



## **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*





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

September 20, 2021

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

Oxford School District  
224 Bramlett Boulevard  
Oxford, Mississippi 38655

Members of the Oxford School Board:

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

1. Strengthen Internal Controls over Activity Fund Cash Receipts and Deposits;
2. Strengthen Internal Controls and Ensure Compliance with State Laws over Travel Reimbursements;
3. Strengthen Internal Controls and Ensure Compliance with State Laws over Purchasing;
4. Ensure Compliance with State Laws over Budget Approval;
5. Ensure Compliance with State Laws over Tax Request Publication;
6. Ensure Compliance with State Laws over Background Checks;
7. Ensure Compliance with State Law over Reemployment of Retired Public Employees; and
8. Ensure Compliance with State Law over Surety Bonds;

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 Oxford 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 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 Oxford 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 *significant deficiencies*. These matters are noted under the heading **SIGNIFICANT DEFICIENCY**. We also noted certain deficiencies in controls that we noted under the heading **OTHER DEFICIENCIES**.

We noted certain instances of noncompliance with state laws that require the attention of management. These matters are noted under the headings **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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## INTERNAL CONTROL DEFICIENCIES

**Finding 1:** The School District Should Strengthen Internal Controls over Activity Fund Cash 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 to 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 fund receipts and deposits, the auditors noted the following instances out of 26 tested:

- Three instances where deposits were made between three to six business days after monies were receipted;
- One instance where there was a net overage of \$63 between deposits and tickets sales for football and basketball games;
- Five instances where there was no beginning and/or ending tickets numbers; therefore, the auditors were unable to determine ticket sales;
- Twenty-four instances where cash count sheets were not completed;
- One instance where a cash count sheet was missing the verified signature;
- One instance where a deposit was missing its transmittal sheet; and
- Two instances where the transmittal sheet was missing signatures.

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 Oxford School District strengthen controls over activity fund revenue, and enforce policies and procedures to ensure receipts from all activity are safeguarded, adequately recognized, and recorded.

**District's Response:** The cash count lines on the sheet were totaled but not broken down as to how many of each bill was accounted for. We plan to train our gate workers more thoroughly and also use a new gate receipt that is more detailed and recommended by Mississippi Department of Education.

This is simply a mistake on our part. The athletic director and/or the assistant athletic director is always the person to verify the boxes. On the one game in question they simply forgot to sign after verifying. We will check the sheets more carefully and make sure all signatures are present.

This overage occurs when a gate worker gets busy and sells a ticket but doesn't tear that ticket off causing there to be more money than tickets sold. These overages are usually minimal and happened over the 32 events that were reviewed. Also, it could be that someone paid and requested that the gate worker keep the change causing a small overage in the box. Again, we plan to do a better job at training our gate workers to be more diligent tearing the tickets that are sold.

The bookkeeper was out with the flu during these instances and is the only person that handles the money in the athletic office. We will make two adjustments to prevent this from happening in the future:

1. We will train the Athletic Director and Assistant Athletic Director. Athletic Director to count, receipt, and deposit the money when the bookkeeper is absent.
2. We will make sure that the date used on the receipt is the actual date the money is receipted and not the date on the gate receipt when the money was taken up.

This happens sometimes during the filing and moving process of the files. The ticket simply comes off the attached sheet. We will make sure that every ticket is securely attached to uphold the wear and tear of the filing process.

The transmittal sheet for September was not provided in the beginning. The auditor asked that we only send the first two reports of the monthly transmittal reports which included the transmittal cover sheet and the journal history. Our monthly reports consist of transmittal cover, journal history report, receipts, and deposit slips. She did not need the last two documents since she had the paper copies of those therefore I had to copy and paste only what she requested. In that process the September transmittal was left off. After realizing this was left off, she called and I sent the September transmittal in a different email.

The digital copy of these sheets were not signed but the original paper copies were. Each month a digital signature is placed on the document by the Athletic Director then we print a paper copy and he also signs those. The digital signature was left off of the two reports. We will be more diligent in checking those items to make sure there is a signature on both the digital copy and the original paper copy.

**Repeat Finding:** No.

**Auditor's Note:** The missing transmittal sheet was for August, not September.

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## OTHER DEFICIENCIES AND NONCOMPLIANCE WITH STATE LAW

**Finding 2:** The School District Should Strengthen Internal Controls and Ensure Compliance with State Laws over Travel Reimbursements.

