

ATTALA COUNTY SCHOOL DISTRICT MISSISSIPPI

COMPLIANCE REPORT

Limited Internal Control and Compliance Review Management
For the year ended *June 30, 2021*

SHAD WHITE
State Auditor

Stephanie C. Palmertree, CPA, CGMA
Deputy State Auditor

Charlotte L. Duckworth
Director, *Compliance Audit Division*



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

February 22, 2023

Limited Internal Control and Compliance Review Management Report

Attala County School District
12204 Hwy 19 South
Kosciusko, MS 39090

Dear Attala County School Board:

Enclosed for your review are the Limited Internal Control and Compliance Review Findings for the Attala County School District for the fiscal year 2021. In these findings, the Auditor's Office recommends the Attala County School District:

1. Strengthen Internal Controls over Activity Fund Cash Receipts and Deposits;
2. Strengthen Internal Controls and Ensure Compliance with State Law over Sixteenth Section Lease Deposits, Payments, and Taxes;
3. Strengthen Internal Controls and Ensure Compliance with State Law over Bank Reconciliations;
4. Ensure Compliance with State Law over Ethics;
5. Ensure Compliance with State Law over the Approval of Depositories;
6. Ensure Compliance with State Law over Public Depositor's Annual Report;
7. Ensure Compliance with State Law over Purchasing Expenditures;
8. Ensure Compliance with State Law over the Statement of Economic Interest;
9. Ensure Compliance with State Law over the Transfer of Sixteenth Section Interest Funds;
10. Ensure Compliance with State Law over Sixteenth Section Educable Child Lists;
11. Ensure Compliance with State Law over Reemployment of Retired Public Employees; and
12. Ensure Compliance with State Law over Surety Bonds.

Please review the recommendations and submit a plan to implement them by March 8, 2023. 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 Attala 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
Deputy State Auditor
Office of the State Auditor

The Office of the State Auditor has completed its limited internal control and compliance review of the **Attala County School District** for the year ended **June 30, 2021**.

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 that we consider to be *significant deficiencies* in internal control. These matters are noted under the headings **SIGNIFICANT DEFICIENCY**. We also identified other deficiencies 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 DEFICIENCY

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 deposits, the auditors noted the following exceptions out of 26 tested:

- Eleven deposits were made between four to seven business days after monies were receipted;
- There was a net overage of **\$285** between deposits and ticket sales for both varsity football and basketball games; and
- The District could not locate the event sheet for one varsity game; therefore, auditors could not verify the number of tickets sold.

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

Recommendation: We recommend the Attala County School District strengthen internal controls over activity fund revenue by implementing adequate policies and procedures to ensure receipts from all activity are safeguarded, adequately recognized, and recorded.

District's Response: Training will be conducted instructing Principals to deposit all game monies within 24 hours of receipt. Also the district shall strengthen controls and enforce policies and procedures to ensure all receipts are safeguarded.

Repeat Finding: No.

OTHER DEFICIENCY AND INSTANCES OF NONCOMPLIANCE WITH STATE LAW

Finding 2: The School District Should Strengthen Internal Controls over Deposits and Ensure Compliance with State Law over Sixteenth Section Lease Deposits, Payment, and Taxes.

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.

Applicable State Law: *Section 29-3-57, Mississippi Code Annotated (1972)*, states, “Upon a sixty (60) day default in payment of any rentals according to the terms of such lease, the lease shall be declared terminated unless the Board of Education finds extenuating circumstances were present, and the Board shall inaugurate the proper legal proceedings to terminate such lease.”

Section 29-3-71, Mississippi Code Annotated (1972), states, “Sixteenth section lands reserved for the use of schools, or lands reserved or granted in lieu of or as a substitute for the sixteenth sections, shall be liable, after the same shall have been leased, to be taxes as other lands are taxed during the continuance of the lease, but in case of sale thereof for taxes, only the title of the lessee or his heirs or assigns shall pass by the sale.” In addition, the standard lease agreement used by the district between the lessee and lessor states, “Lessee shall pay all taxes levied, if any, on said property on time to prevent default.”

