



**Booneville School District**

**COMPLIANCE REPORT**

Limited Internal Control and Compliance Review Management Report

For the year ended *June 30, 2019*

**SHAD WHITE**

**State Auditor**

**Stephanie C. Palmertree, CPA, CGMA**

*Director, Financial and Compliance Audit Division*

**Derrick Garner, CPA, CFE**

*Director, Compliance Audit Division*





**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
Shad White  
AUDITOR**

July 27, 2020

**Limited Internal Control and Compliance Review Management Report**

Booneville School Board  
201 North First Street  
Booneville, MS 38829

Booneville School District Board of Trustees:

Enclosed for your review are the Limited Internal Control and Compliance Review Findings for Booneville School District for the fiscal year 2019. In these findings, the Office of the State Auditor recommends Booneville School District:

1. Strengthen Internal Controls over Completing Purchase Documentation;
2. Strengthen Internal Controls over Activity Fund Receipts;
3. Strengthen Internal Controls over Bank Reconciliations;
4. Strengthen Internal Controls over Disbursement of Activity Funds;
5. Strengthen Internal Controls over Salary Schedules and Educator Certifications;
6. Ensure Compliance with State Law over Surety Bonds;
7. Ensure Compliance with State Law over Statements of Economic Interest;
8. Ensure Compliance with State Law over PERS Form 4Bs;
9. Ensure Compliance with State Law over Advertisement of Proposed Ad Valorem Tax Effort;
10. Ensure Compliance with State Law over Purchasing;
11. Ensure Compliance with State Law over Background Checks;
12. Ensure Compliance with State Law over the Presentation of Monthly Financial Reports;
13. Ensure Compliance with State Law over Salary Schedules;
14. Ensure Compliance with State Law over Designating Purchase Agents;
15. Ensure Compliance with State Law over Approval of Ad Valorem Request; and
16. Ensure Compliance with Laws and Regulations over Expending Federal Funds.

Please review the recommendations and submit a plan to implement them by August 3, 2020. The enclosed findings contain more information about our recommendations.

During future engagements, we may review the findings in this management report to ensure procedures have been initiated to address these findings.

This report is intended solely for the information and use of management, individuals charged with governance and Members of the Legislature, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Booneville School District  
July 27, 2020  
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I hope you find our recommendations enable the Booneville School District to carry out its mission more efficiently. If you have any questions or need more information, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Stephanie C. Palmertree". The signature is written in a cursive, flowing style.

STEPHANIE PALMERTREE, CPA, CGMA  
Director, Financial and Compliance Audit  
Office of the State Auditor

The Office of the State Auditor has completed its limited internal control and compliance review of the Booneville School District for the year ended June 30, 2019. The Office of the State Auditor's staff members participating in this engagement included Derrick Garner, CPA; Travis Mitchell, CPA; Brandon Armstrong; Bryan White, CPA; and Shelly McKee.

Our procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been met. Also, our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be weaknesses. In accordance with *Section 7-7-211, Mississippi Code Annotated (1972)*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

We identified certain deficiencies in internal control over financial reporting that we consider to be *significant deficiencies*. These matters are noted under the heading **SIGNIFICANT DEFICIENCIES**.

In addition, while performing our review, we noted certain instances of noncompliance with laws and regulations that require the attention of management. These matters are noted under the headings **INSTANCES OF NONCOMPLIANCE WITH STATE LAW** and **INSTANCES OF NONCOMPLIANCE WITH OTHER LAWS AND REGULATIONS**. The Auditor's Office has also made a recommendation for management's consideration that it is not in violation of state law.

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### **SIGNIFICANT DEFICIENCIES:**

**Finding 1:** The School District Should Strengthen Internal Controls over Completing Purchase Documentation.

**Internal Control Deficiency:** An effective system of internal controls should require purchase orders to be issued prior to purchases being made, and compliance with the District's policies.

The School District's *Purchase Orders and Contracts Policy*, states, "Open purchase orders to vendors are acceptable if items have been bid and the bids properly accepted by the school board in their official minutes."

