

# ALCORN COUNTY SCHOOL DISTRICT MISSISSIPPI

## COMPLIANCE REPORT

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Limited Internal Control and Compliance Review Management Report  
For the year ended *June 30, 2020*

**SHAD WHITE**  
**State Auditor**

**Stephanie C. Palmertree, CPA, CGMA**  
*Director, Financial and Compliance Audit Division*  
**Charlotte L. Duckworth**  
*Deputy Director, Compliance Audit Division*



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

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

Alcorn County School District  
31 County Road  
Corinth, Mississippi 38834

Members of the Alcorn County School Board:

Enclosed for your review are the Limited Internal Control and Compliance Review Findings for Alcorn County School District for the fiscal year 2020. In these findings, the Office of the State Auditor recommends that Alcorn County School District:

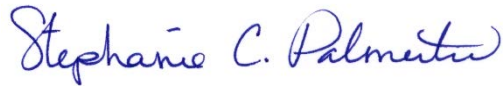
1. Strengthen Internal Controls over Budget Approval;
2. Strengthen Internal Controls over Disbursement of Claims;
3. Strengthen Internal Controls over Activity Fund Cash Receipts and Deposits;
4. Ensure Compliance with State Laws over Purchasing and Payment of Invoices;
5. Ensure Compliance with State Laws over Monthly Financial Statements and Bank Reconciliations;
6. Ensure Compliance with State Laws over Its Public Depositor's Annual Report;
7. Ensure Compliance with State Laws over Personnel Files and Salaries Paid to Its Certified Employees;
8. Ensure Compliance with State Laws over Meal and Travel Reimbursements;
9. Ensure Compliance with State Laws over Retired Public Employees;
10. Ensure Compliance with State Laws over Board Minutes; and
11. Ensure Compliance with Federal Laws over *Children's Internet Protection Act*.

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.

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

Sincerely,



STEPHANIE C. 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 Alcorn County School District for the year ended June 30, 2020.

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 *material weaknesses*. These matters are noted under the heading **MATERIAL WEAKNESSES**. We identified certain deficiency in internal control over financial reporting that we consider to be *significant deficiency*. These matter are noted under the heading **SIGNIFICANT DEFICIENCY**.

We noted certain instances of noncompliance with state laws that require the attention of management. These matters are noted under the heading **INSTANCES OF NONCOMPLIANCE WITH STATE LAW**. 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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## **MATERIAL WEAKNESS AND INSTANCE OF NONCOMPLIANCE**

**Finding 1:** The School District Should Strengthen Internal Controls over Budget Approval.

**Internal Control Deficiency:** The Board of Education establishes priorities for the financial management of the District, reviews and approves all presented budgets, and assures expenditures for the District fund are within the legal requirements of the approved budget. Budgeting is an essential element of the financial planning, control, and evaluation processes of School Districts. All annual operating budgets shall be prepared in conformity with Generally Accepted Accounting Principles (GAAP).

**Applicable State Law:** *Section 37-61-9, Mississippi Code Annotated (1972)*, states, "It shall be the duty of the superintendent of schools and the school boards of all school districts to limit the expenditure of school funds during the fiscal year to the resources available. It shall be unlawful for any school district to budget expenditures from a fund in excess of the resources available within that fund. Furthermore, it shall be unlawful

for any contract to be entered into or any obligation incurred or expenditure made in excess of the resources available for such fiscal year. Any member of the school board, superintendent of schools, or other school official, who shall knowingly enter into any contract, incur any obligation, or make any expenditure in excess of the amount available for the fiscal year shall be personally liable for the amount of such excess...”

**Finding Detail:** During the review of the School District’s budgets, the auditor noted the amended budget for fiscal year 2020 included seven funds reflecting negative fund balances at year-end:

- School Improvement (2240) – (\$102,942);
- Title I Cost Pool (2290) – (\$100);
- Title V (2311) – (\$64,454);
- Title II (2511) – (\$127,749);
- IDEA (2610) – (\$194,033);
- Title IV-Part A (2811) – (\$54,048); and
- Title X-C Educ. Homeless Children (2814) – (\$76,655).

The presentation of negative fund balances in the budget presented to the Board was likely a lack of attention to appropriate budgeting practices. None of the actual fund balances were negative at June 30, 2020; however, the approval of the fund budgets with ending deficit fund balances is in violation of state law.

**Recommendation:** We recommend the Alcorn County School District strengthen controls and ensure compliance over budgets by implementing sound budgeting practices that will prevent projected negative fund balances from being presented to the school board. A thorough review of such budgets should be made prior to presentation to the Board for approval.

**District’s Response:** I failed to adjust amended revenues at year-end. Moving forward, I will ensure that budgeted revenues and expenditures have been amended before closing the year.

