
10/29/2015	\$1,155.00	
11/30/2015	\$1,785.00	
12/31/2015	\$2,625.00	
01/28/2016	\$4,567.50	

Currently, the vendor claims the \$18,770 (\$4,805 + \$13,965) is owed by the County.

I recommend that you reject these claims and refer these claims to your attorney for filing of a joint action in Madison County Circuit Court to pursue final satisfaction of these claims.

Thank you for your cooperation.

Attachments



CERTIFIED PUBLIC ACCOUNTANTS

& Co., P.A.

July 31, 2015

Ms. Kay Pace
Madison County Tax Collector
P.O. Box 113
Canton, MS 39046

**Professional Services Rendered During the Period
June 1, 2015 through July 30, 2015:**

**Review of Cash Journals and Bank Statements for the Period
2012 through 2015; Review of Accounting Procedures and
Controls; Preparation of Bank Reconciliations for the Periods
March, 2015 through May, 2015; Various Conferences with
Management and Staff; Preparation of Report Regarding
Procedures Performed and Findings**

70.5 Hours @ \$210.00

\$14,805.00

LEFOLDT & CO., P. A.
 Client Ledger
 For the Period: 06/01/2015 - 07/30/2015

<u>Post Date</u>	<u>Comments/Desc</u>	<u>Init</u>	<u>Hours</u>	<u>Rate</u>	<u>Balance</u>
06/01/2015	WIP: MANAGEMENT SERVICES ENGAGEMENT LETTER	CBS	1.00	210.00	210.00
06/01/2015	WIP: MANAGEMENT SERVICES MTG W/ KAY PACE AND STAFF TO DISCUSS ISSUES RELATED TO CREDITS/REFUNDS AND ACCOUNTING PROCEDURES	CBS	4.00	210.00	840.00
06/02/2015	WIP: MANAGEMENT SERVICES REV CASH JOURNALS, ACCOUNTING PROCEDURES	CBS	4.50	210.00	945.00
06/03/2015	WIP: MANAGEMENT SERVICES REV BANK STATEMENTS, CASH JOURNALS, SETTLEMENT REPORTS FOR 2012-2014, CONF W/ STAFF RE PROCEDURES	CBS	8.50	210.00	1,785.00
06/04/2015	WIP: MANAGEMENT SERVICES REV BANK RECON/STATEMENTS AND BALANCE TO CASH JOURNALS FOR 2012	CBS	5.50	210.00	1,155.00
06/05/2015	WIP: MANAGEMENT SERVICES CONF W/ K PACE RE STATUS	CBS	0.50	210.00	105.00
06/09/2015	WIP: MANAGEMENT SERVICES CONF W/ K PACE RE STATUS	CBS	0.50	210.00	105.00
06/11/2015	WIP: MANAGEMENT SERVICES REV 8/12 CASH JOURNALS 2015 BANK RECON CONF RE PROCEDURES	CBS	6.50	210.00	1,365.00
06/19/2015	WIP: MANAGEMENT SERVICES CONF W/ K PACE RE STATUS	CBS	0.50	210.00	105.00
06/22/2015	WIP: MANAGEMENT SERVICES BANK RECON 3/15, REV CONTROLS	CBS	7.75	210.00	1,627.50
06/23/2015	WIP: MANAGEMENT SERVICES CONF W/ K PACE RE STAFF	CBS	0.25	210.00	52.50
06/24/2015	WIP: MANAGEMENT SERVICES 3/15 BANK RECON, 4/15 RECON, REV 6/12-5/15 CASH JOURNALS AND BANK STATEMENTS FOR \$53K CHECK	CBS	7.25	210.00	1,522.50
06/25/2015	WIP: MANAGEMENT SERVICES 4/15 BANK RECON	CBS	5.00	210.00	1,050.00
06/26/2015	WIP: MANAGEMENT SERVICES SEND BANK RECON TO TOM AND KAY/ BACKUP FILES	CBS	0.50	210.00	105.00
07/08/2015	WIP: MANAGEMENT SERVICES prep report re procedures performed and findings	CBS	5.50	210.00	1,155.00
07/09/2015	WIP: MANAGEMENT SERVICES mtg w/ k pace re report and findings asst w/ cash journal posting	CBS	3.00	210.00	630.00
07/20/2015	WIP: MANAGEMENT SERVICES CONF W/ MYRTLE RE CHECK	CBS	0.25	210.00	52.50
07/24/2015	WIP: MANAGEMENT SERVICES call kay re status	CBS	0.25	210.00	52.50
07/28/2015	WIP: MANAGEMENT SERVICES asst lori with cash journal and reconcile 5/15 bank statement	CBS	8.75	210.00	1,837.50
07/29/2015	WIP: MANAGEMENT SERVICES conf w/ kay re report, bank recon and future services	CBS	0.50	210.00	105.00
Total			<u>70.50</u>		<u>14,805.00</u>



LEFOLDT & Co., P.A.

