



Sumter County Commission

Sumter County, Alabama

October 1, 2021 through September 30, 2023

Filed: July 11, 2025

ALABAMA DEPARTMENT OF
EXAMINERS of Public Accounts

Rachel Laurie Riddle, *Chief Examiner* | 334-777-0500 | www.alexaminers.gov



Rachel Laurie Riddle
Chief Examiner

State of Alabama
Department of
Examiners of Public Accounts

P.O. Box 302251, Montgomery, AL 36130-2251
401 Adams Avenue, Suite 280
Montgomery, Alabama 36104-4338
Telephone (334) 777-0500
FAX (334) 242-1775

Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

An examination was conducted on the Sumter County Commission, Sumter County, Alabama, for the period October 1, 2021 through September 30, 2023, by Examiners Sarah Rominger and Kristen Hill. I, Sarah Rominger, served as Examiner-in-Charge on the engagement, and under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the examination.

Respectfully submitted,

Sarah Rominger
Examiner of Public Accounts

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Table of Contents

	<i>Page</i>
Summary	A
Contains items pertaining to state and local legal compliance.	
Schedule of State and Local Compliance and Other Findings	C
Contains detailed information about findings pertaining to state and local legal compliance and other findings.	
Additional Information	1
Provides basic information related to the Commission.	
Exhibit #1 Commission Members and Administrative Personnel – a listing of the Commission members and administrative personnel.	2



Department of
Examiners of Public Accounts

SUMMARY

**Sumter County Commission
October 1, 2021 through September 30, 2023**

The Sumter County Commission (the “Commission”) is governed by a six-member body elected by the citizens of Sumter County. The members and administrative personnel in charge of governance of the Commission are listed on Exhibit 1. The Commission is the governmental agency that provides general administration, public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services and educational services to the citizens of Sumter County.

The objectives of a traditional audit are to determine whether the financial statements present fairly the financial position and results of financial operations. It is a standard business and best practice for governments to reconcile, adjust and close financial accounts at the end of each accounting cycle and to prepare financial statements. Financial statements are used to communicate to management, citizens, investors, creditors and other stakeholders the resources received by the County, how those resources were used and what resources remain at the end of each reporting period. Financial statements are the core of financial reporting and are the principal means of communicating financial information to external users.

Several attempts were made to obtain year-end financial statements in order to perform a financial statement audit of the Commission’s activities and the results of its operations. However, the Commission did not prepare financial statements for fiscal years 2022 and 2023, as indicated in Finding 2023-001. The Chief Examiner notified the Commission that the Department has a duty to audit and examine the Commission’s books and records; therefore, a legal compliance examination would have to be performed in lieu of traditional financial statement audits for the fiscal years ended September 30, 2022 and September 30, 2023.

The Commission’s failure to have traditional financial statement audits for the above referenced fiscal years may impact the Commission’s credit rating and/or ability to borrow money in the future. Additionally, if the Commission expended \$750,000 or more in federal awards during any fiscal year, its failure to have the federal awards audited as required by Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* may result in the loss of future federal funding.

This report presents the results of an examination of the Commission and a review of the Commission's compliance with applicable laws and regulations of the State of Alabama in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12.

FINDINGS

The following instances of noncompliance with state and local laws and regulations and other matters were found during the examination, as shown on the Schedule of State and Local Compliance and Other Findings, and they are summarized below.

- ◆ 2023-001: The Commission failed to produce a complete set of financial statements.
- ◆ 2023-002: The Commission failed to budget appropriations within the estimated total revenues available for appropriation.
- ◆ 2023-003: The Commission failed to ensure all financial activity is reconciled and accurately recorded in the accounting records.
- ◆ 2023-004: The Commission did not remit employee payroll taxes to the Internal Revenue Service (IRS) timely, file Form 941s with the IRS or retain copies of employee W-2 forms.
- ◆ 2023-005: The Commission did not make debt payments timely.
- ◆ 2023-006: The Commission failed to maintain adequate records related to employee leave balances.
- ◆ 2023-007: The Commission did not have proper segregation of duties in place within the accounting department.
- ◆ 2023-008: The Commission did not retain documentation to support compliance with the Alabama Competitive Bid Law.