**Repeat Finding:** No.

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## **MATERIAL WEAKNESS**

**Finding 2:** The School District Should Strengthen Internal Controls over the Disbursement of Claims.

**Internal Control Deficiency:** An effective system of internal controls requires claims to be approved by the School Board of Education before payments are disbursed.

*Mississippi Department of Education’s Financial Accounting Manual, Section D Purchasing*, states, “Centralized purchasing is recommended for all Districts. It is the most efficient and effective means of handling purchasing. With centralized purchasing, all purchases of the School District are handled by one department. This would include the receiving of all purchases also. This process enhances the controls surrounding the purchasing function of the School District. While centralized purchasing is not a requirement of activity funds, it is recommended and allows for the greatest amount of internal control by the School Board.”

**Finding Detail:** During the review of the School District’s claims, the auditor noted a decentralized accounting system is utilized for its activity funds. This allows payments for claims to be disbursed from the activity funds before approval by the School Board.

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

**Recommendation:** We recommend the Alcorn County School District strengthen controls over the activity funds by requiring that the School Board approve all claims before the disbursement of funds.

**District's Response:** Effective September 12<sup>th</sup>, 2019, all bookkeepers are required to send a claims docket for approval by the Superintendent anytime checks are written at the school level. These claims dockets are in each activity fund folder.

**Repeat Finding:** No.

**Auditor's Note:** The Office of the State Auditor (OSA) requested proof of the documentation referred to in the District's response to this finding; however, this documentation has not been provided to OSA staff.

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## SIGNIFICANT DEFICIENCY

**Finding 3:** The School District Should Strengthen Internal Controls over Activity Fund Receipts and Deposits.

**Internal Control Deficiency:** The *Internal Control-Integrated Framework published by the Committee of Sponsoring Organizations of the Tread-way Commission* specifies that a satisfactory control environment is only effective when there are adequate control activities in place. Good internal controls require the functions of processing, recording transactions, and maintaining custody of related assets be properly recorded to ensure the assets are safeguarded against loss from unauthorized use or theft.

**Finding Detail:** During the testing of the School District's activity/athletic fund deposits and receipts, the auditor noted the following exceptions out of 80 tested:

- Thirty – two deposits were made three to seven days late;
- There was a net shortage of **\$324** between deposits and ticket sales for varsity football games;
- There was a net overage of **\$155** between deposits and ticket sales for varsity basketball games;
- Sixty – two cash count sheets were not properly completed;
- Twelve transmittal forms were not dated;
- Two transmittal forms were not submitted to Central Office; and
- One transmittal form was not properly signed.

Failure to maintain proper documentation could result in fraud and misappropriations or loss of public funds.

**Recommendation:** We recommend the Alcorn County School District strengthen controls over activity funds by enforcing policies and procedures to ensure receipts from all activity are safeguarded, adequately recognized, and recorded.

**District's Response:** The District plans to have a Professional Development training session with the Principals on February 11, 2021 and Bookkeepers on February 15, 2021 to discuss in depth the procedures related to the gate receipts and the importance of each step and of each line on the count sheet form. To help with ensuring that the event tickets are valid, beginning fiscal year 2021. We began issuing ticket rolls from the District's Central Office. Each month, when activity reports are received at the Central Office, we are making sure the tickets fall within those that have been issued and fall in sequential order from one event to the next. We will make sure the transmittal forms are present in the file each month. Administrators will be reminded to make timely deposits the next business day or Monday following a weekend event.

**Repeat Finding:** No.

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## INSTANCES OF NONCOMPLIANCE WITH STATE LAW

**Finding 4:** The School District Should Ensure Compliance with State Laws over Purchasing and the Payment of Invoices.

**Applicable State Laws:** *Section 31-7-12(1) Mississippi Code Annotated (1972)*, states, “Except in regard to purchases of unmarked vehicles made in accordance with purchasing regulations adopted by the Department of Finance and Administration pursuant to Section 31-7-9(2), all agencies shall purchase commodities at the state contract price from the approved source, unless approval is granted by the Department of Finance and Administration...”

*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... “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. Any bid item for construction in excess of Five Thousand Dollars (\$5,000.00) shall be broken down by components to provide detail of component description and pricing. These details shall be submitted with the written bids and become part of the bid evaluation criteria. Bids may be submitted by facsimile, electronic mail or other generally accepted method of information distribution. Bids submitted by electronic transmission shall not require the signature of the vendor’s representative unless required by agencies or governing authorities.”

