

COLUMBIA PUBLIC SCHOOL DISTRICT

MISSISSIPPI

COMPLIANCE REPORT

Compliance Special Reports

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

Director, *Compliance Audit Division*



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race, religion, national origin, sex, age, or disability.*



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

January 13, 2022

Limited Internal Control and Compliance Review Management Report

Columbia Public School District
613 Wildcat Way
Columbia, MS 39474

Member of the Columbia Public School Board:

Enclosed for your review are the Limited Internal Control and Compliance Review Findings for the Columbia Public School District for the fiscal year 2020. In these findings, the Auditor's Office recommends the Columbia Public School District:

1. Strengthen Internal Controls over Activity Fund Cash Receipts and Bank Deposits;
2. Strengthen Internal Controls and Ensure Compliance with State Laws over the District's Federal Tax Identification Number;
3. Strengthen Internal Controls and Ensure Compliance with State Laws over Education Enhancement Fund Procurement Cards;
4. Ensure Compliance with State Laws over Reemployment of Retired Public Employees;
5. Ensure Compliance with State Laws over Statement of Economic Interest; and
6. Ensure Compliance with State Laws over Securing and Filing Surety Bonds.

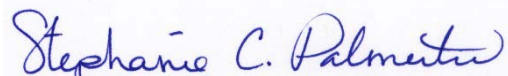
The enclosed findings contain more information about our recommendations.

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.

I hope you find our recommendations enable the Columbia Public 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 style and is placed on a light blue rectangular background.

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 Columbia Public 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, Miss. Code Ann. (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 a *material weakness* in internal control and certain deficiencies in internal control that we consider to be *significant deficiencies* in internal control. These matters are noted under the headings **SIGNIFICANT DEFICIENCIES**. We also identified another deficiency that we have noted under the heading **OTHER CONTROL DEFICIENCY**.

In addition, while performing our review, 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**.

SIGNIFICANT DEFICIENCIES

Finding 1: The School District Should Strengthen Internal Control over Receipts and Deposits for Activity Funds.

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.

Board Policy DK, Student Activities Fund Management, states, "A person remitting activity funds to the principal for deposit will be given the original receipt, the second copy will be attached to the transmittal report to the central office, and the third copy will be kept in the book and on permanent file in the principal's office. All of these pre-numbered receipts must be accounted for ... All funds collected within the school must be deposited daily..."

Finding Detail: During the testing of the School District's activity fund deposits and receipts, the auditor noted the following exceptions, out of 22 tested:

- Eight deposits were made three to eight days late;
- Four deposits were less than ticket sales, totaling **\$243**;

- Sixteen deposits were in excess of the ticket sales, totaling **\$786**; and
- Six athletic forms did not have all required signatures of verification of correctness by school officials noted on the athletic form.

Inadequate internal controls related to activity funds revenue collections, proper receipting, and depositing could result in a loss of assets and improper revenue recognition.

Recommendation: We recommend the Columbia Public School District strengthen controls over policies and procedures to ensure receipts from all activity are safeguarded, adequately recognized, and recorded.

Official Response: Effective August 3, 2020, the Columbia School District entered into an agreement with Go Fan to provide electronic tickets. All tickets will be purchased online through this system and proceeds from tickets sales will be sent to the school district via check or electronic transfer.

Repeat Finding: No.

OTHER CONTROL DEFICIENCY AND NONCOMPLIANCE WITH STATE LAW

Finding 2: The School District Should Strengthen Controls and Ensure Compliance with State Laws over Education Enhancement Fund Procurement Cards.

Internal Control Deficiency: An effective system of internal control requires a complete and accurate roster for the distribution of Education Enhancement Fund Cards, as well as completed Teacher Cardholder Agreements should be maintained and emailed to the Mississippi Department of Education by District's program Coordinator annually.

Applicable Law: *Section 37-61-33(3)(iii), Mississippi Code Annotated (1972)*, authorizes an eligible teacher or "cardholder" may receive a procurement cards to provide access to the Education Enhancement Funds (EEF). By signing for and using the EEF procurement card, you agree to abide by the terms and policies outlined in the Teacher cardholder agreement. Each teacher is responsible for all purchases and must not allow anyone else to make purchases. Additionally, the EEF procurement card and account numbers are unique and registered to each teacher.

