

MADISON COUNTY SCHOOL DISTRICT

MISSISSIPPI

COMPLIANCE REPORT

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



*The Office of the State Auditor does not discriminate on the basis of
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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

November 19, 2021

Limited Internal Control and Compliance Review Management Report

Madison County School District
476 Highland Colony Parkway
Ridgeland, MS 39157

Members of the Madison County School District:

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

1. Ensure Compliance with State Laws over Statement of Economic Interest; and
2. Ensure Compliance with State Laws over Reemployment of Retired Public Employees.

Please review the recommendations and submit a plan to implement them by November 19, 2021. 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 Madison County 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".

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 Madison County School District for the year ended June 30, 2020. The Office of the State Auditor's staff members participating in this engagement included Charlotte L. Duckworth, Morgan Horton, and Veronica Barton.

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.

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**.

INSTANCES OF NONCOMPLIANCE WITH STATE LAW

Finding 1: The School District Should Ensure Compliance with State Laws over Statements of Economic Interest.

Applicable State Laws: *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(1), Mississippi Code Annotated (1972), provides that: "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 (\$50.00) per day, not to exceed a total fine of One Thousand Dollars (\$1,000.00) 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 School District's, the auditors noted two Board members failed to file a Statement of Economic Interest by May 1st. Out of those two Board members, one had not filed their form since 2018.

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

Recommendation: We recommend the Madison County School District ensure compliance state law by all Board members completing a Statement of Economic Interest annually, no later than May 1st of each year that such official holds office, regardless of the duration.

District's Response: I have discussed the items noted above with the Board Members. They will work to ensure future documents are filed timely. We are in the process of assisting the other Board Member to get the filings filed before May 1st of the current year.

Repeat Finding: No.

Finding 2: The School District Should Ensure Compliance with State Laws 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, "To 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 auditors noted the following exceptions:

- Three retirees were paid more than the allowed salary by PERS, totaling **\$445.15**;
- One PERS Form 4B did not list the rehired employee's date of retirement; and
- One hundred three PERS Form 4Bs were not submitted to PERS within five days of rehire.

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

Recommendation: We recommend the Madison County School District ensure compliance over rehired retirees by ensuring the School District complies with *Section 25-11-127(4)* and PERS by properly paying employees, completing, and filing Form 4Bs within five (5) days.

District's Response: The District agrees with the findings noted. We will implement procedures to complete the Form 4Bs before a retiree is allowed to work within the District and submit within the five (5) day time frame to PERS.

Repeat Finding: No.

End of Report



**MADISON COUNTY
SCHOOLS**

MARK OF EXCELLENCE

SUPERINTENDENT
Charlotte Seals

BOARD OF EDUCATION
William Grissett, President
Dr. Pollia Griffin, Secretary
Sam Kelly
Dr. Jason Dean
Philip Huskey

COMPLIANCE REVIEW FINDINGS

November 16, 2021

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

Dear Mr. White:

The Madison County 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 responses and corrective action plans.

AUDIT FINDINGS:

Finding 1: Compliance with State Laws over Statements of Economic Interest

Response: The District concurs with the finding.

Corrective Action Plan:

- a. The District will continue to add the filing requirements to its Board Agenda. In addition, copies of the filings will be requested from board members before May 1st of each year, and the Superintendent's Office will review the Mississippi Ethics Commission website to confirm timely filing.
- b. Responsible Person: Charlotte Seals, Superintendent
- c. The Superintendent's Office will address compliance on an annual basis moving forward.

Finding 2: Compliance with State Law over Reemployment of Retired Public Employees

Response: The District concurs with the finding.

Corrective Action Plan:

- a. The Human Resources Department will strengthen controls over the onboarding process to ensure the retirees complete and return Form 4Bs before the commencement of employment. The Forms 4Bs will be submitted to PERS no later than the day following completion, the submission date will be documented.
- b. Responsible Person: Shay Williamson, HR Director
- c. This item has been corrected.

Please do not hesitate to contact me if additional information is needed.

Respectfully,

Charlotte Seals
Superintendent