*Section 31-7-13 (d), Mississippi Code Annotated (1972)*, states, “Purchases may be made from the lowest and best bidder. In determining the lowest and best bid, freight and shipping charges shall be included. Life-cycle costing, total cost bids, warranties, guaranteed buy-back provisions and other relevant provisions may be included in the best bid calculation. All best bid procedures for state agencies must be in compliance with regulations established by the Department of Finance and Administration. If any governing authority accepts a bid other than the lowest bid actually submitted, it shall place on its minutes detailed calculations and narrative summary showing that the accepted bid was determined to be the lowest and best bid, including the dollar amount of the accepted bid and the dollar amount of the lowest bid. No agency or governing authority shall accept a bid based on items not included in the specifications.”

*Section 31-7-13(o), Mississippi Code Annotated (1972)*, states, “No contract or purchase as herein authorized shall be made for the purpose of circumventing the provisions of this section requiring competitive bids, nor shall it be lawful for any person or concern to submit individual invoice for amounts within authorized for a contract or purchase where the actual value of the contract or commodity purchased exceeds the authorized amount and the invoices therefor are split so to appear to be authorized as purchases for which competitive bids are not required.”

*Section 31-7-305(2), Mississippi Code Annotated (1972)*, states, “All public bodies that are authorized to issue checks in payment of goods and services and are not required to issue requisitions for payment to the State Fiscal Management Board shall mail or otherwise deliver such checks no later than forty-five (45) days after receipt of the invoice and receipt, inspection and approval of the goods or services.”

*Mississippi Department of Education, Accounting Manual, Section D, Purchasing*, states, “A well-designed purchasing system should include the following forms: A. Purchasing Requisitions B. Purchase orders C. Receiving Reports. The use of purchase requisitions and receiving reports are optional; however, the control objectives documented by such reports must be achieved by other means if such reports are not used.”

**Finding Detail:** During the testing of the School District's purchasing expenditures, the auditor noted the following exceptions:

- The District did not obtain bids for two purchases totaling **\$15,066**;
  - Bill's Backhoe & Plumbing Service **\$5,894**
  - CDW Government **\$9,172**
- Two purchases were made from vendors that were not the lowest bidders; however, these purchases were not approved by the Board and justifications were not spread upon its minutes;
- Two bids/quotes obtained for the purchase of Swivl cameras were not comparable;
- Two invoices were paid more than 45 days after being received within the District;
- 13 purchases did not have evidence that purchase requisitions were used; and
- One purchase order for a vendor was dated after both the invoice and the quote dates.

Failure to follow state purchasing laws could result in fraud or misappropriation of public monies and resulted in the District's non-compliance with state laws.

**Recommendation:** We recommend the Alcorn County School District ensure compliance with state purchasing laws by strengthening procedures in following and monitoring purchases.

**District's Response #1:** Bill's Backhoe & Plumbing is a service which does not require a second quote. Some services we do get 2nd quotes for so that we know we are doing our due diligence in receiving the best price. However, the services that Bill Backhoe perform are very unique and we have not had much success in finding a vendor in the area that can perform the same services. Additionally, the CDW's purchase we used the State's EPL for purchasing, however we failed to attach the EPL contract number. Moving forward we will note the contract number on the Purchase order and print the contract and attach it to the procurement package.

**Auditor's Note #1:** Per review of the School District's purchasing documentation, Bill's Backhoe & Plumbing did not meet the definition of a service. The District received sewer line and other materials from the vendor. Due to the District purchasing a commodity from the vendor, it should have obtained bids/quotes for this purchase.

**District's Response #2:** For the Swivl cameras, we failed to get a comparable quote for the legs. We will ensure that all quotes are comparable moving forward.

**District's Response #3:** To be sure payments are made timely, we will review open purchase orders at the end of each month and follow up with vendors to ensure products and services are on time for delivery. If products have been received or service rendered, we will investigate why invoices have not been received and reach out to vendors if necessary. This will allow us time to get these claims on the docket for the next scheduled board meeting.

**District's Response #4:** In fiscal year 2021, we began using purchase requisitions for all purchases, however, the accounting manual does say that requisitions are required but optional.

**Auditor's Note #4:** *The Mississippi State Board of Education Accounting Manual* does state that requisitions are optional; however, it goes on to stipulate that the School District should also have a Board Policy detailing the items that are exempt from obtaining purchasing requisitions.

**District's Response #5:** Moving forward, we will take vendor selections that are not the lowest bidder to the Board for approval.



**Repeat Finding:** No.

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**Finding 5:** The School District Should Ensure Compliance with State Laws over Presentation of Financial Statements and Bank Reconciliations.

**Applicable State Laws:** *Section 37-9-18, Mississippi Code Annotated (1972)*, requires all financial reports be submitted to the local school board. According to the board's policy, financial reports that shall be submitted to the Board includes reconciled bank statements, statement of revenues and expenditures, current budget status, monthly cash-flows, and combined balance sheet or current fund equity balances at each regular monthly school board meeting. A copy of all required financial reports shall be included in the official minutes of the board meeting at which the reports were discussed.