Finding Detail: During the testing of the School District's Education Enhancement Fund procurement cards, the auditor noted the following exceptions, out of 20 tested:

- Twenty teachers did not sign the roster upon receiving their procurement cards;
- Three teachers' cardholder agreements did not identify the card numbers; and
- Four teachers' cardholder agreements did not have the complete card numbers.

Inadequate internal controls and procedures surrounding Education Enhancement Fund Procurement cards could result in the loss or misappropriation, fraud, waste, and abuse of public funds.

Recommendation: We recommend the Columbia Public School District strengthen controls and ensure compliance by establishing policies and procedures to ensure the EEF procurement card roster is completed and signed, as required by the Mississippi Department of Education.

Official Response: We keep a complete roster of all EEF cards, but were not having it signed by the teachers. Going forward, we will have the roster signed. Teachers were uncomfortable writing the card number on the agreement due to

the fact should the agreement be misplaced in route to the central office someone would access to the account. We will ensure complete card numbers are included on all cardholder agreements in the future.

Repeat Finding: No

Finding 3: The School District Should Strengthen Controls and Ensure Compliance with State Laws over Unauthorized Use of the District's Tax Identification Number.

Internal Control Deficiency: Management is responsible for establishing a proper internal control system to ensure financial accountability and safeguarding of assets. A critical aspect of financial management is maintenance of accurate accounting records, which includes ensuring all school related activities are properly recorded on the financial statements of the School District.

Applicable Law: *Attorney General Opinion No. 1988 WL 250239*, states, "The term "activity funds" shall not include any funds raised and/or expended by any organization unless commingled in a bank account with existing activity funds, regardless of whether the funds were raised using school facilities. Organizations shall not be required to make any payment to any school for the use of any school facility if, in the discretion of the local school governing board, the organization's function shall be deemed to be beneficial to the official or extracurricular programs of the school. For the purposes of this provision, the term "organization" shall not include any organization subject to the control of the local school governing board. If the organizations' funds are not commingled in a bank account with existing activity funds, it is the opinion of this office that the organizations' funds are private funds..."

Finding Detail: During the review of School District's Public Depositor Annual Report, the auditor noted an open bank account, the Flower Fund, under the District's federal tax identification number. Consequently, these private funds within this bank account are not reported within the School District accounting records and financial statements.

Inadequate internal controls and procedures resulted in the unauthorized use of the District's federal tax identification number. In addition, without proper internal controls being in place to account for all bank accounts using the District's federal tax identification number, the District's increases the risk that cash collected from employees could be diverted to outside organizations or individuals.

Recommendation: We recommend the Columbia Public School District strengthen controls and ensure compliance by periodically checking with local banking institutions to ensure no unauthorized accounts have been opened using the District's federal tax identification number. Furthermore, we recommend the Board of Education should take action to either approve the accounts in question or have them closed.

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Official Response: The District will ensure no unauthorized organizations are using our federal tax identification number for any reason.

Repeat Finding: No.

INSTANCES OF NONCOMPLIANCE WITH STATE LAW

Finding 4: The School District Should Ensure Compliance with State Laws over Reemployment of Retired Public Employees.

Applicable 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 nine tested:

- One retiree was paid more than the allowed salary by PERS, totaling **\$608**;
- Nine PERS Form 4Bs did not have evidence of being filed within five days;
- Four PERS Form 4Bs did not have evidence of the complete retirement date; and
- The full-time salary compensation for one retiree was not properly recorded on their PERS Forms 4B; therefore, the allowed salary could not be accurately calculated.

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

Recommendation: We recommend the Columbia Public School District ensure compliance with state law and PERS by properly paying employees, completing, and filing Form 4Bs within five days of rehire.

Official Response: We will comply.

Repeat Finding: No

Finding 5: The School District Should Ensure Compliance with State Laws over Statement of Economic Interest.