EXIT CONFERENCE

Commission members and administrative personnel, as reflected on Exhibit 1, were invited to discuss the results of this report at an exit conference. Individuals in attendance were Commissioners Drucilla Russ-Jackson, Ricky Walker and Demoes Jones. Representing the Department of Examiners of Public Accounts were Shelley Patrenos, Audit Manager and Sarah Rominger, Examiner.

*Schedule of State and Local
Compliance and Other Findings*

Schedule of State and Local Compliance and Other Findings
October 1, 2021 through September 30, 2023

Ref. No.	Finding/Noncompliance
2023-001	<p><u>Finding:</u> The <i>Governmental Accounting Standards Board’s (GASB) Codification of Governmental and Financial and Reporting Standards</i>, Section 1100.101, provides that a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance related legal and contractual provisions. Pursuant to the <i>Code of Alabama 1975</i>, Section 41-5A-21, the Chief Examiner of Public Accounts has prescribed the Alabama County Commission Finance Manual as the required accounting system for all County Commissions and as such, each county commission must have the ability to produce a complete set of financial statements in a timely manner. Additionally, any entity that expends more in federal awards than the thresholds established under the audit requirements of Title 2 U. S. <i>Code of Federal Regulations</i> Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)</i> during any fiscal year is required to report the federal expenditures on the Schedule of Expenditures of Federal Awards and to have a single audit conducted for that year. The Sumter County Commission (the “Commission”) did not produce financial statements, including the Schedule of Expenditures of Federal Awards, for the 2022 and 2023 fiscal years covered by this examination period. As a result, a financial audit could not be conducted, and a determination could not be made as to whether a federal single audit was necessary.</p> <p><u>Recommendation:</u> The Commission should prepare financial statements at the end of each fiscal year in a timely manner to enable a financial audit to be performed. In addition, the Commission should determine whether a Single Audit is required and, if so, prepare a Schedule of Expenditures of Federal Awards to enable a Single Audit to be performed.</p>

Schedule of State and Local Compliance and Other Findings
October 1, 2021 through September 30, 2023

Ref. No.	Finding/Noncompliance
2023-002	<p><u>Finding:</u> The <i>Code of Alabama 1975</i>, Section 11-8-3, requires the Commission to budget appropriations that are not in excess of estimated total revenues available for appropriations. For fiscal year 2023, the Commission budgeted appropriations that were in excess of estimated total revenues for the General Fund, Bellamy Lagoon Sewer Fund, Public Highway and Traffic Fund, and the Secondary Road Fund. The Commission did not have policies or procedures in place to ensure budget appropriations were not in excess of estimated total revenues available for appropriations. As a result, the Commission approved budgets in which the budgeted appropriations exceeded the estimated total revenues available.</p> <p><u>Recommendation:</u> The Commission should budget appropriations within the estimated total revenues available for appropriation.</p>

Schedule of State and Local Compliance and Other Findings
October 1, 2021 through September 30, 2023

Ref. No.	Finding/Noncompliance
2023-003	<p><u>Finding:</u> The <i>Code of Alabama 1975</i>, Sections 11-3-11(a)(3) and (4), gives the Commission the authority to examine, settle, and allow all accounts and claims chargeable against the county and to examine and audit the accounts of all officers having care, management, collection, or disbursement of money belonging to the county or appropriated for its use and benefit. The <i>Code of Alabama 1975</i>, Section 11-3-18 further provides that the county commission may employ a chief administrative officer who shall carry out certain administrative duties including maintaining at all time a detailed record of the financial status of the county which shall be kept up to date at all times and shall reflect the true status of all outstanding obligations of the county and estimated revenue for the current fiscal year and any other duties with reference to accounting auditing claims, issuing warrants, and supplying the county commission with information they may deem necessary for the administration of the financial affairs of the county. Therefore, to fulfill this responsibility, it is incumbent upon the management of the Commission to establish, implement and maintain policies and procedures to accurately record and reconcile balances in the financial records. The following problems were noted:</p> <ul style="list-style-type: none"> ✓ The Commission did not accurately reconcile bank account balances to the cash recorded in the general ledger at September 30, 2022 or September 30, 2023. ✓ Accounting records were not maintained to adequately support balances for interfund receivables, interfund payables, wages payable, interest payable, compensated absences, capital assets and net position/fund balance. ✓ Gasoline tax, sales tax, lodging tax, tobacco tax and county motor fuel tax revenues were not recorded correctly in the accounting records. ✓ Accounting records were not maintained to adequately support that ad valorem taxes were properly accounted for in the Indigent Health Care Fund. ✓ The Commission did not reconcile interfund transfers in and interfund transfers out to ensure that they were in agreement for fiscal years 2022 and 2023. <p>The Commission failed to ensure procedures were in place to accurately maintain accounting records and ensure all financial activity was recorded. As a result, all financial activity could not be confirmed.</p> <p><u>Recommendation:</u> The Commission should implement policies and procedures to ensure all financial activity is reconciled and accurately recorded.</p>