**Internal Control Deficiency:** Management is responsible for properly safeguarding the assets of the District and ensuring all reimbursements are approved, documented, and allowed.

**Applicable State Law:** *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.”

**Finding Detail:** During the testing of School District’s travel reimbursements, the auditors noted the following instances:

- Nine instances where corroborating evidence was not attached to claim information; and
- One instance where a travel voucher was not completed.

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

**Recommendation:** We recommend the Oxford School District strengthen controls over and compliance with travel reimbursements by ensuring there are adequate policies and procedures surrounding reimbursements for professional travel expenses.

**District’s Response:** It is not our practice to require agendas, conference schedules, or conference flyers from District employees attending professional development on state funded travel; however, we are familiar with and do require them for federally funded travel. Consequently, if required for all travel, we will gladly make that adjustment.

Additionally, we did have a separate travel reimbursement form, but retired it to try and consolidate the professional development request and the travel reimbursement request. Unfortunately, the travel request is not clearly labeled on the form. We are now meeting with the personnel responsible for creating the process to work out a process that will both clearly delineate the professional development request form from the travel reimbursement request.

**Repeat Finding:** No.

**Auditor’s Note:** Without conference agendas, schedules and/or flyers, auditors could not verify the purpose of the travel which is required by the Department of Finance and Administration (DFA).

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**Finding 3:** The School District Should Ensure Compliance with State Laws over Purchasing.

**Internal Control Deficiency:** *The Internal Control-Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission specifies that a satisfactory control environment is only effective when there are adequate control activities in place. Management is responsible for properly safeguarding the assets of the School District and ensuring the terms of service contracts are met and adhered to at all times.

*School Board Policy, Section D – Fiscal Management, Policy DJE Purchasing*, requires the District to utilize within its purchase system requisitions, purchase orders, and receiving reports, which should be logged and maintained in its business office.

**Applicable State Law:** *Section 31-7-13(b), Mississippi Code Annotated (1972)*, requires the District to obtain at least two competitive written bids for purchases over \$5,000 but not over \$50,000 exclusive of freight and shipping charges. The District is required to accept the lowest and best competitive written bid.

**Finding Detail:** During the testing of the School District’s purchasing expenditures, the auditors noted the following:

- One set of quotes were not comparable due to the quantity not being the same;
- One quote was obtained online;
- Three purchase orders were not signed; and
- One purchase order’s total amount was more than the purchase requisition amount.

Failure to obtain at least two competitive bids resulted in the School District not being in compliance with state purchasing laws. Additionally, failure to adhere to the state laws and regulations, and Board policy resulted in noncompliance and overpayment of expenses.

**Recommendation:** We recommend the Oxford School District ensure compliance with *Section 31-7-13(b), Mississippi Code Annotated (1972)*, by properly obtaining at least two bids for purchases over \$5,000 but not over \$50,000. The School District should ensure compliance with all claims by maintaining all required documents within the District.

**District’s Response:** We have started paying more attention to quotes and sending them back. We added Business Manager or Assistant Business Manager review level to all requisitions in fall of 2019 to help. This purchase occurred prior to this.

The three (3) purchase orders in questions were from maintenance and grounds who were inadvertently left out of the group with permissions to print approved purchase order with signature. The signature is system generated. This has been corrected. I have attached the relevant requisitions which document the Superintendent’s approval.

We were not given the discount of **\$489.30** that was shown on requisition.

We have ceased allowing shopping carts as quotes. This should have never made it through review.

**Repeat Finding:** No.

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**Finding 4:** The School District Should Strengthen Controls and Ensure Compliance with State Laws 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.

**Applicable State Laws:** *Section 37-61-19, 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...”

*Section 37-61-9, Mississippi Code Annotated (1972)*, requires the combined budget and combining budgets for each fund type are reflected in the Board minutes or an addendum to the Board minutes. Both should be signed by both the Board's president and secretary. Signed copies should be filed within the District.