Applicable Law: *Section 25-4-25, Mississippi Code Annotated (1972)*, provides that "Each of the following individuals shall file a statement of economic interest with the commission in accordance with the provisions of this chapter: a) Persons elected by popular vote..." *Section 25-4-29, Mississippi Code Annotated (1972)*, provides that "1)Required statements hereunder shall be filed as follows: a) Every incumbent public official required....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.....2) Any person who fails to file a statement of economic interest within thirty (30) days of the date of the statement is due shall be deemed delinquent by the commission...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. The commission shall enroll such assessment as a civil judgment with the Circuit Clerk in the delinquent filer's county of residence..."

Finding Detail: During the review of the School District’s Statements of Economic Interest, the auditor noted two Board Members did not file the form by May 1st.

Failure to file a Statement of Economic Interest resulted in non-compliance 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 Columbia Public School District ensure compliance by implementing procedures to ensure School Board members file their Statement of Economic Interest annually, no later than May 1st of each year that such official hold office, regardless of duration.

Official Response:

Board Member: I was not aware mine was not done. I will surely get this corrected and will continue to complete one every year that I will be serving. I am sorry for any inconvenience.

Board Member: I apologize for my failure to file the Statement of Economic Interest. It was an oversight on my part. I will get it filed today.

Repeat Finding: No

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

Applicable Laws: *Section 25-1-19, Mississippi Code Annotated (1972)*, states, “The bond 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 chancery court of the county...”

Section 25-1-15(2), 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 37-6-15, Mississippi Code Annotated (1972) states, “Before entering upon the discharge of the duties of his office, each member of the school board shall give a surety bond in the penal sum of Fifty Thousand Dollars (\$50,000), with sufficient surety, to be payable conditioned and approved in the manner provided by law. The school board may execute a blanket bond for each school district official and employee (including school business managers and any other employee who receipts and/or disburses school district funds) in the penalty of Fifty Thousand Dollars (\$50,000), unless a different penalty is prescribed by statute, to be payable, conditioned and approved in the manner provided by law. The premium on said bond shall be paid out of the school district maintenance fund.”

Section 37-9-31, Mississippi Code Annotated (1972) states, “All school principals and attendance center principals shall furnish good and sufficient surety bonds in like manner as required of superintendents. The amount of such bonds shall be not less than Fifty Thousand Dollars (\$50,000), with sufficient surety.”

Section 37-39-21, Mississippi Code Annotated (1972), states, “The purchasing agent of any school board, before entering upon his official duties in such capacity, shall furnish a good and sufficient surety bond in the penal sum of Fifty Thousand Dollars (\$50,000), with sufficient surety.”

Finding Detail: Based on the review of the School District’s surety bonds, the auditor noted the following exceptions:

- Four Board members were covered by “Continuation Certificates”;
- The Superintendent was covered by a “Continuation Certificate”; and
- Four Board members, Superintendent, Business Manager, Purchase Agent, and three Principals’ bonds were not filed in the Chancery Clerk’s office.

A “Continuations Certificate” is a document that extends the life of the original surety bond. A “Continuation Certificate” only covers the current bonding periods. A “Continuations Certificate” only covers the current bonding period rather than both the current and previous periods. In the event of fraud or misappropriation of funds, having “Continuation Certificate” instead of new bonds could limit the amount available for recovery if the loss occurred over multiple terms.

Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms. Additionally, failure to comply with the state statute, by being correctly and sufficiently bonded, could result in the loss of public funds.

Recommendation: We recommend the Columbia Public School District ensure compliance by securing new bonds are every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee as statutorily required. Additionally, the Board should ensure all bonds for employees’ and officials’ bonds are filed with the Chancery Clerk’s office.

Official Response: Prior to December, the district was unaware new bonds were required. As of December 2019, new bonds are issued upon expiration and are recorded in the Chancery Clerk’s office as required by law.

Repeat Finding: No

OTHER RECOMMENDATION MADE BY THE OFFICE OF THE STATE AUDITOR

The Office of the State Auditor recommends that the School Board consider obtaining new surety bonds for Board Members, the Superintendent, Business Manager, Purchase Agents, and Purchase Agents. As noted during our test work, the Business Manager, Purchase Agent, and three Principals are covered by “Continuation Certificate” or renewals. A “Continuation Certificate” is a document that extends the life of the original surety bond. A “Continuation Certificate” 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.