**Finding Detail:** During our review of the purchasing procedures for Booneville School District, the following exceptions were noted:

- One instance where a purchase order to Jumper Oil Company was issued at the end of the month, after purchases totaling \$7,248 were completed; and
- Three (3) instances of open purchase orders issued to Summit Truck Group for bus repairs and monthly maintenance, totaling \$21,769, which is also in violation of the District's *Purchase Orders and Contracts Policy* because the District failed to obtain bids.

Failure to exercise proper internal controls over purchase orders could lead to unauthorized expenditures.

**Recommendation:** We recommend the School District strengthen internal controls over purchase orders by ensuring purchase orders are timely and properly issued.

**Repeat Finding:** No.

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**Finding 2:** The School District Should Strengthen Internal Controls over Activity Fund Receipts.

**Internal Control Deficiency:** An effective system of internal controls requires a timely deposit of activity fund receipts, as well as the function of issuing pre-numbered tickets at sporting events to document the total number of tickets sold at each game. Implementing adequate controls helps to ensure all monies receipted were adequately documented and provided to the School District.

**Finding Detail:** During our review of ticket sales at twenty-five (25) Booneville School District athletic events, we noted the following exceptions:

- Receipts for twelve (12) of the sporting events tested were deposited two (2) to three (3) business days after monies were receipted.
- One (1) instance where the sequence of tickets sold, exceed the assigned sequence of tickets for a sporting event. This is the result of the event selling out of tickets originally assigned to the event, and the school listed an additional sequence of tickets on the transmittal sheet; however, this additional sequence of tickets, was not originally signed out. Therefore, auditors were unable to determine if the event obtained a new roll of tickets or if the event kept track of the individuals that entered the event.

Failure to maintain proper internal controls could result in fraud, misappropriation, or loss of public funds.

**Recommendation:** We recommend the School District ensure policies and procedures are established and followed to ensure activity fund receipts are deposited on the same or next business day and to ensure receipts from athletic events are properly documented.

**Repeat Finding:** No.

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**Finding 3:** The School District Should Strengthen Internal Controls over Bank Reconciliations.

**Internal Control Deficiency:** An effective system of internal control requires complete and timely reconciliation of school depository accounts and for the reconciliation to be performed by personnel that does not print checks for the same account.

**Finding Detail:** During our review of Booneville School District's depositories, we noted the following exceptions:

- Five (5) out of the fourteen (14) bank accounts were not being reconciled monthly for four (4) credit card receipt bank accounts and one (1) tuition and tech bank account;
- Transfers from these accounts to the district maintenance account were not timely;
- Payroll clearing account and the accounts payable clearing account are not being completely reconciled, but merely having cleared items marked in the system; and

- The employee responsible for printing payroll checks is also the individual that is responsible for reconciling the Payroll Clearing bank account.

Failure to apply effective internal controls could result in inaccurate reports provided to the School Board and potential loss of public funds.

**Recommendation:** We recommend the School District implement policies and procedures to ensure complete and timely reconciliation of all school depository accounts and that the reconciliations are not performed by the same individual printing the checks.

**Repeat Finding:** No.

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**Finding 4:** The School District Should Strengthen Internal Controls over Disbursement of Activity Funds.

**Internal Control Deficiency:** An adequate system of internal controls requires that the School Board approve all claim payments before disbursement.

**Finding Detail:** During our review of Booneville School District, we noted that inadequate internal controls allowed claim payments, within activity funds, to be disbursed before approval by the School Board. The individual schools disburse monies throughout the month prior to the Board approving such expenditures.

Failure to follow adequate internal controls could result in fraud and misappropriation or loss of public funds.

**Recommendation:** We recommend the School District strengthen internal controls to require that the School Board approve all payments of claims before the disbursement of monies.

**Repeat Finding:** No.

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**Finding 5:** The School District Should Strengthen Internal Controls over Salary Schedules and Educator Certifications.

**Internal Control Deficiency:** An effective system of internal controls should require proper documentation of approval of salary schedule, supplements, raises, as well as complete and correct employee files to include copies of Certification from Mississippi Board of Education and updated contracts.