**Finding Detail:** During the review of School District's budgeting, the auditors noted the original 2018-2019 budget included the following 16 funds reflecting a negative fund balance at year-end:

- Special Education Fund (1130) – (\$44,129);
- Repairs & Capital Improvement Fund (1901) – (\$175,529);
- After School Program Fund (1902) – (\$63,807);
- Extended School Year Fund (2090) – (\$6,200);
- Consolidated Administrative Cost Fund (2290) – (\$94,845);
- Title VI Rural & Low Income Fund (2311) – (\$35,374);
- Title III LEP Fund (2560) – (\$100,892);
- EHA, Part B Fund (2610) – (\$86,828);
- EHA, Preschool Fund (2620) – (\$39,989);
- Safe & Drug Free Schools & Communities Fund (2811) – (\$22,430);
- Homeless Children & Youth Fund (2814) – (\$20,730);
- Education in Residence Fund (2901) - (\$4,614);
- Nurse Intervention Fund (2905) – (\$14,738);
- Good Food for Oxford Fund (2906) – (\$17,475); and
- Refunding Bonds Series, 2018 Fund (4030) – (\$5,000); and
- OHS Activity Agency Fund (7321) – (\$32,313).

The approval of the fund budgets with ending deficit fund balances is in violation of state law.

**Recommendation:** We recommend the Oxford School District strengthen controls over budgeting to ensure compliance with state law by implementing 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 started in January of 2018, and did not receive much help with budget prep that first year. MDE had suspended the School Business Administrator training program to revamp it. I received excellent training beginning January of 2019, and FY 2020 & FY 21 budgets do not show any projected negative fund balances.

**Repeat Finding:** No.

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**Finding 5:** The School District Should Ensure Compliance with State Law over the Tax Request Publication.

**Applicable State Law:** *Section 27-39-207(2)(b), Mississippi Code Annotated (1972)*, provides that except as provided for in subsection (1) of this section, if a school district is requesting an increase in ad valorem tax effort in dollars pursuant to *Sections 37-57-105 and 37-57-107*, it shall be written in the requisite form.

**Finding Detail:** During the review of the School District's advertisement of its "Notice of Proposed Ad Valorem Tax Effort," the auditors noted there was a \$109,999.76 discrepancy between the ad valorem tax increase advertisement and the amount requested by the School Board.

Failure to accurately advertise the ad valorem tax increase as adopted by the School Board, results in taxpayers being misled and could lead to a loss of public trust and transparency.

**Recommendation:** We recommend the Oxford School District ensure compliance over ad valorem tax request publication by ensuring the ad valorem tax increase advertised is the same amount requested by the School Board, as required by state law.

**District's Response:** A small percentage increase was added after the ad ran. In an effort to keep mills level, I consulted with the city in that interim time and she advised me to include the amount the city "charges" us to collect taxes as well as a slightly higher number for homestead.

**Repeat Finding:** No.

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**Finding 6:** The School District Should Ensure Compliance with State Laws over Background Checks.

**Applicable State Law:** *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 hire 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 of Education or at such local school District to July 1, 2000." Ultimately, the criminal records information and registry must be kept on file for any and all new hires.

**Finding Detail:** During the testing of the School District's certified employees' files, the auditors noted that, out of the 20 tested, the School District did not obtain background checks to maintain on file for five of its certified employees.

Failure to obtain background checks for all new hires could result in a wrongful hire of an individual.

**Recommendation:** We recommend the Oxford School District ensure compliance over background checks by obtaining and maintaining on file a current criminal background check for all new hires, as required by state law.

**District's Response:** Human Resources researched these employees' personnel files, who were hired in 2013, 2014, and 2016, Human Resources found that the background checks were missing.

Prior to July 2016 the District personnel records were all paper and began using a hiring software called SearchSoft in 2013. During July 2016 all District personnel records were scanned and organized by a company named Yellow Folder. Yellow Folder created a digital database of the Human Resources records. The SearchSoft data was converted for use and placed on the District Human Resources Shared drive to access this information. These two DBased were searched for the background checks that were conducted at the time the employees were hired to no avail.

The Fingerpro database was also searched to determine if the background checks were in that database. Two employees screening were found in this Dbase and uploaded in their Personnel File.

AD&S, who processes and manages our fingerprinting system, was contacted for assistance. The Department of Public Safety Criminal Information Center (CIC) was also contact to see if they had the background checks in their databases. Only one (1) employee's fingerprinting screening was found and the CIC representative is going to send the screening to the District. Upon receipt, it will be uploaded to her personnel file.

Human Resources will review all District employees' personnel files for background screenings.



