

COPIAH COUNTY SCHOOL DISTRICT MISSISSIPPI

COMPLIANCE REPORT

Limited Internal Controls 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

Limited Internal Control and Compliance Review Management Report

Copiah County School District
254 West Gallatin Street
Hazlehurst, MS 39083

Dear Copiah County School Board:

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

1. Ensure Compliance with State Law over Monthly Financial Reports;
2. Ensure Compliance with State Law over Board – Approved Contracts;
3. Ensure Compliance with State Law over Sixteenth Section Lease Payments and Taxes; and
4. Ensure Compliance with State Law over Reemployment of Retired Public Employees.

Please review the recommendations and submit a plan to implement them by **November 15, 2022**. 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 Copiah 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 Copiah 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.

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**.

INSTANCES OF NONCOMPLIANCE WITH STATE LAW

Finding 1: The School District Should Ensure Compliance with State Law over Monthly Financial Reports.

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

Mississippi State Board of Education Manual, Section B: Miscellaneous Issues, Timeliness, states, "It is imperative that all financial statements and supporting documentation be maintained on a timely basis and include accurate and reliable information. All records and reports should be completed and file by the end of the following month, unless other requirements apply."

Finding Detail: During the review of School District's Board minutes, the auditors noted the financial reports for July 2020 through June 2021 were not properly and timely submitted to the School Board monthly. The monthly financial statements were approved more than one month after the end of their respective month. Additionally, the May 2021 financial reports were not submitted to the Board.

Failure to submit financial reports to the School Board monthly could result in the loss or misappropriation of public funds.

Recommendation: We recommend the Copiah County School District ensure compliance by submitting financial reports to the School Board monthly, as required by state law.

District's Response: Due to the fact that our monthly board meetings are the first Monday of each month, we do not have ample time to reconcile bank statements to produce the previous month's reports, therefore, the District will work with the School Board to ensure reports are submitted in a timely manner.

Repeat Finding: No.

Finding 2: The School District Should Ensure Compliance with State Law over Board – Approved Contracts.

Applicable State Law: *Section 37-9-37, Mississippi Code Annotated (1972)*, states, “The amount of salary to be paid any superintendent, principal, or licensed employee shall be fixed by the school board, provided that the requirements of Chapter 19 of this title are met as to superintendents, principals, and licensed employees paid in whole or in part from minimum education program funds. In employing such superintendents, principals and licensed employees and in fixing their salaries, the school boards shall take into consideration the character, professional training, experience, executive ability and teaching capacity of the licensed employee, superintendent or principal. It is the intent of the Legislature that whenever the salary of the school district superintendent is set by a school board, the board shall take into consideration the amount of money that the district spends per pupil, and shall attempt to insure that the administrative cost of the District and the amount of the salary of the superintendent are not excessive in comparison to the per pupil expenditure of the district.”

Finding Detail: During the testing of the School District’s contracts, the auditors noted that the Assistant Superintendent for Curriculum & Instruction earned more than his contracted amount, totaling **\$993**.

Failure to pay the District’s employees according to the Board – approved salary scale resulted in noncompliance with state law.

Recommendation: We recommend the Copiah County School District ensure compliance by assuring all salaries paid to District’s employees do not exceed the contract or scale amount approved by the School Board, as required by state law.

District’s Response: Management agrees with the finding. District employees will be paid salaries identical to the salary scales approved by the Board of Education.

Repeat Finding: No.

Finding 3: The School District Should Ensure Compliance with State Law over Sixteenth Section Lease Payments and Taxes.

Applicable State Law: *Section 29-3-57, Mississippi Code Annotated (1972)*, states, “The superintendent of education shall keep a current docket as to the expiration date of all leases on sixteenth section lands; likewise, he shall keep a correct current docket upon the existing leases or any extensions thereof as to the amounts and time of payment of rentals provided for by such lease. It shall be the duty of the superintendent of education to collect promptly all rentals due and all principal and interest due upon loans and investments of sixteenth section funds. 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:

- Two lease payments were more than 60 days late; however, the leases were not canceled; and
- Taxes were not current on one lease agreement; however, the lease agreement was not terminated.

Failure to terminate lease agreements due to non-payment and/or late payment of lease agreements and taxes resulted in noncompliance with state laws and regulations.

Recommendation: We recommend the Copiah County School District ensure compliance by assuring lease payments are made within 60 days, and taxes are current on all sixteenth section land, as required by laws and regulations.

District's Response: The District will work to ensure that all lease payments are received timely and will be cancelled if they are more than 60 days late. The District will also work to ensure taxes are current on all leases or terminate the lease agreement.

Repeat Finding: No.