**Finding Detail:** During our review of Booneville School District's employee certifications, we noted the following exceptions:

- A Salary Schedule has not been approved annually in the board minutes;
- No documentation could be provided where the local supplement pay of \$375 was board approved;
- Seven (7) instances where the Certification from the Mississippi Board of Education was not placed in the employee's personnel file; however, we were able to obtain these from the Mississippi Department of Education's website;
- Twenty (20) instances where experience raises were not approved within the board minutes;
- One instance where a contract was not updated to include a recommended coaching supplement, consistent with other agreements provided; and
- One instance of no documentation for the approval of a \$2,000 supplement for gifted testing.

Lack of proper controls could result in misappropriation of public funds.

**Recommendation:** We recommend the School District ensure policies and procedures are established and followed to ensure proper documentation of salary schedules, supplements, raises, Certifications from the Mississippi Board of Education, and contracts.

**Repeat Finding:** No.

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#### **INSTANCES OF NONCOMPLIANCE WITH STATE LAW:**

**Finding 6:** The School District Should Ensure Compliance with State Laws over Surety Bonds.

**Applicable State Law:** *Section 25-1-15, Mississippi Code Annotated (1972)*, states, “A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.”

*Section 25-1-19(1), Mississippi Code Annotated (1972)*, states, “The bonds of all other county officers and employees, or officers and employees for any district, subdivision, board or commission of a county, including public school districts, shall be approved by the board of supervisors of such county. All the bonds shall be filed and recorded in the office of the clerk of the chancery court of the county...”

**Finding Detail:** During our review of Booneville School District’s surety bonds, we noted that one (1) Board Member did not have a bond on file with the Prentiss County Chancery Clerk’s office. Additionally, it was noted that the Superintendent was bonded for an indefinite period instead of being bonded for a definite four-year period.

Failure to record the School District’s surety bonds with the Chancery Clerk’s office could result in a lack of transparency and loss of public trust. Failure to be bonded for definite periods could limit the amount available for recovery if fraud occurred over multiple time periods.

**Recommendation:** We recommend the School District ensure that all surety bonds are filed and recorded with the Chancery Clerk’s office.

**Repeat Finding:** No.

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**Finding 7:** The School Board Should Ensure Compliance with State Law over Statements of Economic Interest.

**Applicable State Laws:** *Section 25-4-25, Mississippi Code Annotated (1972)*, states, “Each of the following individuals shall file a statement of economic interest with the commission in accordance with the provisions of this chapter:... (b) Members of local school boards that administer public funds, regardless of whether such members are elected or appointed ... “

*Section 25-4-29(l)(a), Mississippi Code Annotated (1972)*, states, “Every incumbent public official required by paragraphs (a), (b), (d) and (e) of *Section 25-4-25* to file a statement of economic interest shall file such statement with the commission on or before May 1 of each year that such official holds office, regardless of duration.”

*Section 25-4-29(2), Mississippi Code Annotated (1972)*, states, “Any person who fails to file a statement of economic interest within thirty (30) days of the date the statement is due shall be deemed delinquent by the commission. The commission shall give written notice of the delinquency to the person by United States mail or by personal service of process. If within fifteen (15) days of receiving written notice of delinquency the delinquent filer has not filed the statement of economic interest, a fine of Fifty Dollars (\$50) per day, not to exceed a total fine of One Thousand Dollars (\$1,000), shall be assessed against the delinquent filer for each day thereafter in which the statement of economic interest is not properly filed.”

**Finding Detail:** During our review of the Booneville School District’s Statements of Economic Interest, we noted that one (1) of the Board Members did not file a Statement of Economic Interest with the Mississippi Ethics Commission, and such statement remained unfiled as of September 13, 2019.

Failure to file the statement of Economic Interest, as required by state law, results in noncompliance with *Section 25-4-25* and could result in fines being assessed and a civil judgment being enrolled against the delinquent filers, as allowed by *Section 25-4-29(2)*.

**Recommendation:** We recommend the School Board implement procedures to ensure each Board Member file their Statement of Economic Interest annually, no later than May 1<sup>st</sup> of each year, that such official holds office, regardless of the duration.

**Repeat Finding:** No.

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**Finding 8:** The School District Should Ensure Compliance with State Law over Rehiring Retirees Internal Controls over PERS Form 4Bs.