Finding Detail: During the review of the School District's sixteenth section land leases, the auditors noted the following exceptions out of 20 tested:

- Three lease payments were deposited four to six days after being receipted;
- Three lease payments were more than 60 days late; however, the lease agreements were not terminated; and
- Taxes were not current on one lease agreement; however, the lease agreement was not terminated.

Inadequate internal controls relating to receipting sixteenth section revenue could result in a loss of assets and improper revenue recognition. Additionally, failure to terminate lease agreements due to the non-payments of property taxes and rental payments resulted in noncompliance with state law.

Recommendation: We recommend the Attala County School District strengthen internal controls and ensure compliance by assuring taxes are current and lease payments are not more than 60 days late, as required by state laws and regulations. Additionally, we recommend all lease payments are deposited immediately.

District's Response: The ACSD will ensure that deposits are made in a timely manner. The ACSD will ensure taxes are current and any lease over 60 days late on payment will be recommended to the School Board for termination unless the Board finds extenuating circumstances are present.

Repeat Finding: No.

Finding 3: The School District Should Strengthen Internal Controls and Ensure Compliance with State Law over Bank Reconciliations.

Internal Control Deficiency: Management is responsible for ensuring that the assets of the District are safeguarded and transactions are properly documented in the District's financial records. A critical aspect outstanding checks to the balance per bank statement to reconcile to the amount of cash that is listed on the general ledger of the District to what is recorded at the bank. The reconciliation process enables the Business Office to make adjusting journal entries to correct any mistakes or unrecorded items in the District's financial records.

Applicable State Law: *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 testing of the School District's bank reconciliations, the auditors noted four bank accounts were not properly reconciled to the District's general ledger's cash balances resulting in a difference at June 30, 2021 totaling (\$326,893):

- Payroll Clearing – (\$364,979)
- Ethel High School Activity Fund - \$26,789
- McAdams Activity Fund - \$1,666
- McAdams High School Club - \$9,631

Failure to properly reconcile bank statements 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 Attala County School District strengthen internal controls and ensure compliance by implementing adequate policies and procedures to ensure all bank statements are reconciled timely and properly to the District's general ledger. We also recommend Management reconcile bank accounts monthly to the general ledger by each fund in order to effectively and timely account for any variance from the District's book balances.

District's Response: The ACSD will implement procedures to ensure that all bank statements are reconciled timely and properly to the District's general ledger. The ACSD will conduct training with the school bookkeepers on January 5th, 2022. The ACSD will also hold training sessions annually before the beginning of each school year.

Repeat Finding: No.

INSTANCES OF NONCOMPLIANCE WITH STATE LAW

Finding 3: The School District Should Ensure Compliance with State Law over Ethics.

Applicable State Law: *Section 25-4-105(1), Mississippi Code Annotated (1972)*, states, "No public servant shall use his official position to obtain, or attempt to obtain, pecuniary benefit for himself other than that compensation provided for by law, or to obtain, or attempt to obtain, pecuniary benefit for any relative or any business with which he is associated."

Section 37-9-17(1), Mississippi Code Annotated (1972), states, "The school board of any local school district shall be authorized to designate a personnel supervisor or another principal employed by the school district to recommend to the

superintendent licensed employees or noninstructional employees; however, this authorization shall be restricted to no more than two (2) positions for each employment period for each school in the local school district. Any noninstructional employee employed upon the recommendation of a personnel supervisor or another principal employed by the local school district must have been employed by the local school district at the time the superintendent was elected or appointed to office; a noninstructional employee employed under this authorization may not be paid compensation in excess of the statewide average compensation for such noninstructional position with comparable experience, as established by the State Department of Education.”

Mississippi Ethics Opinion 10-077-E, requires the School Board designate someone other than the Principal to make the employment recommendations of a spouse or child.

Mississippi Ethics Opinion 19-014-E, states no employee should work under the direct supervision of his or her relative, this would be a violation of *Section 25-4-105(1), Mississippi Code Annotated (1972)*.