CERTIFIED PUBLIC ACCOUNTANTS

August 31, 2015

Ms. Kay Pace
Madison County Tax Collector
P.O. Box 113
Canton, MS 39046

**Professional Services Rendered During the Period
July 31, 2015 through August 27, 2015:**

**Preparation of Bank Reconciliation for July, 2015 and
Assistance with Bank Reconciliation for August,
2015; Various Conferences with Management and
Staff; Modification of Report Regarding Procedures
Performed and Findings**

13.0 Hours @ \$210.00

\$ 2,730.00

Balance Forward

14,805.00

\$17,535.00

LEFOLDT & CO., P. A.
Client Ledger
For the Period: 07/31/2015 - 08/27/2015

Post Date	Comments/Desc	Init	Hours	Rate	Balance
13832.4 MADISON COUNTY TAX COLLECTOR					
08/05/2015	COMPLETE CASH JOURNAL FOR JUNE 2015 AND PREP BANK RECONCILIATION FOR JUNE 2015 ASSIST WITH VARIOUS QUESTIONS RE POSTING	CBS	8.50	210.00	1,785.00
08/14/2015	REVISE REPORT	CBS	1.00	210.00	210.00
08/19/2015	ASSIST LORI WITH 7/15 BANK RECONCILIATION	CBS	3.50	210.00	735.00
			<u>13.00</u>		<u>2,730.00</u>



LEFOLDT & Co., P.A.

CERTIFIED PUBLIC ACCOUNTANTS

September 24, 2015

Ms. Kay Pace
Madison County Tax Collector
P.O. Box 113
Canton, MS 39046

**Professional Services Rendered During the Period
August 28, 2015 through September 24, 2015:**

**Assistance with Bank Reconciliation for August,
2015; Various Conferences with Management and
Staff**

5.25 Hours @ \$210.00

\$ 1,102.50

Balance Forward

17,535.00

Payment Received

(10,000.00)

\$ 8,637.50

LEFOLDT & CO., P. A.
Client Ledger
For the Period: 08/26/2015 - 09/24/2015

Post Date	Comments/Desc	Init	Hours	Rate	Amount
13832.4 MADISON COUNTY TAX COLLECTOR					
09/10/2015	ASST W/ 8/15 BANK RECON	CBS	4.75	210.00	997.50
09/15/2015	CONF W/ M HOUSTON RE REPORT	CBS	0.50	210.00	105.00
			<u>5.25</u>		<u>1,102.50</u>



LEFOLDT & Co., P.A.

CERTIFIED PUBLIC ACCOUNTANTS

October 29, 2015

Ms. Kay Pace
Madison County Tax Collector
P.O. Box 113
Canton, MS 39046

**Professional Services Rendered During the Period
September 25, 2015 through October 29, 2015:**

**Assistance with Bank Reconciliation for August,
2015 and Cash Journal for September, 2015;
Various Conferences with Management and
Staff**

5.50 Hours @ \$210.00

\$ 1,155.00

Balance Forward

8,637.50

\$ 9,792.50

LEFOLDT & CO., P. A.
 Client Ledger
 For the Period: 9/25/2015 - 10/29/2015

<u>Post Date</u>	<u>Comments/Desc</u>	<u>Init</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
13832.4 MADISON COUNTY TAX COLLECTOR					
	Balance Brought Forward				
10/1/2015	REVIEW 7/15 BANK RECONCILIATION; ASSISTANCE WITH 8/15 AND 9/15 CASH JOURNAL POSTING; ASSISTANCE WITH YEAR END REPORT FOR COUNTY	CBS	4.50	210.00	945.00
10/14/2015	CONF W/ TOM AND LORI RE ADVALOREM REFUNDS AND POSTING	CBS	0.50	210.00	105.00
10/21/2015	CONF W/ KP RE STATUS OF BANK RECONS	CBS	0.25	210.00	52.50
10/29/2015	CONF W/ K PACE RE CASH JOURNALS	CBS	0.25	210.00	52.50
			<u>5.50</u>		<u>1,155.00</u>



CERTIFIED PUBLIC ACCOUNTANTS

& Co., P.A.