**Applicable State Law:** *Section 25-11-127(1)(a), Mississippi Code Annotated (1972)*, states, “No person who is being paid a retirement allowance or a pension after retirement under this article shall be employed or paid for any service by the State of Mississippi, including services as an employee, contract worker, contractual employee or independent contractor, until the retired person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement. After the person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement or such later date as established by the board, he or she may be reemployed while being paid a retirement allowance under the terms and conditions provided in this section.

*Section 25-11-127(4), Mississippi Code Annotated (1972)*, states, “The provisions of this section shall not be construed to prohibit any retiree, regardless of age, from being employed and drawing a retirement allowance either:

- (a) For a period of time not to exceed one-half (½) of the normal working days for the position in any fiscal year during which the retiree will receive no more than one-half (½) of the salary in effect for the position at the time of employment, or
- (b) For a period of time in any fiscal year sufficient in length to permit a retiree to earn not in excess of twenty-five percent (25%) of retiree’s average compensation.

To determine the normal working days for a position under paragraph (a) of this subsection, the employer shall determine the required number of working days for the position on a full-time basis and the equivalent number of hours representing the full-time position. The retiree then may work up to one-half (½) of the required number of working days or up to one-half (½) of the equivalent number of hours and receive up to one-half (½) of the salary for the position. In the case of employment with multiple employers, the limitation shall equal one-half (½) of the number of days or hours for a single full-time position.



Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment.”

**Finding Detail:** During our review of Booneville School District’s PERS Form 4Bs, we noted the following exceptions out of the thirteen (13) PERS retirees reemployed during the fiscal year 2019:

- Two (2) instances where the employee’s files were unable to be located and provided;
- Eleven (11) instances where the PERS Form 4Bs were not completed correctly; and
- Ten (10) instances where contracts were not in the employee file to enable us to determine if the PERS Form 4Bs were completed correctly.

Failure to apply effective internal controls could result in overpayments to a retiree and the School District being assessed penalties by PERS.

**Recommendation:** We recommend the School District implement policies and procedures to ensure complete record files on each employee with all required documentation, and that PERS Form 4Bs are correctly completed according to the MAEP Salary Schedule as mandated by the State.

**Repeat Finding:** No.

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**Finding 9:** The School District Should Ensure Compliance with State Law over Advertisement of Proposed Ad Valorem Tax Effort.

**Applicable State Law:** *Section 27-39-207(2)(a), Mississippi Code Annotated (1972)*, states, “The advertisement shall be published once each week for the two-week period preceding the adoption of the final budget. The advertisement shall provide that the school board of the school district will meet on a certain day, date, time and place fixed in the advertisement, which shall be no less than seven (7) days after the day the first advertisement is published.”

**Finding Detail:** During our review of Booneville School District’s Limitation on Ad Valorem Taxes, we noted that a two-week lapse in time existed between the dates of the second advertisement and the public hearing, which were June 14 and June 28, 2018, respectively.

Failure to advertise as required could result in a loss of public trust and transparency.

**Recommendation:** We recommend the School District strengthen procedures to ensure compliance with *Section 27-39-207* by properly advertising the Notice of Proposed Ad Valorem Tax Effort as required by statute.

**Repeat Finding:** No.

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**Finding 10:** The School District Should Ensure Compliance with State Law over Purchasing.

**Applicable State Law:** *Section 31-7-13(b), Mississippi Code Annotated (1972)*, states, “Purchases which involve an expenditure of more than Five Thousand Dollars (\$5,000.00) but not more than Fifty Thousand Dollars (\$50,000.00), exclusive of freight and shipping charges, may be made from the lowest and best bidder without publishing or posting advertisement for bids, provided at least two (2) competitive written bids have

been obtained... The term “competitive written bid” shall mean a bid submitted on a bid form furnished by the buying agency or governing authority and signed by authorized personnel representing the vendor, or a bid submitted on a vendor’s letterhead or identifiable bid form and signed by authorized personnel representing the vendor. “Competitive” shall mean that the bids are developed based upon comparable identification of the needs and are developed independently and without knowledge of other bids or prospective bids.”