Finding Detail: During the review of the School District’s Board minutes and related party memos, the auditors noted the following exceptions:

- One Principal supervised his spouse; and
- The Transportation Director supervised his daughter.

Failure to ensure the Principal and Transportation Director did not supervise their relatives within the first degree resulted in the violation of state law and ethics regulations. This matter has been turned over to the Mississippi Ethics Commission.

Recommendation: We recommend the Attala County School District ensure compliance by assuring all supervisory roles are as required by state law and the Mississippi Ethics Commission.

District’s Response: The ACSD will transfer the spouse of the principal to another location as soon as possible. The Transportation Director's daughter is no longer working for the district. For the school year 22-23 the ACSD will ensure that no supervisor supervises a relative within the 1st degree.

Repeat Finding: No.

Finding 5: The School District Should Ensure Compliance with State Law over the Approval of Depositories.

Applicable State Law: *Section 29-3-113, Mississippi Code Annotated (1972)*, states, “It shall be the duty of the Board of Education to keep the principal fund invested in any direct obligation issued by or guaranteed in full as to the principal and interest by the United States of America or in certificates of deposit issued by a qualified depository of the State of Mississippi as approved by the State Treasurer. The certificates of deposits may bear interest at any rate per annum which may be mutually agreed upon but in no case shall said rate be less than that paid on passbook savings.”

Section 37-7-333, Mississippi Code Annotated (1972), requires all public funds to be placed in the depository or depositories selected by the School Board in the same manner as provided in *Section 27-105-305, Mississippi Code Annotated (1972)* for the selection of county depositories. *Section 37-7-333, Mississippi Code Annotated (1972)*, also requires the bids of the financial institutions keeping school funds be effective on July 1st of each year. Further, School Boards are allowed to advertise and accept bids for depositories, not less than once every three (3) years, when the School Board determines that it can obtain a more favorable rate of interest and less administrative processing. These deposits shall be placed on deposit with the superintendent the same as securities as required in *Section 27-105-315*.

Finding Detail: During the review of School District’s depository bids, the auditors noted the following exceptions:

- For fiscal year 2021, the Board approved The Citizens Bank as the District's depository; however, 15 of the District funds were in an unauthorized bank accounts at Renasant Bank, totaling **\$174,864**;
- For fiscal year 2022, the Board approved The Citizens National Bank as the District's depository without interest – bearing bank accounts; therefore, the sixteenth section principal funds were not able to collect interest, as required by state law.

Inadequate internal controls surrounding its depositories resulted in noncompliance with state law.

Recommendation: We recommend the Attala County School District ensure compliance by assuring to properly accept bids for depositories and ensuring all sixteenth section principal funds are within interest bearing accounts or certificates of deposits, as required by state law.

District's Response: The school board will approve all depositories. The ACSD will continue to solicit bank bids ensuring all accounts are in an interest bearing account if possible. The account that the 16th section principal funds are in is now an interest bearing account.

Repeat Finding: No.

Finding 6: The School District Should Ensure Compliance with State Law over Public Depositor's 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 2021 Public Depositor Annual Report, the auditors noted the following inaccuracies in the report submitted to the State Treasurer's Office:

- The District reported two bank accounts that did not share the District's tax ID number, totaling **\$10,118**; and
- The District failed to report three bank accounts belonging to the District, totaling **\$2,729**.

Failure to submit its Public Depositor Annual Report accurately resulted in the State Treasurer's Office having inaccurate records and noncompliance with state law. Additionally, it increases the risk that the District's total deposits may not be properly collateralized.

Recommendation: We recommend the Attala 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 end, as required by state law.

District's Response: The ACSD has received a corrected list of all accounts from the banks. The Public Depositor Annual Report has been resubmitted to the State Treasurer's Office. In the future the ACSD will ensure all accounts are listed correctly.

Repeat Finding: No.

Finding 7: The School District Should Ensure Compliance with State Law over Purchasing Expenditures.