November 30, 2015

Ms. Kay Pace
Madison County Tax Collector
P.O. Box 113
Canton, MS 39046

Professional Services Rendered During the Period
October 30, 2015 through November 26, 2015:

Preparation of Bank Reconciliation for August,
2015; Various Conferences with Management and
Staff

8.50 Hours @ \$210.00	\$ 1,785.00
Balance Forward	<u>9,792.50</u>
	<u>\$11,577.50</u>

LEFOLDT & CO., P. A.
Client Ledger
For the Period: 10/30/2015 - 11/26/2015

<u>Post Date</u>	<u>Comments/Desc</u>	<u>Init</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
13832.4 MADISON COUNTY TAX COLLECTOR					
11/12/2015	AUGUST 2015 BANK RECONCILIATION AND CASH JOURNAL	CBS	<u>8.50</u>	210.00	<u>1,785.00</u>



CERTIFIED PUBLIC ACCOUNTANTS

Lefoldt & Co., P.A.

December 31, 2015

Ms. Kay Pace
Madison County Tax Collector
P.O. Box 113
Canton, MS 39046

**Professional Services Rendered During the Period
November 27, 2015 through December 31, 2015:**

**Preparation of Bank Reconciliation for September,
2015; Review and Correct Cash Journals for July,
2015 through September, 2015; Review July, 2015
Bank Reconciliation; Various Conferences with
Management and Staff**

12.50 Hours @ \$210.00

\$ 2,625.00

Balance Forward

11,577.50

\$14,202.50

LEFOLDT & CO., P. A.
 Client Ledger
 For the Period: 11/27/2015 - 12/31/2015

<u>Post Date</u>	<u>Comments/Desc</u>	<u>Init</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
13832.4 MADISON COUNTY TAX COLLECTOR					
	Balance Brought Forward				
12/21/2015	CORRESPONDENCE W/ K PACE AND L BUTLER RE 9/15 BANK RECON AND YEAR END REPORTS	CBS	0.50	210.00	105.00
12/29/2015	9/15 BANK RECONCILIATION; REVIEW AND CORRECT CASH JOURNALS FOR 7/15-9/15	CBS	9.00	210.00	1,890.00
12/30/2015	REVIEW 7/15 BANK RECON AND CLEAR DIFFERENCE	CBS	3.00	210.00	630.00
			<u>12.50</u>		<u>2,625.00</u>



CERTIFIED PUBLIC ACCOUNTANTS

LEFOLDT & Co., P.A.

January 28, 2016

Ms. Kay Pace
Madison County Tax Collector
P.O. Box 113
Canton, MS 39046

**Professional Services Rendered During the Period
January 1, 2016 through January 28, 2016:**

**Training and Preparation of Bank Reconciliation
for October, 2015; Review and Correct Cash
Journals for July, 2015 through October, 2015;
Furnish Requested Reports to CPA Firm;
Various Conferences with Management and Staff**

21.75 Hours @ \$210.00 \$ 4,567.50

Balance Forward 14,202.50

\$18,770.00

LEFOLDT & CO., P. A.
 Client Ledger
 For the Period: 1/1/2016 - 1/26/2016

<u>Post Date</u>	<u>Comments/Desc</u>	<u>Init</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
13832.4 MADISON COUNTY TAX COLLECTOR					
1/4/2016	CORRESPONDENCE W/ STAFF RE STATUS OF RECON AND YEAR END REPORTS	CBS	0.25	210.00	52.50
1/6/2016	9/15 & 10/15 CASH JOURNALS; RECONCILE CREDIT CARD ACCOUNT; CORRECT 7/15 RECON; CORRECT CASH JOURNALS 7/15-11/15	CBS	8.25	210.00	1,732.50
1/7/2016	FURNISH YER-END INFORMATION FOR CPA FIRM, INCLUDING 9/15-10/15 BANK RECON AND CASH JOURNALS; UPDATE BEG BALANCES FOR 7/15-12/15 CASH JOURNALS	CBS	5.25	210.00	1,102.50
1/26/2016	TRAIN & ASSIST L BUTLER ON 10/15 RECON & CASH JOURNAL & CORRECT CASH JOURNALS		8.00	210.00	1,680.00
				<u>21.75</u>	<u>4,567.50</u>

Shelton Vance

From: Mark Houston
Sent: Monday, September 14, 2015 3:24 PM
To: Shelton Vance
Subject: FW: Kay Pace CPA INTERNAL AUDIT
Attachments: Madison County Tax Collector Report 8-14-15.pdf

From: Kay Pace
Sent: Monday, September 14, 2015 1:22 PM
To: Mark Houston <Mark.Houston@madison-co.com>
Cc: csavell@lefoldt.com; Kay Pace <kpace@madison-co.com>; Myrtle Rayburn <myrtle.rayburn@madison-co.com>; THOMAS E. LEWIS <TOM@FMSOFTWARE.NET>
Subject: FW: Kay Pace CPA INTERNAL AUDIT

MARK YOU WILL FIND THE REPORT ATTACHED FROM CHRIS SAVELL, CPA, LEFOLDT & CO AS REQUESTED BY THE BOS.