**Finding Detail:** During our review of Booneville School District’s purchasing procedures, the following exceptions were noted:

- One instance where no bids/quotes were obtained for fuel received from Jumper Oil Company, which was paid \$7,247.
- Two (2) instances where the bids/quotes attached to the documentation did not provide the required information, such as a signature or name of the provider, or used “cart” pricing:
  - Swinney's Air Conditioning – purchase of 10 Ton Trane Heat and Electric Cooling package unit - \$8,900
  - School Specialty Inc. – purchase of 200 school chairs - \$5,584
- Two (2) instances where EPL 3760 requirements for purchases over \$50,000, stated: “customer MUST obtain quotations from two (2) or more EPL Sellers”. This requirement was not met.
  - CDW Government – 105 Acer Chromebook C731T, 105 Acer Chromebook C732, and Google Management for all - \$57,929
  - SHOTS – 30 (Thirty) 75” Infocus JTouch Plus Interactive Panels and Wall Mounts - \$108,800

Failure to obtain proper bids for purchases greater than \$5,000 could result in misappropriation or loss of public funds.

**Recommendation:** The School District should comply with *Mississippi Code Section 31-7-13* by ensuring sufficient and correct bids are obtained from vendors.

**Repeat Finding:** No.

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**Finding 11:** The School District Should Ensure Compliance with State Law over Background Checks.

**Applicable State Laws:** Section 37-9-17(2), *Mississippi Code Annotated (1972)*, states, “Superintendents/directors of schools under the purview of the State Board of Education, the superintendent of the local school district and any private firm under contract with the local public school district to provide substitute teachers to teach during the absence of a regularly employed schoolteacher shall require, through the appropriate governmental authority, that current criminal records background checks and current child abuse registry checks are obtained, and that such criminal record information and registry checks are on file for any new hires applying for employment as a licensed or nonlicensed employee at a school and not previously employed in such school under the purview of the State Board of Education or at such local school district prior to July 1, 2000. In order to determine the applicant’s suitability for employment, the applicant shall be fingerprinted. If no disqualifying record is identified at the state level, the fingerprints shall be forwarded by the Department of Public Safety to the Federal Bureau of Investigation for a national criminal history record check. The fee for such fingerprinting and criminal history record check shall be paid by the applicant, not to exceed Fifty Dollars (\$ 50.00); however, the State Board of Education, the school board of the local school district or a private firm under contract with a local school district to provide substitute teachers to teach during the temporary absence of the regularly employed schoolteacher, in its discretion, may elect to pay the fee for the fingerprinting and criminal history record check on behalf of any applicant.”

*Section 37-9-17(3), Mississippi Code Annotated (1972)*, states, “If such fingerprinting or criminal record checks disclose a felony conviction, guilty plea or plea of nolo contendere to a felony of possession or sale of drugs, murder, manslaughter, armed robbery, rape, sexual battery, sex offense listed in *Section 45-33-23(g)*, child abuse, arson, grand larceny, burglary, gratification of lust or aggravated assault which has not been reversed on appeal or for which a pardon has not been granted, the new hire shall not be eligible to be employed at such school. Any employment contract for a new hire executed by the superintendent of the local school district or any employment of a new hire by a superintendent/director of a new school under the purview of the State Board of Education or by a private firm shall be voidable if the new hire receives a disqualifying criminal record check.”

**Finding Detail:** During our review of Booneville School District’s personnel files, we noted the following exceptions:

- Three (3) instances where evidence of a background check was not included in the employee’s personnel file as required by *Section 37-9-17(2)*. Two (2) of these employees are considered “on-line” employees, and as such the District did not obtain a background check within the District;
- Seven (7) instances where the retired employee was hired prior to 7/1/2000; however, the employee file does not provide evidence of continuous employment, therefore a break in service, requiring a background check;
- Two (2) instances where the retired employee’s file provided evidence of a background check, but not continuous service, therefore requiring an additional background check;
- One instance where there was no evidence of a background check in the retired employee’s file; and
- Two (2) instances of the District being unable to produce a retired employee’s file for testing.

Failure to provide evidence of a background check results in the District being noncompliant with *Section 37-9-17(2)*.

**Recommendation:** We recommend the School District ensure a background check be included in all employees’ personnel files as required by *Section 37-9-17(2)*.