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

Applicable State Law: *Section 25-11-127 (1)(a), Mississippi Code Annotated (1972)*, states, "No person who is being paid a retirement allowance or a pension after retirement under this article shall be employed or paid for any service by the State of Mississippi, including services as an employee, contract worker, contractual employee or independent contractor, until the retired person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement. After the person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement or such later date as established by the board, he or she may be reemployed while being paid a retirement allowance under the terms and conditions provided in this section."

Section 25-11-127(4)(a)(b), Mississippi Code Annotated (1972), states, "The provisions of this section shall not be construed to prohibit any retiree, regardless of age, from being employed and drawing a retirement allowance either: (a) For a period of time not to exceed one-half (½) of the normal working days for the position in any fiscal year during which the retiree will receive no more than one-half (½) of the salary in effect for the position at the time of employment, or (b) For a period of time in any fiscal year sufficient in length to permit a retiree to earn not in excess of twenty-five percent (25%) of retiree's average compensation."

Finding Detail: Based on the testing of the School District's PERS Form 4Bs, the auditors noted the following exceptions:

- Two PERS retirees were overpaid the salary allowed by PERS, totaling **\$2,452.06**; and
- Nine PERS Form 4Bs did not have evidence of a retirement date; therefore, auditors were unable to verify if the retirees met the 90-day requirement.

Failure to have adequate controls over the rehire of retirees resulted in noncompliance with state law.

Recommendation: We recommend the Copiah County School District ensure compliance by implementing adequate internal controls to ensure rehired retirees are properly paid and all PERS Form 4Bs are properly completed, as required by state law.

District's Response: The District will work to ensure PERS Form 4B's are submitted timely and each retired employee dollar limitation is not exceeded.

Repeat Finding: No.

End of Report

COPIAH COUNTY SCHOOL DISTRICT

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RICKEY CLOPTON, SUPERINTENDENT

254 W. GALLATIN – HAZLEHURST, MISS. 39083

COMPLIANCE REVIEW FINDINGS

November 14, 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 Copiah 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, 2021. Enclosed for your review are the responses and corrective action plans.

Finding 1: Compliance with State Law over Monthly Financial Reports

Finding Detail: Financial reports for July 2020 through June 2021 were not properly and timely submitted to the School Board monthly. Additionally, the May 2021 reports were not submitted to the board.

Response: The District understands the finding and will work with the School Board to complete financial reports as required.

Corrective Action Plan

- a. The District is working with the School Board on change of meeting date and with the depositories on submission of earlier reports.
- b. Responsible Person: Rickey Clopton, Superintendent
- c. Once the School Board decides.

Finding 2: Compliance with State Law over Board Approved Contracts

Finding Detail: The Assistant Superintendent for Curriculum & Instruction earned more than his contracted amount, totaling \$993.

Response: The District concurs with the finding and will pay salaries according to the salary scale approved by the School Board of Education.

Corrective Action Plan

- a. The Superintendent in calculating salaries will use the scale that has been approved by the School Board.
- b. Responsible Person: Rickey Clopton, Superintendent
- c. This item has been corrected.

Finding 3: Compliance with State Law over Sixteenth Section Leases Payments and Taxes.

Finding Detail:

- Two lease payments were more than 60 days late and not cancelled.
- Taxes were not current on one lease agreement, and it was not terminated.

Response: The District concurs with the finding and has implemented internal controls to ensure that leases more than 60 days late are submitted to the School Board for cancellation and any leases with delinquent taxes will be terminated.

Corrective Action Plan

- a. The Sixteenth Section Manager and the District's Secretary are reviewing leases monthly to ensure leases are paid timely. Leaseholders are notified when payments are becoming due. If lease payments are more than 60 days late, the leases are presented to the School Board at the next regular scheduled board meeting for approval to accept or for consideration of cancellation. Taxes are also monitored and if delinquent, they are submitted to the School Board for termination.
- b. Responsible Person: Rickey Clopton, Superintendent
- c. This item has been corrected.

Finding 4: Compliance with State Law over Reemployment of Retired Public Employees.

Finding Detail:

- Two PERS retirees' salaries were overpaid in the total amount of \$2,452.06
- Nine PERS Form 4Bs did not have a retirement date

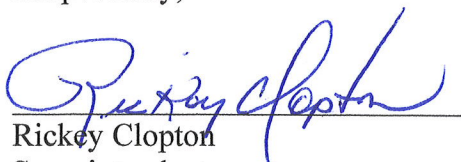
Response: The District concurs with the findings and will work to ensure that all PERS forms 4Bs are not exceeding dollar limitations and each retirees form has a retirement date.

Corrective Action Plan

- a. The Payroll Department informs retirees during the rehiring process their dollar limitation. They are notified by the Payroll Department when they are approaching their dollar limitation amount allowed by PERS. The Payroll Department is verifying that the retirement date is on all form 4Bs.
- b. Responsible Person: Rickey Clopton, Superintendent
- c. This item has been corrected.

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

Respectfully,


Rickey Clopton
Superintendent