LET ME KNOW HOW YOU WANT TO HANDLE THE BALANCE OF THE BILL OWED TO LEFOLDT & CO SO THEY WILL RECEIVE PAYMENT. THANK YOU.

KP

From: Chris Savell [<mailto:CSavell@lefoldt.com>]
Sent: Monday, September 14, 2015 8:48 AM
To: Kay Pace <kpace@madison-co.com>
Subject: FW: Kay Pace

Kay,

I received the email below from Mark Houston regarding our invoice.

Attached is the report he's requesting. Please let me know if I need to send to him.

As we discussed, how do we need to handle the work done beyond what the Board approved in order to get this paid also? I can break it out in a separate invoice if necessary.

Regards,

Chris B. Savell, CPA

Lefoldt & Co., P.A.

690 Towne Center Blvd.

Ridgeland, MS 39157

Phone: 601-956-2374

Fax: 601-956-9232

Any U.S. tax advice contained in the body of this email was not intended or written to be used, and cannot be used, by the recipient for purposes of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions.

From: Mark Houston [mailto:Mark.Houston@madison-co.com]
Sent: Friday, September 11, 2015 10:56 AM
To: Chris Savell <CSavell@lefoldt.com>
Subject: RE: Kay Pace

Chris-

I am in receipt of your invoice for work done for Madison County in the Tax Collector's office. The BOS order states:

***In re: Discussion of Letter of Engagement -
Lefoldt & Co., P.A.***

WHEREAS, County Administrator Mark Houston appeared before the Board and presented that certain Letter of Engagement with Lefoldt & Co., P.A. for the benefit of Tax Collector Kay Pace, a true and correct copy of which is attached hereto as Exhibit Z, spread hereupon and incorporated herein by reference, and
WHEREAS, Mr. Houston reported that Lefoldt & Co., P.A. would perform an analysis of certain tax credits and refunds as identified by the State Auditor's Office,

Following discussion, Ms. John Bell Crosby did offer and Mr. Karl M. Banks did second a motion to (1) approve the Letter of Engagement contingent on the Board Attorney's review and approval, (2) approve the Letter of Engagement between Madison County Board of Supervisors and Lefoldt & Co., P. A., (3) direct Lefoldt & Co., P.A. to present the Board of Supervisors with a report of its findings, and (4) direct that said Letter of Engagement is not to exceed \$10,000.00. The vote on the matter being as follows:

Supervisor John Bell Crosby Aye
Supervisor John Howland Aye
Supervisor Gerald Steen Aye
Supervisor Karl M. Banks Aye
Supervisor Paul Griffin Aye

If you will get me a copy of the report for the Board of Supervisors I can then go ahead and pay \$10,000.

Thanks

Mark Houston, CPA
County Administrator
Madison County, Mississippi

From: Chris Savell [mailto:CSavell@lefoldt.com]
Sent: Tuesday, June 02, 2015 12:48 PM
To: Mark Houston <Mark.Houston@madison-co.com>; Kay Pace <kpace@madison-co.com>
Cc: THOMAS E. LEWIS <TOM@FMSOFTWARE.NET>; Shelton Vance <Shelton.Vance@madison-co.com>
Subject: RE: Kay Pace

Mark,

I'm going to get started this afternoon and if I run into any problems which will require more time than the limit set by the board, we can meet and discuss. I will also issue a written report on my findings.

I look forward to working with you all.

Regards,

Chris B. Savell, CPA

Lefoldt & Co., P.A.

690 Towne Center Blvd.

Ridgeland, MS 39157

Phone: 601-956-2374

Fax: 601-956-9232

Any U.S. tax advice contained in the body of this email was not intended or written to be used, and cannot be used, by the recipient for purposes of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions.

From: Mark Houston [<mailto:Mark.Houston@madison-co.com>]

Sent: Monday, June 01, 2015 4:07 PM

To: Chris Savell; Kay Pace

Cc: THOMAS E. LEWIS; Shelton Vance

Subject: RE: Kay Pace

Mr. Savell,

The Madison County Board of Supervisors approved a contract with you at their meeting this morning, along the lines of your engagement letter. The Board made two provisions, first, an upper limit of \$10,000 was set. If the work is more extensive, we can revisit the contract. Second, the Board is requiring a report from you at the conclusion of your work. I would think that a written report would suffice.