Schedule of State and Local Compliance and Other Findings
October 1, 2021 through September 30, 2023

Ref. No.	Finding/Noncompliance
2023-004	<p><u>Finding:</u> Employers must withhold federal income tax from employees’ wages and remit the taxes to the Internal Revenue Services (IRS). IRS Publication 15 requires all employers to file, on a quarterly basis, Form 941s to report wages subject to federal income tax withholding or social security and Medicare taxes and to deposit with the IRS employment taxes withheld. Additionally, IRS record retention guidelines provide that employers are required to retain employee tax records, including W-2 forms for four years.</p> <ul style="list-style-type: none"> ✓ The Commission did not remit federal payroll taxes, including amounts withheld from employees to the IRS for the period October 1, 2021 through September 30, 2023. The IRS filed notice of a federal tax lien against the Sumter County Commission on February 12, 2024, for the unpaid withholding taxes and unfiled 941 forms for tax periods ending December 31, 2021 through June 30, 2023. A certificate of release of federal tax lien was filed April 1, 2024, after taxes were paid and 941 forms were filed. The filings and payments pertaining to tax period ending September 30, 2023, was submitted to the U. S. Department of Treasury on September 9, 2024. ✓ The Commission did not file Form 941, Employer's Quarterly Federal Tax Return in a timely manner in either year of the examination. ✓ The Commission was unable to provide copies of employee W-2 forms for review in either year of the examination. <p>The Commission did not have policies and procedures in place to ensure employee payroll taxes were remitted to the IRS timely, Form 941s were filed with the IRS or copies of employee W-2 forms were properly retained in accordance with federal guidelines. As a result, interest and penalties on unpaid taxes were incurred and the accuracy of employee tax records could not be determined.</p> <p><u>Recommendation:</u> The Commission should implement policies and procedures to ensure that employee payroll taxes, including amounts withhold from employees, are remitted to the IRS timely, Forms 941s are filed with the IRS timely and copies of employee W-2 forms are retained.</p>

Schedule of State and Local Compliance and Other Findings
October 1, 2021 through September 30, 2023

Ref. No.	Finding/Noncompliance
2023-005	<p><u>Finding:</u> The <i>Code of Alabama 1975</i>, Sections 11-3-11(a)(3) and (4), give the Commission the authority to examine, settle, and allow all accounts and claims chargeable against the county and to examine and audit the accounts of all officers having the care, management, collection, or disbursement of money belonging to the county or appropriated for its use and benefit. Therefore, to fulfill this responsibility, it is incumbent upon the management of the Commission to establish, implement and maintain policies and procedures to ensure all payments on debt are made timely and in accordance with the debt schedules. The Commission did not make all of the debt payments due during fiscal year 2023. The Commission failed to ensure procedures were in place to pay debt timely and in accordance with the debt schedules. As a result, the Commission could be assessed late fees or penalties.</p> <p><u>Recommendation:</u> The Commission should implement policies and procedures to ensure that debt payments are made in a timely manner and in accordance with the respective debt schedule.</p>
2023-006	<p><u>Finding:</u> The <i>Code of Alabama 1975</i>, Sections 11-3-11(a)(3) and (4), give the Commission the authority to examine, settle, and allow all accounts and claims chargeable against the county and to examine and audit the accounts of all officers having the care, management, collection, or disbursement of money belonging to the county or appropriated for its use and benefit. Therefore, to fulfill this responsibility, it is incumbent upon the management of the Commission to establish, implement and maintain policies and procedures to ensure employee leave balances be accurately tracked and supported by appropriate documentation. This includes leave accrual records, approved leave requests, and up-to-date leave balances. The Commission was unable to provide documentation to support leave accruals, leave requests, leave usage or leave balances for any employees. The Commission did not have policies or procedures in place to ensure employee leave balances were accurately tracked and supported by appropriate documentation. As a result, errors could occur in the calculation of leave balances, which could result in employees receiving and using more or less leave than entitled to.</p> <p><u>Recommendation:</u> The Commission should establish and implement policies and procedures to ensure employee leave balances are accurately tracked and supported by appropriate documentation.</p>