One employee's verification of employment, hired for the 2019-2020 School Year was missing. Human Resources shredded paper New Hire Documents from 11/27/17 in May believing they had been uploaded into the employee file. For the remaining seven employees, the SearchSoft and Yellow Folder databases were searched for the information, but none found. Human Resources cannot guarantee that the verifications were received on these employees, because no one currently working in Human Resources was in Human Resources when these employees were hired. However, it is standard operating procedure for Human Resources to request this information on all new hires.

**Repeat Finding:** No.

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**Finding 7:** 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 auditors noted the following exceptions out of 49 forms tested:

- Three retirees were paid more than the amount allowed by PERS, totaling **\$1,977**;
- Six PERS Form 4Bs did not have evidence of being filed within five (5) days of rehire;
- Three PERS Form 4Bs did not have evidence of the complete retirement date;
- Three PERS Form 4Bs were completed prior to the retirement date of the employee, indicating the mandatory 90-day break in service was not complete; and
- One retiree was paid as an Independent Contractor; however, the District did not submit the Independent Contractor Questionnaire to PERS to receive authorization to pay the retiree as an Independent Contractor.

Failure to file and complete the Form 4B, Independent Contractor Questionnaire, 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 Oxford School District ensure compliance with *Section 25-11-127(4)* and PERS by properly paying employees, completing, and filing Form 4Bs within five (5) days. Additionally, the District should submit and obtain approval of the Independent Contractor Questionnaires from PERS for retirees.

**District's Response:** The District is unclear why this is a discrepancy as there is no consequence to the District according to PERS. HR contacted PERS on August 19, 2020 at 8:39AM and spoke with an individual, who stated that if a retiree earns more than what is allocated on the PERS Form 4B that there are no consequences to the District. The retiree will be held liable and will have to repay PERS from their retirement compensation.

Furthermore, this illustration predominantly applies to our bus driver population. Prior to the start of school, Human Resources informs the transportation department of the number of hours and wages that each retiree can work/earn.

However, Human Resources does not monitor the wages earned or hours worked on retirees as there is not a requirement to do so that we are aware. The District is notified by PERS when a retiree has earned more than 75% of his/her salary that was recorded on the PERS Form 4B. When the District is notified by PERS it is HR's practice to call in the retiree and explain to them that they may be required to repay PERS from their retirement compensation.

HR overlooked the missing date listed for signature making the form incomplete. Going forward, HR will review the signature dates and the forms for completeness/accuracy.

The two occurrences involve forms for departed employees. Employee 1: The start date listed on the 4B is 8/7/19. However, the HR Supervisor did not sign the form until 8/22/19. Going forward, HR will strive to submit the form within the allotted time frame per Regulation 34, Section 105. Employee 2: This retiree was hired to be a Tester and HR did not know that the employee was hired in that capacity. Therefore, she didn't have a PERS Form 4B. When HR discovered she had been hired, HR had her complete the form after the fact. The start date entered was 8/7/20. Going forward, HR will notify all directors that they are to inform HR of all personnel they want to hire for unique, short-term requirements.

Human Resources meets with retirees during the exit process. HR informs certified retirees that they can work as a substitute teacher after 90 days, which is normally after November 1. If interested, HR allowed them to complete the form, but would hold the form until November. HR was unaware that they could not complete the form before they actually left employment. On the three retirees, the dates listed on the signature line were the dates they met with HR to complete the Exit process. Going forward, HR will not complete the PERS Form 4B prior to the effective date of retirement, as per Regulation 34, Section 102.

The District was unaware of this requirement and appreciate the auditor bringing this to our attention. We will implement this going forward.

**Repeat Finding:** Yes.

**Auditor's Response:** Maintaining adequate internal controls, ensuring that rehired employees are not paid more than allowed, and following procedures pertaining to filing and completing PERS Form 4Bs, and independent contractor questionnaires is a responsibility of Management. This would further ensure that Management is adequately safeguarding public funds and are in compliance with state law.

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**Finding 8:** The School District Should Ensure Compliance with State Laws over Surety Bonds.

**Applicable State Laws:** *Section 25-1-15(4), Mississippi Code Annotated (1972)*, states, "A new bond in an amount not less than that required by law for public employees shall be secured at the beginning of each new term of office of the public or appointed official by whom they are employed, if applicable, or at least every four (4) years concurrent with the normal election cycle of the Governor."