Mark Houston, CPA
County Administrator
Madison County, Mississippi



LEFOLDT & Co., P.A.

CERTIFIED PUBLIC ACCOUNTANTS

August 14, 2015

Ms. Kay Pace
Madison County Tax Collector
P.O. Box 113
Canton, MS 39046

Dear Ms. Pace:

Based on your request we performed an analysis of certain items as identified by the State Auditor's office to determine the status of those items and/or the final disposition the identified items. In addition, we performed various other procedures related to the operations of the Tax Collector's office.

State Auditor Findings

In the State Auditor's report dated May 12, 2015, it was noted that a check written for \$53,992.13 did not clear the bank and was improperly recorded in the cash journal because the amount and payee did not agree with the Tax Collector's disbursement records. Also, the Tax Collector misstated the opening balances of the April, 2014 and August, 2013 cash journals when incorrect totals were carried forward from prior months. The State Auditor's report also noted that a failure to properly record transactions in the cash journal could result in loss or misappropriation of public funds.

Analysis and Findings

In order to determine the final disposition of the check for \$53,992.13 we performed a search for this amount on the cash journals and bank statements for the period June, 2012 through May, 2015. Based on this review we noted a check for this amount did not clear the bank and was not listed on the bank statements for the period reviewed. In addition, on the August, 2013 and April, 2014 cash journals, as noted by the State Auditor, the beginning balance of cash was increased.

Based on our discussions with accounting personnel, we noted that after the State Auditor discovered the discrepancies in the cash journals, the Accounting Manager began modifying the cash journals for the period April, 2014 through September, 2014. We questioned as to why this was done and the response was to correct previous errors.

Other Procedures Performed/Findings

- Procedures were performed to reconcile the bank statements to the cash journals for the periods March, 2015 through June, 2015. Based on these reconciliations we noted two outstanding deposits totaling \$4,945 which were listed as outstanding incorrectly. On the April, 2015 reconciliation we noted two deposits totaling \$2,172 and a check for \$39 which were not recorded on the cash journal.

Other Procedures Performed/Findings-Continued:

- Formal bank reconciliations were not being prepared which include a detailed listing of outstanding deposits and checks by name, date and amount.
- Based on our review of the outstanding check listing for April, 2015 we noted checks totaling \$54,999 which are greater than ninety days old and date back to January, 2003.
- As of June 20, 2015, the cash journals for the months of April, 2015 and May, 2015 were not fully completed and reconciled to the bank statements.
- Procedures were performed to determine the processes for handling daily cash receipts, recording items in the monthly cash journal, monthly settlements, reconciling the monthly bank statement to the cash journal and issuing refunds.

Recommendations

Based on the procedures performed and discussions with management we recommend the following:

- Separation of Duties - the basic premise of internal control is that no employee should have access to both physical assets and the related accounting records or to all phases of a transaction. One of the most critical areas where separation of duties is warranted is cash. We noted that the accounting manager posted to the cash journal, occasionally prepared the daily deposit, prepared and issued refunds, reconciled the bank statement to the cash journal, and prepared and issued the monthly settlement. The result is the danger that intentional or unintentional errors could be made and not be detected. We recommend the duties of posting to the cash journal, preparing the deposits, issuing refunds and reconciling the bank statement to the cash journal be separated to the extent possible with the available staff.
- The monthly cash journals should be completed and reconciled to the bank statement in a timely manner, usually by the 20th of the following month. Any differences noted should be reviewed and corrected.
- The monthly bank reconciliation should include a detailed listing of all outstanding deposits and checks by name, date and amount. These reconciliations along with the bank statement should be reviewed by management.
- Refunds issued should be included on the monthly cash journal and a detailed listing of refunds issued should be maintained along with the documentation supporting the refund. All refunds should be reviewed and approved by management.
- Outstanding checks greater than ninety days old should be reviewed and cleared.
- All voided checks should be included on the monthly cash journal.

Madison County Tax Collector
August 14, 2015
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We would be pleased to discuss these findings and recommendations in further detail at your convenience, perform any additional study of these matters, or assist you in implementing our recommendations.

This report is intended solely for the information and use of the Board of Supervisors, management and others within the organization.

Very truly yours,

LEFOLDT & CO., P.A.

A handwritten signature in black ink that reads "Chris B. Savell, CPA". The signature is written in a cursive, flowing style.

Chris B. Savell, CPA