**Repeat Finding:** No.

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**Finding 12:** The School District Should Ensure Compliance with State Law over the Presentation of Monthly Financial Reports.

**Applicable State Laws:** *Section 37-9-18(1)(a), Mississippi Code Annotated (1972)*, states, “The State Board of Education shall promulgate rules and regulations concerning the type of financial reports required to be submitted by the superintendent of schools to the local school board, and the frequency with which the reports shall be submitted by the superintendent of schools to the local school board, and the frequency with which the reports shall be submitted. The rules and regulations promulgated by the board shall include:

- i) A requirement that the reports be listed as an agenda item for discussion at a regularly scheduled meeting of the board;
- ii) A requirement that the minutes of the board meeting reflect that the reports were discussed;
- iii) A requirement that each board member present be provided a copy of all required reports; and
- iv) A requirement that a copy of all required reports be included in the official minutes of the board meeting at which the reports were discussed.”

*Mississippi State Board of Education Policy Manual, Chapter 71, Rule 71.3*, further promulgates that the following financial reports be made part of the official minutes each month at the regular school board meeting: reconciled bank statements, Statement of Revenues and Expenditures, Current Budget Status, Cash Flow Statement by Month, and Combined Balance Sheet or current fund equity balances.

**Finding Detail:** During our review of Booneville School District's official board minutes, we noted the following exceptions:

- Reconciled bank statements were not provided for nine (9) of the fourteen (14) bank accounts for any month during the fiscal year 2019;
- We were unable to determine whether or not the District Maintenance Account's reconciled bank statement was presented for any month of the year. The supplemental files for the board meetings had the bank reconciliation included for the same month of the board meeting being held, which is prior to the ending date of the bank statement.; and
- Neither the Statement of Revenues and Expenditures, or the Combined Balance Sheet or Current Fund Equity Balances were presented for any month during the fiscal year 2019.

Failure to include the required financial reports in the official board minutes at the regular meeting each month results in a lack of transparency, which could lead to loss of trust between the School District and the public.

**Recommendation:** We recommend the School District ensure all the required financial reports are submitted to the Board at the regular School Board meeting each month and document such in the official board minutes.

**Repeat Finding:** No.

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**Finding 13:** The School District Should Ensure Compliance with State Law over Salary Schedules.

**Applicable State Law:** *Section 37-19-7(1) Mississippi Code Annotated (1972)*, states, "The allowance in the Mississippi Adequate Education Program for teachers' salaries in each county and separate school district shall be determined and paid in accordance with the scale for teachers' salaries as provided in this subsection."

**Finding Detail:** During our review of Booneville School District, we noted one (1) instance where the full-time salary authorized for the position did not agree with the fiscal year 2018-2019 MAEP Salary Schedule mandated by the State. This error resulted in an incorrect amount being listed on the PERS Form 4B for this employee. However, the employee did not earn more than allowed by Form 4B.

Failure to use the MAEP Salary Schedule results in the District being noncompliant with *Section 37-19-7(1)*.

**Recommendation:** We recommend the School District implement procedures to ensure that authorize full-time salary position complies with the MAEP Salary Schedule mandated by the State.

**Repeat Finding:** No.

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**Finding 14:** The School District Should Ensure Compliance with State Law over Designating Purchasing Agents.

**Applicable State Law:** *Section 37-39-15(1), Mississippi Code Annotated (1972)*, states, “In connection with the purchase of necessary supplies or equipment for the conduct of regular school operations, school boards may, in their discretion, designate as their purchasing agent or agents such school official or officials as they see fit and may authorize such agent or agents to make purchases of supplies and equipment subject to competitive bid requirements in *Sections 31-7-1 et seq., Mississippi Code of 1972.*”

**Finding Detail:** During the review of Booneville School District, we noted that five (5) school officials acted as Purchasing Agents on behalf of the School District; however, there are no actions spread upon the official board minutes that designate the officials as such.

Failure to designate purchasing agents could result in unauthorized purchases by the School District.

**Recommendation:** We recommend the School District ensure compliance with the statute above designating a school official or officials as purchasing agents.

**Repeat Finding:** No.

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**Finding 15:** The School District Should Ensure Compliance with State Law over Approval of Ad Valorem Requests.