Applicable State Law: *Section 31-7-13(b), Mississippi Code Annotated (1972)*, states that purchases which involve an expenditure of more than \$5,000 but not more than \$50,000, may be made without publishing or posting advertisement for bids, provided at least two competitive written bids have been obtained.

Section 31-7-13(c), Mississippi Code Annotated (1972), states that the District may purchase from the lowest and best bidder after advertising for two consecutive weeks in the local newspaper when the expenditure is in excess of \$50,000, exclusive of freight and shipping charges.

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

- The District did not obtain bids/quotes for two purchases, totaling **\$40,875**;
 - Southern Assistive **\$11,334**;
 - Serv-Pro **\$29,541**;
- The Board approved a vendor purchase with Premier LED, LLC for **\$54,096**; however, the total amount paid to the vendor was **\$63,018**.

Failure to obtain at least two competitive bids resulted in noncompliance with state law.

Recommendation: We recommend the Attala County School District ensure compliance by properly obtaining competitive bids for purchases, as required by state law.

District's Response: The ACSD will ensure compliance with *Section 31-7-1 (b) and (c)* by obtaining competitive bids/quotes on all purchases over \$5,000. The ACSD will ensure all change orders are approved by the School Board.

Repeat Finding: No.

Finding 8: Public Officials Should Ensure Compliance with State Law over Statements of Economic Interest.

Applicable State 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(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 testing of the School District's Statement of Economic Interest, the auditors noted the following exceptions:

- Three Board members did not file a Statement of Economic Interest for 2020; and
- Five Board members did not file a Statement of Economic Interest for 2021.

Failure to file the Statement of Economic Interest resulted in noncompliance with state law 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 Attala County School District ensure compliance by assuring School Board members file 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: The board clerk will ensure that the school board members file the Statement of Economic Interest before May 1st of each year.

Repeat Finding: No.

Finding 9: The School District Should Ensure Compliance with State Law over the Transfer of Sixteenth Section Interest Funds.

Applicable State Law: *Section 29-3-117, Mississippi Code Annotated (1972)*, states, "All expendable sixteenth section revenues to which a school district shall become entitled, as provided in *Sections 29-3-115 through 29-3-123* from annual rents, interest and other sources shall be paid into the maintenance or building fund of the school district entitled thereto on order of the board of education."

Finding Detail: During the review of the School District's sixteenth section interest funds, the auditors noted a transfer from the sixteenth section interest fund totaling **\$553,581**; however, there was no Board approval for the transfer spread upon the official Board minutes.

Failure to obtain Board approval for the transfer of sixteenth section interest funds resulted in noncompliance with *Mississippi Code Section 29-3-117*.

Recommendation: We recommend the Attala County School District ensure compliance by approving all transfers from the sixteenth section interest funds and spread upon its Board minutes, with an explanation of the transfer, as required by state law.

District's Response: Transfers between funds were board approved. The amount was not included in the minutes because the interest had not been credited to the accounts at the approval time therefore the exact amount was not known. In the future all transfers will be board approved with the amount and an explanation as to the transfer.

Repeat Finding: No.

Finding 10: The School District Should Ensure Compliance with State Law over Sixteenth Section Educable Child Lists.

Applicable State Law: *Section 29-3-121, Mississippi Code Annotated (1972)*, states, "It shall be the duty of the superintendent of each school district to make or cause to be made annual lists of the children enrolled in the schools of such district and who reside in such district, which lists shall be based upon the end of the first month enrollment required to be reported to the State Department of Education for the then current school year. The lists shall be made separately as to the townships in which such children reside. Such lists shall be filed with the superintendent of the custodial school district on or before December 31 of each year and the lists shall be used in making the division of the available funds of each township during the ensuing calendar year as provided by *Section 29-3-119, Mississippi Code Annotated (1972)*."

Finding Detail: During the review of the School District's educable child lists, the auditor noted the District did not file an educable child list with Yazoo County School District by December 31, 2020.

Failure to file the educable child list with the custodial school district could result in forfeiting funds that the District would otherwise be entitled to and resulted in noncompliance with state law.