End of Report



COLUMBIA SCHOOL DISTRICT

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Jason Q. Harris, Ph.D.
Superintendent
jharris@columbiaschools.org

COMPLIANCE REVIEW FINDINGS

January 6, 2022

Shad White, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, MS 39205-0956

Dear Mr. White:

The Columbia School District has received the report of findings from the Limited Internal Control and Compliance Review for fiscal year 2020. Following, for your review, are the responses and corrective action plans.

AUDIT FINDINGS:

Finding 1: The School District Should Strengthen Internal Control over Receipts and Deposits for Activity Funds.

Response: The District concurs with this finding.

Corrective Action Plan:

- A. The District will strengthen controls and enforce policies and procedures to ensure all receipts are safeguarded, adequately recognized, and recorded. Effective August 3, 2020, the Columbia School District entered into an agreement with Go Fan to provide electronic tickets. All tickets will be purchased online through this system and proceeds from tickets sales will be sent to the school district via check or electronic transfer.
- B. Kim Rogers, Business Manager, is responsible for this corrective action.
- C. This corrective action has been completed.
- D. Not applicable.

Finding 2: The School District Should Strengthen Internal Controls over Maintaining and Preparing Board Minutes.

Response: The District concurs with this finding.

Corrective Action Plan:

- A. The District will ensure all pages of the Board minutes are numbered.
- B. Melanie English, Superintendent's Secretary, is responsible for this corrective action.
- C. This corrective action has been completed.
- D. Not applicable.

Finding 3: The School District Should Strengthen Controls and Ensure Compliance with State Laws over Education Enhancement Fund Procurement Cards.

Response: The District concurs with this finding.

Corrective Action Plan:

- A. The District has implemented policies and procedures ensuring the Education Enhancement Procurement card roster is completed and signed as required by the Mississippi Department of Education.
- B. Kim Rogers, Business Manager, is responsible for this corrective action.
- C. This corrective action has been completed.
- D. Not applicable.

Finding 4: The School District Should Strengthen Controls and Ensure Compliance with State Laws over Unauthorized Use of the District's Tax Identification Number.

Response: The District concurs with this finding.

Corrective Action Plan:

- A. The District has implemented internal controls to periodically check with local banking institutions ensuring no unauthorized accounts have been opened using the District's federal tax identification number.
- B. Kim Rogers, Business Manager, is responsible for this corrective action.
- C. This corrective action has been completed.
- D. Not applicable.

Finding 5: The School District Should Ensure Compliance with State Laws over Reemployment of Retired Public Employees.

Response: The District concurs with this finding.

Corrective Action Plan:

- A. The District will comply with *Section 25-11-127(4)* and PERS by properly paying employees, completing, and filing Form 4Bs within five (5) days.
- B. Nicole Bass, Human Resource Manager, is responsible for this corrective action.
- C. This corrective action has been completed.
- D. Not applicable.

Finding 6: The School District Should Ensure Compliance with State Laws over Statement of Economic Interest.

Response: The District concurs with this finding.

Corrective Action Plan:

- A. The District has implemented procedures to ensure all board members file their Statement of Economic Interest prior to May 1.
- B. Kim Rogers, Business Manager, is responsible for this corrective action.
- C. This corrective action has been completed.
- D. Not applicable.

Finding 7: The School District Should Ensure Compliance with State Laws over Surety Bonds.

Response: The District concurs with this finding.

Corrective Action Plan:

- A. The District has implemented procedures to ensure new bonds are secured and these bonds are filed with the Chancery Clerk's office.
- B. Kim Rogers, Business Manager, is responsible for this corrective action.
- C. This corrective action has been completed.
- D. Not applicable.

Please feel free to contact me if you have questions or need any additional information.

Respectfully,

A handwritten signature in black ink, appearing to read 'Jason Q. Harris', written over a horizontal line.

Jason Q. Harris, Ph.D.
Superintendent