*Mississippi Department of Education Policy Manual, Chapter 71, Rule 71.3, Required Monthly Reports to be Furnished to Local School Board*, states, "...Presentation of reconciled bank statements should be made at the next regular board meeting after the bank statements are reconciled to the District's general ledger cash balances in a timely and accurate manner."

**Finding Detail:** During the review of School District's Board minutes, the auditor noted the following exceptions:

- The monthly financial statements for December 2019 did not include a Budget Status Report;
- The monthly financial statements for July 2020 were not included in the Board minutes; and
- The bank statements for fiscal year 2020 were not reconciled to the general ledger and presented to the Board within 30 days after being received.

Failure to submit a complete set of financial reports to the School Board monthly could result in the loss or misappropriation of public funds. Additionally, failure to reconcile the bank statements in a timely manner could result in errors, misstatement of the District's financial statements, or fraud occurring without being detected in a timely manner.

**Recommendation:** We recommend the Alcorn County School District ensure compliance all monthly financial reports are submitted to the School Board monthly and included in the minutes, as required by state law. We also recommend the District strengthen controls surrounding the bank reconciliations to ensure the bank statements are reconciled in a timely manner, as required by the *Mississippi Department of Education Policy Manual*.

**District's Response:** July financial were approved in October 2020, since adjustments are made to the June 30<sup>th</sup> financial statements. I waited until the amended budget was approved in October. Moving forward, I will take the financial to the Board at the next Board meeting and take revised financial to be approved, if necessary, at a later date. We submit reconciliations as soon as we can for approval, since bank statements don't arrive in the mail until the 5<sup>th</sup> or 6<sup>th</sup> of each month and the Board meets on the 2<sup>nd</sup> Monday, we do not have enough time to get the reconciliations completed. Moving forward, we will ask for electronic statements, so that reconciliation can be completed before the Board meets.

**Repeat Finding:** No.

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**Finding 6:** The School District Should Ensure Compliance with State Laws over Its Public Depositor Annual Report.

**Applicable State Law:** *Section 27-105-5(6)(b), Mississippi Code Annotated (1972)*, states, “Not later than thirty (30) days following its fiscal year end, a public depositor shall notify the State Treasurer of its official name, address, federal tax identification number, and provide a listing of all accounts that it had with qualified public depositories, including the deposit balance in those accounts, as of its fiscal year end.”

**Finding Detail:** During the review of the School District’s 2020 Public Depositor Annual Report, the auditor noted one of the District’s bank account, Accounts Payable, was not reported to the State Treasurer’s Office, totaling **\$245,342**.

Failure to submit the Public Depositor Annual Report accurately could result in the State Treasurer’s Office having inaccurate records and increase the risk that the District’s total deposits may not be properly collateralized.

**Recommendation:** We recommend the Alcorn County School District ensure compliance by developing controls to ensure the Public Depositor Annual Report is submitted accurately to the State Treasurer’s Office within 30 days of fiscal year, as required by law.

**District’s Response:** We did not receive the Annual Report at June 30<sup>th</sup>, 2020. We have contacted the bank and asked them to re-send the report but have not received it. I will check closely moving forward that all accounts are listed on the report be submitting.

**Repeat Finding:** No.

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**Finding 7:** The School District Should Ensure Compliance with State Laws over Personnel Files and Salaries Paid to Its Certified Employees.

**Applicable State Laws:** *Section 37-9-17, Mississippi Code Annotated (1972)*, states “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 non-licensed employee at a school and not previously employed in such school under the purview of the State Board or at such local school district prior to July 1, 2000.” Ultimately, the criminal records information and registry must be kept on file for any and all new hires. Additionally, employees employed under the recommendation of a personnel supervisor may not be paid compensation in excess of their approved contract without Board approval.

*Mississippi State Board of Education Manual, Section B, Miscellaneous Issues, Subject Section D, Personnel Files states*, “There shall be individual personnel files in the school district central office, which include contracts, a copy of teacher certificates, wage authorization, federal and state withholding authorizations, and other deduction information...”

**Finding Detail:** During the testing of the School District’s certified employees, the auditor noted the following exceptions out of 20 tested:

- Fourteen personnel files did not include the educator’s certifications;
- One certified employee’s personnel file did not contain evidence of a background check; and
- One certified employee’s salary did not agree to the Board approved salary scale, totaling **\$542**.

Failure to obtain and maintain background checks and MDE certifications of all new hires could result in a wrongful hire of an individual. Also, failure to ensure the salary of all certified employees are in accordance with the Board – approved salary scale could result in the over or under paying District’s certified employees.