Recommendation: We recommend the Attala County School District ensure compliance by assuring all educable child lists are prepared and filed with the Superintendents of custodial districts by December 31st of each year, as required by state law.

District's Response: We were not aware that this was a shared section; however, now that we know, we have shared our educable child list of 0 students with Yazoo County School District. We will continue to share our list each year.

Repeat Finding: No.

Finding 11: 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 nine tested:

- Eight Form 4Bs did not have evidence of being filed with PERS; and
- Two Form 4Bs did not have evidence of a complete retirement date.

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 Attala County School District ensure compliance by properly completing and filing Form 4Bs with PERS, as required by state law and regulations.

District's Response: The ACSD will ensure that the Form B forms are completed within 5 days of the board approving the retirees for rehire. These forms will be faxed in and a fax journal will be printed as evidence that they were filed within the 5 days.

Repeat Finding: No.

Finding 12: The School District Should Ensure Compliance with State Law over Surety Bonds.

Applicable State Law: *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 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 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.

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

- One Board member’s bond was a rider; instead of an official bond; and
- The Business Manager’s bond was not filed in the Chancery Clerk’s office.

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, and failure to file surety bonds with the County’s Chancery Clerk’s office resulted in noncompliance with state law.

Recommendation: We recommend the Attala County School District ensure compliance 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. Additionally, the Board should ensure all bonds for employees’ and officials’ bonds are filed with the Chancery Clerk’s office.

District’s Response: This has been corrected. The board member who had a rider with a termination date now has a new bond with a termination date at the end of the elected term. The Business Manager's bond has been filed in the Chancery Clerk's office. Moving forward the ACSD will ensure that all bonds coincide with the elected term and that all bonds are recorded with the Chancery Clerk's office.

Repeat Finding: No.

End of Report

Superintendent: Kyle Hammond
100 Courthouse Building, Suite 3
Kosciusko, MS 39090
Phone: 662-289-2801
Fax: 662-289-2804



Board Members
Vernita Rayford, Pres.
Janice Dees, Sec.
Shelia Rone
Cody Whittington
Jeffery Perteet

COMPLIANCE REVIEW FINDINGS

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

February 28, 2023

Dear Mr. White:

The Attala County School District has reviewed the report of findings from the Limited Internal Control and Compliance Review conducted for the fiscal year ending June 30, 2021. Below you will find the responses and corrective action plans.

AUDIT FINDINGS:

Finding 1: The School District should strengthen internal controls over activity fund cash receipts and deposits.

Response: The Attala County School District will strengthen internal controls over activity funds cash receipts and deposits.

Corrective Action Plan:

- A. Training will be conducted instructing principals to deposit all game monies within 24 hours of receipt. When game tickets are being sold and ticket buyers are donating their change to the school, the donations will be recorded on the game ticket sheet. The event sheet was not located due to the fact the game was cancelled. Documentation was available for review to substantiate the cancellation.
- B. The business manager, Cherie Joiner, will be responsible for instructing principals and school secretaries.
- C. Training was conducted January 5th, 2022.

Finding 2: The School District should strengthen internal controls over deposits and ensure compliance with state laws over sixteenth section lease deposits, payment, and taxes.

Response: The School District will ensure that deposits are made in a timely manner. The ACSD will ensure taxes are current and any lease over 60 days late will be recommended for termination to the school board, unless extenuating circumstances are present.

Corrective Action Plan:

- A. All lease payments will be deposited within 24 hours of receipt. Written requests are now required if an extension is requested. Otherwise, the lease will be terminated.

Communication will be made with the tax collector on a regular basis to ensure taxes are current on all leases.

- B. The 16th section land manager, Dawn Hodges, is responsible for ensuring this is corrected.
- C. This has been completed as of January 1st, 2022.

Finding 3: The School District should strengthen internal controls and ensure compliance with state laws over bank reconciliations.

Response: The ACSD will implement procedures to ensure that all bank statements are reconciled timely and properly to the district's general ledger.