**Applicable State Law:** *Section 37-57-104(1), Mississippi Code Annotated (1972)*, states, “Each school board shall submit to the levying authority for the school district a certified copy of an order adopted by the school board requesting an ad valorem tax effort in dollars for the support of the school district.”

**Finding Detail:** During the review of Booneville School District’s Limitation on Ad Valorem Taxes, it was noted that an order requesting the fiscal year 2019 ad valorem tax levy was not adopted by the School Board as required by the aforementioned statute.

Failure to submit an ad valorem tax effort request could result in an improper amount collected by the levying authority.

**Recommendation:** We recommend the School District ensure compliance with the statute above by adopting an order requesting an ad valorem tax effort and submitting it to the levying authority.

**Repeat Finding:** No.

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## **INSTANCES OF NONCOMPLIANCE WITH OTHER LAWS OR REGULATIONS:**

**Finding 16:** The School District Should Ensure Compliance with Laws and Regulations over Expending Federal Funds.

**Applicable Laws and Regulations:** *2 CFR § 200-320(b)(2015)*, states, “Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.”

*OMB Memorandum M-18-18* revises the threshold for competitive bids applicable to *2 CFR § 200-320(b)(2015)* to greater than \$10,000 but less than \$250,000 for the purchase of services.

**Finding Detail:** During our review of Booneville School District's purchasing procedures, we noted the following exceptions:

- Two (2) instances where Federal funds greater than \$10,000 were expended without having obtained two (2) quotes due to being declared sole source by the School Board; however, based upon documentation provided, we noted multiple vendors offered competitive commodities.
  - \$34,515 paid to IXL for instructional programs
  - \$21,800 paid to ELS for instructional programs

Purchases made without receiving competitive bids could result in overpayment for goods or services, fraud, and misappropriation or loss of public funds.

**Recommendation:** We recommend the School District obtain competitive bids for federally funded commodities or goods greater than \$10,000.

**Repeat Finding:** No.

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**OTHER RECOMMENDATION BY THE OFFICE OF THE STATE AUDITOR:**

The Office of the State Auditor recommends that the School Board consider obtaining new surety bonds for the Superintendent, Principals, and Purchasing Agents. As noted during our test work, the Superintendent, Principals, and Purchasing Agents are covered under bonds with indefinite terms. Failure to have bonds in place for specific terms of employment could limit the amount available for recovery if a loss occurred over multiple terms.

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**End of Report**



201 N. First Street  
Booneville, MS 38829

662-728-2171  
662-728-4940 (Fax)

### COMPLIANCE REVIEW FINDINGS

Shad White, State Auditor  
Office of State Auditor  
State of Mississippi  
Post Office Box 956  
Jackson, MS 39205-0956

Dear Mr. White:

The Booneville School District would like to thank you and your staff for the time and effort while conducting the State Compliance Audit. Your recommendations have or will be corrected from the Management Report. The Booneville School District will address strengthening internal controls and complying with state laws.

#### AUDIT FINDINGS:

**Finding 1:** The School District Should Strengthen Internal Controls over Completing Purchase Documentation.

Response: The District agrees with the finding and recommendations from the State Auditor's Office.

#### Corrective Action Plan:

- A. The District shall strengthen internal controls for purchases over 5000.00, by obtaining two quotes.

**Finding 2:** The School District Should Strengthen Internal Controls over Activity Fund Receipts.

Response: The District agrees with the finding and recommendations from the State Auditor's Office.

Corrective Action Plan:

- A. The Board adopted a policy that states that deposits can be made within 3 business days with recommendation that all deposits be made the next business day.

**Finding 3:** The District Should Strengthen Internal Controls over Bank Reconciliations.

Response: The District agrees with the finding and recommendations from the State Auditor's Office.

Corrective Action Plan:

- A. The District has implemented procedures to ensure reconciliation and all transfers are made on a monthly basis.

**Finding 4:** The School District Should Strengthen Internal Controls over Disbursements Of Activity Funds.

Response: The District agrees with the finding and recommendations from the State Auditor's Office.

Corrective Action Plan:

- A. The Board has adopted new policy and procedures on purchasing from activity funds.