*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 37-9-27, Mississippi Code Annotated (1972)*, states, “The superintendent of any school district, before entering upon the duties of his office, shall furnish a good and sufficient surety bond in the penal sum of One Hundred Thousand Dollars (\$100,000.00), with sufficient surety. Such bond shall be filed and recorded in the office of the clerk of the chancery court in which the school district is located, and shall 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 (\$50,000.00), with sufficient surety. The premium upon said bond shall be paid from the maintenance funds of the district served by such principal. Such bond shall be payable, conditioned and approved in the manner provided by law. All such bonds shall be filed and recorded in the office of the clerk of the chancery court of the county in which the school district is located.”

*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 (\$50,000.00), with sufficient surety. Such bonds shall be payable, conditioned and approved in the manner provided by law, and shall be filed and recorded in the office of the clerk of the chancery court in which the school district is located. The premium on said bond shall be paid out of the school district(s) maintenance fund(s).”

*Board Policy, Section D – Fiscal Management, Policy DJE Purchasing*, states, “The designated personnel for purchasing for the Oxford School District are as follows:

- a. Superintendent
- b. Assistant Superintendent
- c. Business Manager
- d. Food Service Director – food services only
- e. Principals

**Finding Detail:** During the review of the School District’s surety bonds, the auditors noted the following exceptions:

- Two Board members and the Superintendent’s bonds were Continuation Certificates;
- One Board member, one Purchasing Agent, and three Principals’ bonds were for indefinite terms instead of new bonds with definite terms;
- One Board member and one Principal were not bonded;
- The District’s Board Policy requires the Assistant Superintendent, Food Service Director, and Oxford Learning Center’s Principal to be bonded as Purchasing Agents; however, these individuals were not bonded for fiscal year 2020; and
- Four Board members, Superintendent, three Principals, and four Purchasing Agents’ bonds were not filed with the Chancery Clerk.

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 Oxford School District ensure compliance over surety bonds by securing new bonds 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.

**District's Response:** Bonds for fiscal year 2020-2021 are being corrected and replaced. I have also created a detailed spreadsheet to track bonds that includes contract terms, bond numbers, issuing company, and chancery clerk filing info. I am happy to forward you the new bond documentation as soon as it is received and filed with chancery clerk.

**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 all employees required to be bonded. As noted during our test work, the Principals and Purchasing Agents are covered by renewals or "Continuation Certificates". 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.

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**End of Report**



# Oxford School District

1637 Highway 30 East • Oxford, Mississippi 38655  
Phone: (662) 234-3541 • Fax: (662) 232-2862

## COMPLIANCE REVIEW FINDINGS

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

10/08/2021

Dear Mr. White:

Please find below the response and corrective action plan for each of the eight audit findings discovered during our audit of fiscal year 2020. Most of these items were corrected during fiscal year 2021 immediately upon discovery, with a couple currently undergoing corrective action plan implementation. I would like to commend Shelly McKee and her team for being helpful and insightful throughout the audit process. They were a pleasure to work with and provided guidance in our areas of weakness, which is much appreciated.

### AUDIT FINDINGS:

#### 1. Strengthen Internal Controls over Activity Fund Cash Receipts and Deposits

Response: Oxford School District concurs with this finding.

#### Corrective Active Plan:

- A. Immediately upon discovery of this finding, athletic directors and event gate workers were retrained by the Chief Financial Officer in how to handle gate receipts, and OSD immediately began using the OSA recommended ticket sales/cash count sheet. This was used throughout fiscal year 2021. To further increase control, OSD transitioned to cashless athletic events in fiscal year 2022 and began using the GoFan application where event tickets are purchased online and tickets are delivered to an individual's mobile device.
- B. Allison Wally, Chief Financial Officer (CFO); Chris Baughman and Tabitha Beard, Activities Directors
- C. Complete as of 08/01/2021
- D. N/A

#### 2. Strengthen Internal Controls and Ensure Compliance with State Laws over Travel Reimbursements



## Oxford School District

1637 Highway 30 East • Oxford, Mississippi 38655  
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Response: Oxford School District concurs with this finding.