**Recommendation:** We recommend the Alcorn County School District ensure compliance by obtaining and maintaining all background checks and certifications within each employee's personnel files. Additionally, we recommend the District ensure the salary paid to its employees are in accordance with the Board – approved salary scale, as required by state laws and regulations.

**District's Response:** Every employee is required to have a background check per Board policy. With this law going into effect in July 2000, and the employee being hired in August 2000. I assume that it was overlooked in that year. I can say with certainty that every employee hired by the Alcorn County School District is required to receive a background check even prior to Board approval. We keep employee certification updated electronically in our financial software and certifications are also kept at the school level. However, the Central Office will begin keeping paper copies in a single binder on the premises.

**Auditor's Note:** Maintaining personnel documentation in other spaces or areas other would not be in compliance with the requirements of the *Mississippi State Board of Education's Accounting Manual*. The District should ensure personnel files contains both the background checks and certifications, as required as stated in the Accounting Manual.

**Repeat Finding:** No.

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**Finding 8:** The School District Should Ensure Compliance with State Laws over Meal and Travel Reimbursements.

**Applicable State Laws:** *Section 25-3-41(4), Mississippi Code Annotated (1972)*, states, "In addition to the foregoing, a public officer or employee shall be reimbursed for other actual expenses such as meals, lodging and other necessary expenses incurred in the course of the travel, subject to limitations placed on meals for intrastate and interstate official travel by the Department of Finance and Administration, provided, that the Legislative Budget Office shall place any limitations for expenditures made on matters under the jurisdiction of the Legislature. The Department of Finance and Administration shall set a maximum daily expenditure annually for such meals and shall notify officers and employees of changes to these allowances immediately upon approval of the changes."

*School Board Policy Code, DJD Expense Reimbursements*, states, "Administrative personnel and others who have first been authorized by the superintendent to travel in the performance of their duties shall be reimbursed their expenses by the school district for such travel as indicated below: ... employees shall be reimbursed for other actual expenses...subject to limitations placed on meals for intrastate an interstate official travel by the State Department of Finance and Administration and regulations adopted by the State Department of Audit."

*State Travel Policy Rules & Regulations, Section 8 – Meal Allowances*, states, "Officers and employees of the state and political subdivisions shall be reimbursed the actual cost of meals incident to official travel, not to exceed the daily maximums for the specific location of assignment. *Section 25-3-41(4)* does not require receipts for meal reimbursements; however, DFA recommends that agencies and governing authorities require them to sufficiently document reimbursements. However, it is not necessary for agencies to include these receipts with the Travel Voucher when submitting for reimbursement to the DFA Office of Fiscal Management."

**Finding Detail:** During the review of the School District's travel reimbursements, the auditor noted the following exceptions:

- Eight meal reimbursements were reimbursed at a rate of **\$41** per day instead of the Board approved **\$46** per day;
- Four travel vouchers did not have corroborating evidence, such as case logs or conferences;

- Nine vouchers to travel to conventions, associations, or meetings did not have prior approval by the Superintendent; and
- One travel voucher was claimed while the employee was on paid leave, totaling \$100.

Lack of adequate controls could result in fraud, loss, or misappropriation of public funds.

**Recommendation:** We recommend the Alcorn County School District strengthen policies and procedures surrounding reimbursement for professional travel expenses.

**District's Response:** The District's travel policy state that we will follow the rates set forth by the MS DFA. We will check the rates in January when changes occur and amend our rates accordingly. Our current policy requires that travel requests be approved by the supervisor and superintendent prior to the travel dates. We will ask employees to provide documentation, such as conference or attendance records, when requesting travel reimbursements. If a travel request is not approved prior to the travel dates, the travel will be ineligible for reimbursement. Employees will be asked to provide receipts or sufficiently document meal expenses and the reimbursements will not be made in excess of the current State's per diem rate. Before approving district travel, we will check leave records to make sure that travel is not being claimed on a day that an employee is on leave.

**Repeat Finding:** No.

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**Finding 9:** The School District Should Ensure Compliance with State Law over Reemployment of Retired Public Employees.

**Applicable State Law:** *Section 25-11-127(4), Mississippi Code Annotated. (1972)*, states, "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."

*Mississippi Public Employment Retirement System (PERS) Board Regulation 34, Section 105*, states, "The lawfully employ a PERS service retiree under Section 103, the employer must notify PERS in writing of the terms of the eligible employment within five (5) days from the date of employment and also from the date of termination on a form prescribed by the Board. Failure by the employer to timely notify PERS may result in the assessment of \$300 penalty per occurrence payable by the employer."

**Finding Detail:** During the review of the School District's PERS Form 4Bs, the auditor noted the following exceptions out of 29 tested:

- All 29 PERS Form 4Bs did not have evidence of being filed within five days of rehire; and
- Two PERS Form 4Bs did not have evidence of the retirement date.