**Finding 5:** The District Should Strengthen Internal Controls over Salary Schedules and Educators Certifications.

Response: The District agrees with the finding and recommendations from the State Auditor's Office.

Corrective Action Plan:

- A. The District has strengthen internal controls by implementing procedures to ensure that all employee documentation will be place in the employee's personnel file.
- B. The Board will approve the State Salary Schedule, the district local supplement, and all additional supplements and placed in board minutes.



**Finding 6:** The District Should Ensure Compliance with State Law over Surety Bonds.

Response: The District agrees with the finding and recommendations from the State Auditor's Office.

Corrective Action Plan:

- A. The District will ensure proper filing and recording of each surety bond with the Chancery Clerk's Office.
- B. The District has taken the necessary steps to replace all surety bonds with an indefinite term.

**Finding 7:** The District Should Ensure Compliance with State Law over Statements of Economic Interest.

Response: The District agrees with the finding and recommendations from the State Auditor's Office.

Corrective Action Plan:

- A. The District will remind each board member on the April board agenda to submit their Statement Of Economic Interest no later than May 1<sup>st</sup>.

**Finding 8:** The District Should Ensure Compliance with State Law over PERS Form 4Bs

Response: The District agrees with the finding and recommendations from the State Auditor's Office.

Corrective Action Plan:

- A. The District has put into place procedures to ensure that all documentation will be filed into each employee's folder and all PERS form 4Bs will be completed correctly and in a timely manner.

**Finding 9:** The District Should Ensure Compliance with State Law over Advertisement of Proposed Ad Valorem Tax Effort.

Response: The District agrees with the finding and recommendations from the State Auditor's Office.

Corrective Action Plan:

- A. The District has made necessary steps to properly advertise the Notice of Proposed Ad Valorem Tax Effort as required by statute.

**Finding 10:** The District Should Ensure Compliance with State Law over Purchasing.

Response: The District agrees with the finding and recommendations from the State Auditor's Office.

Corrective Action Plan:

- A. The District has made the necessary steps that will require all quotes with proper documentation.
- B. The District will obtain two quotes for bids over 50,000.00.

**Finding 11:** The District Should Ensure Compliance with State Law over Background Checks.

Response: The District agrees with the finding and recommendations from the State Auditor's Office.

Corrective Action Plan:

- A. The District has implemented procedures to ensure background check will be in each Employee's personnel file.
- B. The District has strengthen internal controls by ensuring that if a break in service, a new background check will be obtained.

**Finding 12:** The District Should Ensure Compliance with State Law over the Presentation of Monthly Financial Reports.

Response: The District agrees with the finding and recommendations from the State Auditor's Office.

Corrective Action Plan:

- A. The District has taken the necessary steps to provide the Board all required financial statements on a monthly basis and all required documents are placed in the official board minutes.

**Finding 13:** The District Should Ensure Compliance with State Law over Salary Schedules.

Response: The District agrees with the finding and recommendations from the State Auditor's Office.

Corrective Action Plan:

- A. The District has made the necessary steps to ensure that the salary schedule mandated by the State be used when completing a form 4B on a retiree.

**Finding 14:** The District Should Ensure Compliance with State Law over Designating Purchasing Agents.

Response: The District agrees with the finding and recommendations from the State Auditor's Office.

Corrective Action Plan:

- A. The District will ensure that all school officials will be approved as purchasing agents and documented as purchasing agents in the board minutes.

**Finding 15:** The District Should Ensure Compliance with State Law over Approval of Ad Valorem Requests.

Response: The District agrees with the finding and recommendations from the State Auditor's Office.

Corrective Action Plan:

- A. The District has taken the necessary step to correct this recommendation by adopting an order requesting an Ad Valorem Tax Effort and submitting it to the levying authority.

**Finding 16:** The District Should Ensure Compliance with Laws and Regulations over Expending Federal Funds.

Response: The District agrees with the finding and recommendations from the State Auditor's Office.

Corrective Action Plan:

- A. The District shall strengthen internal controls to ensure competitive bids will be obtained for Federally funded commodities or goods above 10,000.

Thank you for your time and consideration on our audit. Please feel free to call if any further information or assistance is needed.

Sincerely,



Todd English, Superintendent