Schedule of State and Local Compliance and Other Findings
October 1, 2021 through September 30, 2023

Ref. No.	Finding/Noncompliance
2023-007	<p><u>Finding:</u> The <i>Code of Alabama 1975</i>, Sections 11-3-11(a)(3) and (4), give the Commission the authority to examine, settle, and allow all accounts and claims chargeable against the county and to examine and audit the accounts of all officers having the care, management, collection, or disbursement of money belonging to the county or appropriated for its use and benefit. Therefore, to fulfill this responsibility, it is incumbent upon the management of the Commission to establish, implement and maintain policies and procedures to ensure fiscal accountability for the Commission’s financial and other resources. It is prudent and necessary for these policies and procedures to ensure duties are appropriately assigned to employees and include separation of duties over financial reporting and payroll functions. The Commission’s staff was not cross-trained; therefore, duties were concentrated within the role of the County Administrator. The Commission did not have policies and procedures in place to ensure there was adequate segregation of duties over financial reporting and payroll functions and that the limited staff was cross-trained. As a result, in the absence of the County Administrator, critical financial and payroll functions could not be performed and the lack of segregation of duties exposed the Commission to the risk of misappropriation or theft.</p> <p><u>Recommendation:</u> The Commission should establish and implement policies and procedures to include appropriate segregation of duties within the financial and payroll functions and to ensure employees are cross-trained.</p>

Schedule of State and Local Compliance and Other Findings
October 1, 2021 through September 30, 2023

Ref. No.	Finding/Noncompliance
2023-008	<p><u>Finding:</u> The <i>Code of Alabama 1975</i>, Section 41-16-50 (commonly referred to as the Alabama Competitive Bid Law), requires all expenditure of funds of whatever nature for labor, services, work, or for the purchase of materials, equipment, supplies, or other personal property involving \$15,000 (subsequently increased to \$30,000) or more made by or on behalf of a county commission to be made under contractual agreement entered into by free and open competitive bidding, on sealed bids, to the lowest responsible bidder. Additionally, the <i>Code of Alabama 1975</i>, Section 41-16-54(e), provides that all original bids, together with all documents pertaining to the award of the contract, shall be retained in accordance with a retention period of at least seven years established by the Local Government Records Commission and shall be open to public inspection. The Commission did not retain documentation to support compliance with the Alabama Competitive Bid Law for the following purchases:</p> <ul style="list-style-type: none">◆ Diesel fuel in the amount of \$19,781.92.◆ Motor grader in the amount of \$256,137.00.◆ Excavator in the amount of \$300,836.72. <p>The Commission did not have policies or procedures in place to ensure all documentation was retained to support compliance with the competitive bidding requirements for purchases exceeding the bid threshold. As a result, the Commission was unable to demonstrate compliance with the Alabama Competitive Bid Law.</p> <p><u>Recommendation:</u> The Commission should establish and implement policies and procedures to ensure compliance with the Alabama Competitive Bid Law.</p>

Additional Information

Commission Members and Administrative Personnel
October 1, 2021 through September 30, 2023

<u>Commission Members</u>		<u>Term Expires</u>
Hon. Marcus Campbell	Chairman	2026
Hon. Drucilla Russ-Jackson	Vice-Chairman	2026
Hon. Archie L. Hall, Jr.	Member	2022
Hon. Ricky Walker	Member	2026
Hon. Demoes Jones	Member	2026
Hon. Tommie Armistead	Member	2026
Hon. Robert P. Ezell	Member	2026
<u>Administrative Personnel</u>		
Lucinda Cockrell	County Administrator	Deceased