Failure to file and complete the Form 4B within five days of rehire and comply with *Section 25-11-127(4)* could result in overpayment of a retiree and the School District being assessed penalties by PERS.

**Recommendation:** We recommend the Alcorn County School District ensure compliance with *Section 25-11-127(4)* and PERS by properly completing and filing the Form 4Bs within five days of rehire.

**District's Response:** We will ensure all forms are completely filled out and will begin faxing forms so that a stamp will be recorded of when the documents were sent. We will also keep a copy of the fax transmittals.

**Repeat Finding:** No.

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

**Applicable State Law:** *Section 37-6-9, Mississippi Code Annotated (1972)*, states, “All minutes of the school board shall be signed by the president of the board, shall be attested by the secretary of the board and shall be adopted by the board at the next regular meeting, or within thirty (30) working days, whichever occurs later.”

*Section 37-9-14(3), Mississippi Code Annotated (1972)*, states, “All funds to the credit of a school district shall be paid out on pay certificates issued by the superintendent upon order of the school board of the school district properly entered upon the minutes thereof, and all such orders shall be supported by properly itemized invoices from the vendors covering the materials and supplies purchased. All such orders and the itemized invoices supporting same shall be filed as a public record in the office of the superintendent for a period of five (5) years. The superintendent shall be liable upon his official bond for the amount of any pay certificate issued in violation of the provisions of this section. The school board shall have the power and authority to direct and cause warrants to be issued against such district funds for the purpose of refunding any amount of taxes erroneously or illegally paid into such fund when such refund has been approved in the manner provided by law.”

**Finding Detail:** During the review of the School District’s Board minutes and claims dockets, the auditor noted the following exceptions:

- Twenty – three claims listed and approved by the School Board did not include specific numbers;
- Two invoices at year-end were approved for payment without specific numbers listed;
- The Board minutes for meetings on August 12, 2019 and September 10, 2019 were not signed by the Board President and Board Secretary;
- The Board minutes for July 2019 were not approved until November 2019; and
- The Board minutes for December 2020 were not approved until February 2021.

Failure to approve claims to be paid without appropriate claim numbers could result in fraud and/or misappropriations of monies. Inadequate internal controls surrounding the District’s Board minutes could result in the state laws and regulations being circumvented.

**Recommendation:** We recommend the Alcorn County School District ensure compliance by implementing policies and procedures to ensure all minutes in the future and in accordance with state laws and regulations.

**District’s Response:** Beginning with the February 2021 meeting, we have started listing the claims numbers on the agenda and will reflect in the minutes the claims that were approved. Up until this point, we attached the claims, but will do both moving forward. Our Board policy allows us to pay end of year bills and ratify at the next board meeting. We will only pay those year-end bills that the policy allows us to and will bring those specific claims numbers to the board to be ratified for payment and will reflect those claims in the minutes. In the October 2019 meeting, both the August and September board minutes were approved. Board President, was not present at the meeting so only the board secretary signed those minutes. The July 2019 minutes were overlooked and it wasn't until November that it was discovered that they were unapproved. We immediately put them on the agenda for approval. Moving forward, the Board Clerk will ensure that minutes are approved at the next scheduled meeting. Several board meetings occurred between December 2020 and January 2021. To ensure that the minutes were correct, our Board attorney wanted to review before they were approved. Some personal issues arose and it wasn't until February that those minutes were approved.

**Repeat Finding:** No.

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**Finding 11:** The School District Should Ensure Compliance over Federal Laws over *Children's Internet Protection Act*.

**Applicable Federal Law:** The *Children's Internet Protection Act*, states, "Schools and libraries subject to CIPA may not receive the discounts offered by the E-rate program unless they certify that they have an Internet safety policy that includes technology protection measures. The protection measures must block or filter Internet access to pictures that are: (a) obscene; (b) child pornography; or (c) harmful to minors (for computers that are accessed by minors). Before adopting this Internet safety policy, schools and libraries must provide reasonable notice and hold at least one public hearing or meeting to address the proposal...Schools and libraries subject to CIPA are required to adopt and implement an Internet safety policy addressing:

- Access by minors to inappropriate matter on the Internet;
- The safety and security of minors when using electronic mail, chat rooms and other forms of direct electronic communications;
- Unauthorized access, including so-called "hacking," and other unlawful activities by minors online;
- Unauthorized disclosure, use, and dissemination of personal information regarding minors; and
- Measures restricting minors' access to materials harmful to them."

**Finding Detail:** During the review of the School District's CIPA procedures, the auditor noted the District's internet filter failed to block inappropriate content and images.

Failure to ensure that inappropriate online content was effectively blocked or filtered resulted in non-compliance with the *Children's Internet Protection Act*.