Corrective Action Plan:

- A. The payroll clearing bank reconciliation report will be presented and approved by the school board after the payroll accrual entries are made.
The school secretaries received additional training on January 5th, 2022, and before the beginning of each school year.
- B. The school business manager, Cherie Joiner, will complete this training each year and ensure that all school activity funds are reconciled in a timely manner.
- C. This has been completed as of January 5th, 2022.

Finding 4: The School District should ensure compliance with state law over ethics.

Response: The ACSD will comply with state law by ensuring no supervisor supervises a relative within the 1st degree.

Corrective Action Plan:

- A. The spouse of the principal has been transferred to another school. The transportation director's daughter is no longer employed by the school district.
- B. The superintendent, Kyle Hammond, made the transfer.
- C. This was completed before the 22-23 school year began.

Finding 5: Depositories

Response: The ACSD concurs with the finding.

Corrective Action Plan:

- A. The school board will approve all depositories and ensure that all 16th section funds are in an interest bearing account.
- B. Cherie Joiner, business manager
- C. May 2022

Finding 6: Public Depositor's Annual Report

Response: The ACSD concurs with the finding.

Corrective Action Plan:

- A. The ACSD has received a corrected list of all accounts from the bank. The annual report has been resubmitted to the State Treasurer's Office. In the future ACSD will ensure all accounts are listed correctly.
- B. Cherie Joiner, Business Manager
- C. September 2021

Finding 7: The school district should ensure compliance with state law over purchasing expenditures

Response: The school district will ensure compliance with *Section 31-7-1 (b) and (c)* by obtaining competitive bids/quotes on all purchases over \$5,000. The school district will ensure all change orders are approved by the school board.

Corrective Action Plan:

- A. The school district will ensure compliance with *Section 31-7-1 (b) and (c)* by obtaining competitive bids/quotes on all purchases over \$5,000. The school district will ensure all change orders are approved by the school board.
- B. Cherie Joiner, business manager
- C. Immediate and ongoing

Finding 8: Public Officials should ensure compliance with state laws over Statements of Economic Interest.

Response: The ACSD concurs with the finding.

Corrective Action Plan:

- A. The board clerk will ensure that the school board members file the Statement of Economic Interest before May 1st of each year.
- B. Carolyn Patterson, board clerk.
- C. Immediate and ongoing

Finding 9: The school district should ensure compliance with state law over the transfer of 16th section interest funds.

Response: Transfers between all funds were board approved; however the amount was not included in the minutes because the interest income had not been credited to the accounts at the approval time. Therefore, the exact amount was unknown.

Corrective Action Plan:

- A. The ACSD will get board approval for the transfer of the amount of funds that are in the account at the time of the board meeting.
- B. Cherie Joiner, business manager
- C. June 2022

Finding 10: The school district should ensure compliance with state law over 16th section educable child lists.

Response: The ACSD concurs with the finding.

Correction Action Plan:

- A. The ACSD concurs with the finding.
- B. The educable child list has been shared with Yazoo County
- C. February 2023 and ongoing

Finding 11: The school district should ensure compliance with state law over reemployment of retired public employees.

Response: The ACSD concurs with the finding.

Corrective Action Plan:

- A. The ACSD will fax, instead of mailing, the Form B forms with 5 days of rehire of a retiree. A fax journal will be printed as proof that the forms were filed within the five days.
- B. Cherie Joiner, business manager
- C. Immediate and ongoing.

Finding 12: The school district should ensure compliance with state law over Surety Bonds.

Response: The ACSD concurs with the finding.

Corrective Action Plan:

- A. The board member who had a rider with a termination date now has a new bond with a termination date at the end of the term. The business managers bond has been filed in the county chancery clerk's office. In the future ACSD will ensure that all bonds coincide with the elected term and that all bonds are recorded with the chancery clerk's office.
- B. Cherie Joiner, business manager
- C. Action has been completed.

Sincerely,

A handwritten signature in black ink, appearing to read "Kyle Hammond", with a stylized flourish at the end.

Kyle Hammond
Superintendent of Education