Corrective Active Plan:

- A. At the time of the audit, OSD was attempting to marry two software systems to track professional development content and cost. It was too cumbersome for both the curriculum department and business office, so the systems have since been separated again. The business office now requires employees to attach a copy of the conference or meeting agenda to their PO in the financial software system prior to any reimbursements being processed. The curriculum department still tracks professional development, and has an electronic approval trail for all travel that the business office verifies before approving any purchase orders.
- B. Allison Wally, CFO; Marni Herrington, Chief Academic Officer (CAO)
- C. Complete as of 08/01/2021
- D. N/A

### 3. Strengthen Internal Controls and Ensure Compliance with State Laws over Purchasing

Response: Oxford School District concurs with this finding.

Corrective Active Plan:

- A. OSD added a level of review for all purchase orders in late 2019 to be sure proper quotes were being obtained. The purchases in question here occurred prior to this approval level being added. The Assistant Business Manager now spends a good deal of time reviewing every single requisition, examining quotes for comparability and accuracy, and making sure all required documentation is attached to requisitions. The CFO has also implemented a monthly office manager meeting to review purchasing requirements.
- B. Allison Wally, CFO
- C. Complete as of 07/01/2020
- D. N/A

### 4. Ensure Compliance with State Laws over Budget Approval

Response: Oxford School District concurs with this finding.

Corrective Active Plan:

- A. The CFO started in January of 2018, and did not receive much help with budget prep during her first year. MDE had suspended the School Business Administrator training program to revamp it. Mrs. Wally received excellent training beginning January of 2019, and FY 20, FY 21, & FY22 budgets do not show any projected negative fund balances.



## Oxford School District

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- B. Allison Wally, CFO
- C. Complete as of 06/30/2019
- D. N/A

### 5. Ensure Compliance with State Laws over Tax Request Publication

Response: Oxford School District concurs with this finding.

Corrective Active Plan:

- A. A small percentage increase was added after the ad ran. In an effort to keep mills level, the CFO consulted with the city during the interim time between the ad and budget approved. The city clerk advised us to include the amount the city “charges” us to collect taxes as well as a slightly higher number for homestead. I believe this was also for the 18-19 budget, which was prior to Mrs. Wally’s SBA course (see comments in #4 above). This meeting now occurs before the ad runs, and the ad amount matches the approved ad valorem request.
- B. Allison Wally, CFO
- C. Complete for all subsequent budget years
- D. N/A

### 6. Ensure Compliance with State Laws over Background Checks

Response: Oxford School District concurs with this finding. The five employees who were missing background checks were hired prior to implementing our electronic personnel file system. We believe the background checks were lost during the transition from paper to electronic files.

Corrective Active Plan:

- A. The missing background checks have been performed. The HR department has also reviewed all personnel files for background checks, I-9s, fingerprinting, etc. and is obtaining documentation for any missing items.
- B. Douglas Cromwell, Chief Operations Officer (COO), Marcia Bibbs-Blake, HR Supervisor
- C. May 31, 2022
- D. N/A

### 7. Ensure Compliance with State Law over Reemployment of Retired Public Employees

Response:

Corrective Active Plan:



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- A. Oxford School District is in the process of implementing a Human Resources Management System to strengthen controls over HR position tracking and forms. We will continue to monitor retirees earnings and communicate with supervisors when employees have reached 75% of allowed earnings. The three employees that were found to be paid in excess have been interviewed, and all three chose to work over their limit and repay PERS any excess retirement earnings. Please advise if we are to disallow this practice totally. We allowed it, as it affected them and there was no penalty to the district of which we are aware. Form 4Bs and Independent Contractor forms are now being completed in a timely fashion as required.
- B. Douglas Cromwell, COO; Marcia Bibbs-Blake (HR Supervisor)
- C. Implemented during FY2021
- D. N/A

### 8. Ensure Compliance with State Law over Surety Bonds

Response: Oxford School District concurs with this finding.

Corrective Active Plan:

- A. Bonds for fiscal year 2021 were corrected and replaced. Bonds for fiscal year 2022 were all written as new bonds, with the exception of board member bonds that were corrected in 2020 to match their terms. For 2021, the Assistant Superintendent and Food Service Director were bonded. The Oxford Learning Center was closed at the end of school year 19-20, so no bond was needed for that principal. For fiscal year 2022, the district's bond policy was edited to reflect title changes and reorganization under a new superintendent. All bonds are now filed with the chancery clerk.
- B. Allison Wally, CFO
- C. Completed during 20-21 school year.
- D. N/A

Sincerely,

W. Bradley Roberson  
Superintendent