**Recommendation:** We recommend the Alcorn County School District ensure compliance by ensuring internet content filters are working effectively and detect failures or disruptions in filtering promptly, as required under the *Children's Internet Protection Act* 47 U.S.C. (h)(5)(B). Also, the District should ensure its internet policy addresses all required information.

**District's Response:** The District checked the settings for the Cisco Umbrella and it was discovered that a box was left unchecked. This was immediately corrected and tested again to ensure that inappropriate content was being blocked.

**Repeat Finding:** No.

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## OTHER RECOMMENDATIONS

Office of the State Auditor recommends that School Board consider obtaining surety bonds for the Assistant Superintendent, Principals and Purchasing Agent. As noted during procedures performed, the Assistant Superintendent, three Principals, and five Purchasing Agents are covered under a "Continuation Certificate." A "Continuation Certificate" is a document that extends the life of the original surety bond. It only covers the current bonding period rather than both the current and previous periods. Failure to have a bond in place for a specific term of employment could limit the amount available for recovery if a loss occurred over multiple terms.

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**End of Report**

**Brandon Quinn**  
Superintendent

**Angela Harris**  
Assistant Superintendent



Board of Education  
Katriena Burgess – 1<sup>st</sup> District  
Ann Little – 2<sup>nd</sup> District  
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Mary K. Coleman – 4<sup>th</sup> District  
Judd Chapman – 5<sup>th</sup> District

Attn: Jason Ashley  
Shad White, State Auditor  
Office of the State Auditor  
State Of Mississippi  
P.O. Box 956  
Jackson, MS 39205-0956

08/16/2022

Dear Mr. White,

The Alcorn School District has received the report of findings from the Limited Internal Control and Compliance Review audit conducted for the fiscal year ending June 30, 2020. Enclosed, for your review, are the District's responses and corrective action plans.

**AUDIT FINDINGS:**

**Finding 1:** The School District Should Strengthen Internal Controls over Budget Approval.

**Response:** The Alcorn School District concurs with the finding. At year end, I failed to adjust budgeted revenues for federal funds, which caused the amended budget to reflect a negative fund balance.

**Corrective Action Plan:**

- A. The District ensures that the budgets will not reflect any negative fund balances.
- B. The Director of Finance, Kimberly Woodard, will check the ending balances of funds before the amended budgets are presented to the School Board to ensure that the budgets do not reflect a negative fund balances.
- C. The amended budgets presented to the Board in October of 2022 will reflect successful implementation.

**Finding 2:** The School District Should Strengthen Internal Controls over the Disbursement of Claims.

**Response:** The Alcorn School District concurs with the finding.

**Corrective Action Plan:**

- A. Effective August 1, 2020 the District moved to a centralized accounting system which requires all checks written to flow through the business office. This means that all



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payments for claims disbursed from the school activity funds will not be paid until they have received Board approval. The only exceptions to this would be those items that are allowed according to our School Board Policy – DJEJA.

- B. Director of Finance, Kimberly Woodard, and Superintendent, Brandon Quinn are responsible for this action plan.
- C. The corrective action plan has been completed.

**Finding 3:** The School District Should Strengthen Internal Controls over Activity Fund Receipts and Deposits.

**Response:** The Alcorn School District concurs with the finding.

**Corrective Action Plan:**

- A. The District plans to train and remind staff of the importance of timely deposits. Event money will be counted the night of the event and deposits will be made the next business day. Events held on the weekend will be deposited the following Monday, provided it does not fall on a holiday. Trainings will be done with Principals and Bookkeepers on properly filling out event forms in their entirety as well as the entire process of keeping gates at any event where the admission is anticipated to exceed \$100.00. Periodic observations of gates will be done by the business office. Transmittal forms will be filled out monthly and submitted to the business office. The Purchasing Clerk will ensure that all information is filled in correctly and all necessary signatures are provided.
- B. The Director of Finance, Kimberly Woodard, Purchasing Clerk, Paula Fowler, School Bookkeepers, Principals, and any staff that work events will be responsible for this action plan.
- C. The corrective action plan has been completed.

**Finding 4:** The School District Should Ensure Compliance with State Laws over Purchasing and the Payment of Invoices.

**Response:** The Alcorn School District concurs with the finding.

**Corrective Action Plan:**

- A. The Director of Finance will meet with Principals and Bookkeepers and train them on the purchasing law. We will stress the importance of obtaining comparable quotes when necessary and the need for a purchase orders before items may be ordered or services rendered. Open purchase orders will be reviewed to ensure timely payments are made.



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Once the District moved to a centralized accounting system in FY2020, requisitions became a requirement before a purchase order was issued. If a quote is accepted but not the lowest, approval of the quotes will be approved by the Board and will be spread across the board minutes.

- B. The Director of Finance, Kimberly Woodard, Superintendent, Brandon Quinn, and Accounts Payable Clerk, Ginger Mills will be responsible for this action plan.
- C. The corrective action plan has been completed.

**Finding 5:** The School District Should Ensure Compliance with State Laws over Presentation of Financial Statements and Bank Reconciliations.

**Response:** The Alcorn School District concurs with the finding.

**Corrective Action Plan:**

- A. The District will ensure that all financials will be presented and approved by the Board monthly. If entries are made that will impact previously presented financials, we will resubmit them to the Board for approval. Currently the Board meets on the 2nd Monday of the month. The District does not receive electronic statements at this time, which makes it difficult to reconcile bank statements for the previous month before the Board meets. We have reached out to our banking institute to turn on the electronic statements feature, if available.
- B. The Director of Finance, Kimberly Woodard, will be responsible for this action plan.
- C. The corrective action plan will be implemented as soon as electronic statements are available.

**Finding 6:** The School District Should Ensure Compliance with State Laws over Its Public Depositor Annual Report.

**Response:** The Alcorn School District concurs with the finding.

**Corrective Action Plan:**

- A. The District will ensure that the Public Annual Depositor's Report is completed by July 31<sup>st</sup> of each year.
- B. The Director of Finance, Kimberly Woodard, will be responsible for this action plan.
- C. The corrective action plan has been completed. For FY21 and FY22 the report was submitted correctly and on time.

**Finding 7:** The School District Should Ensure Compliance with State Laws over Personnel Files and Salaries Paid to Its Certified Employees.

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**Response:** The Alcorn School District concurs with the finding.

**Corrective Action Plan:**

- A. The District requires all newly employed staff to have a background check per our Board Policy. We will keep certifications updated electronically and keep a physical binder in the office to ensure that employees are Board approved and paid according to the current scales.
- B. The Director of Finance, Kimberly Woodard, and HR Director, Christy Irvin are responsible for this action plan.
- C. The corrective action plan had been implemented.

**Finding 8:** The School District Should Ensure Compliance with State Laws over Meal and Travel Reimbursements.

**Response:** The Alcorn School District concurs with the finding.

**Corrective Action Plan:**

- A. The District will check rates set forth by the DFA to ensure per diems and mileage rates have not changed. If rates are changed, the appropriate travel forms will be modified to adhere to the changes. We will train employees on how to properly fill out forms as it relates to permission for travel as well as travel reimbursements. We will also remind them that failure to provide adequate documentation, such as invoices and conference agendas, will result in ineligible reimbursements. Before approving in district travel, we will check leave records to make sure that travel is not being claimed on a day that an employee is on leave.
- B. The Director of Finance, Kimberly Woodard is responsible for this action plan.
- C. The corrective action plan will be implemented by September 1, 2022,

**Finding 9:** The School District Should Ensure Compliance with State Law over Reemployment of Retired Public Employees.

**Response:** The Alcorn School District concurs with the finding.

**Corrective Action Plan:**

- A. The District will begin faxing or emailed the forms 4B to Pers to ensure that we have a time stamp of the date and time sent. We will also make sure that the retirees fill out the application in its entirety.
- B. The Director of Finance, Kimberly Woodard, will be responsible for this action plan.

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C. The corrective action plan has already been completed.

**Finding 10:** The School District Should Ensure Compliance with the State Law over Board Minutes.

**Response:** The Alcorn School District concurs with the finding.

**Corrective Action Plan:**

- A. The District will ensure that the claims to be paid are spread over the minutes. We will also ensure that minutes are signed and approved at the next scheduled meeting. End of year bills will no longer be ratified at year end. The only bills that will be ratified for payment in June or any month during the year will be those that meet the requirements of Board policy - DJEJA
- B. The Director of Finance, Kimberly Woodard and the Board Clerk, Ginger Mills will be responsible for this action plan.
- C. The corrective action plan has already been completed.

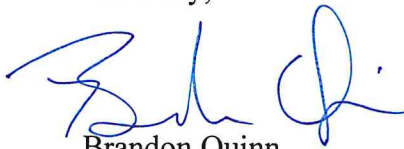
**Finding 11:** The School District Should Ensure Compliance over Federal Laws over *Children's Internet Protection Act*.

**Response:** The Alcorn School District concurs with the finding.

**Corrective Action Plan:**

- A. The District will ensure that the settings for the content filters are accurately marked so that the inappropriate content and images are blocked.
- B. The Network Administrator, Dylan Lambert, is responsible for this action plan.
- C. The District immediately corrected this error and tested again to ensure that the content was blocked.

Sincerely,



Brandon Quinn  
Superintendent