

GREENE COUNTY SCHOOL DISTRICT MISSISSIPPI

COMPLIANCE REPORT

Limited Internal Control and Compliance Review
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

Greene County School District
530 Main Street
Leakesville, MS 39451

Members of Greene County School Board:

Enclosed for your review are the Limited Internal Control and Compliance Review Findings for the Greene County School District for the fiscal year 2021. In these findings, the Auditor's Office recommends Greene 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 Budget Preparation and Approval;
3. Strengthen Internal Controls and Ensure Compliance with State Law over Booster Clubs;
4. Ensure Compliance with State Law over Monthly Financial Reports;
5. Ensure Compliance with State Law over Sole – Source Purchases;
6. Ensure Compliance with State Law over Obtaining Quotes for Purchases Over \$5,000 But Not Over \$50,000;
7. Ensure Compliance with State Law over Nepotism;
8. Ensure Compliance with State Law over Recommendation of Superintendent Recommendations and Ethics;
9. Ensure Compliance with State Law over Statements of Economic Interest;
10. Ensure Compliance with State Law over Sixteenth Section Lease Payments, Taxes and Appraisals;
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 **November 16, 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 Greene 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 *Greene 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 over financial reporting that we consider to be a *material weakness* in internal control and certain deficiencies in internal control that we consider to be *significant deficiencies* in internal control. These matters are noted under the headings **SIGNIFICANT DEFICIENCY**. We also identified another deficiency that we have noted under the heading **OTHER CONTROL DEFICIENCY** and **NONCOMPLIANCE WITH STATE LAW**.

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 review of the School District's activity fund deposits and receipts, the auditors noted the following exceptions out of 16 tested:

- Seven instances where there were no beginning and/or ending ticket numbers noted on ticket sale sheet; therefore, auditors were unable to determine the number of tickets sold;
- Three game deposits were between four to 17 business days after monies were receipted; and
- There was a net overage of **\$20** between deposits and ticket sales for varsity football and basketball games.

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 Greene County School District strengthen internal controls over activity funds by enforcing policies and procedures to ensure receipts from all activity are safeguarded, adequately recognized, and recorded.

District's Response: The District will review proper procedures with all employees involved in the process and strengthen internal controls to ensure proper receipting and depositing.

Repeat Finding: No.

OTHER DEFICIENCY AND INSTANCES OF NONCOMPLIANCE WITH STATE LAW

Finding 2: The School District Should Strengthen Internal Controls and Ensure Compliance with State Law over Budget Preparation and 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 Law: *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..."

Finding Detail: During the review of the School District's budgeting expenditures for fiscal year 2021, the auditors noted the following exceptions:

- The District's actual expenditures for Fund 2213 (School Improvement) and Fund 4022 (2010 Three Mill Levy) exceeded budgeted expenditures in the amount of **\$17,925**;
- On June 8, 2020, the Board approved the 2020-2021 original budget that included four funds reflecting a projected negative fund balance at year end, totaling **\$60,248**; and
- On October 11, 2021, the Board approved the 2020-2021 amended budget that included the following seven funds reflecting a negative fund balance at year-end, totaling **\$117,389**:
 - Title I (2211) – **(\$18,058)**;
 - School Improvement (2213) – **(\$40)**;
 - Elem & Sec School Emergency Relief (2590) – **(\$9,940)**;
 - MS Pandemic Response Broadband (2593) – **(\$67,448)**;
 - ESSER – CTE (2597) – **(\$9,409)**;
 - Preschool (2610) – **(\$4,191)**; and
 - Title IV (2811) – **(\$8,303)**

Failure for the District to ensure there are available resources for all expenditures could result in deficit fund balances.. The approval of the fund budgets with ending deficit fund balances is in violation of state law; however, the actual fund balances at June 30, 2021 were not negative.

Recommendation: We recommend the Greene County School District ensure compliance with by strengthening controls over ensuring all funds have available resources before expenditures are approved and spread upon the Board minutes, as required by state law. A thorough review of such budgets should be made prior to presentation to the Board for approval.

District's Response: The District did ensure that all available resources were available as indicated that the actual fund balances were not negative on June 30, 2021. The district will work to make the board aware of this issue to ensure that that funds continue to have available resources.

Repeat Finding: No.

Auditor's Response: Approving budgets that are negative even though the fund balances are not actually negative is a separate issue of noncompliance and is also a violation of state law. An accurate representation of the District's budgets should be presented to the School Board.

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

Internal Control Deficiency: Management is responsible for properly safeguarding the assets of the District. The School Board of each public-school district is required to develop policies and establish policies that comply with booster club requirements.

School Board Policy, Section J – Students, JHA Booster Clubs, requires that Booster clubs cannot utilize the District's tax identification number. The booster club should submit to the Principal by August 1st annually the list of the booster club's officers - current and prior year, annual financial report current and prior year, and minutes of the meetings. Fundraisers should be approved by the Principal. No District employees may be an officer of the Booster Club.

Applicable State Law: *Attorney General Opinion 1988 WL 250239*, states, "If the organizations' funds are not commingled in a bank account with existing activity funds, it is the opinion of this office that the organizations' funds are private funds. Furthermore, if the school board is its discretion deems the organizations' function to be beneficial to official or extracurricular school programs, the organization shall not be required to make any payment to the school for the use of any school facility. Finally, the organizations' monies, so long as not commingled, are private funds and the local school board would have no responsibility for auditing or accounting such funds.

Finding Detail: During the review of the School District's booster clubs, the auditors noted the following exceptions out of 77 clubs:

- Officers were not presented to the Principals, by August 1st;
- Financial Statements were not presented to the Principals by August 1st;
- Two District employees were noted as officers on two of the High School's booster clubs; and
- Signors on all booster club bank accounts were the Superintendent, Business Manager, and Principals.

Failure to present the officers, financial statements, and ensure employees were not officers in the District's booster clubs is a violation of the District's Board policy. Also, due to the Board's responsibility taken in regards to these booster clubs, the District is in violation of the *Attorney General Opinion 1988 WL 250239*.

Recommendation: We recommend the Greene County School District strengthen internal controls and ensure compliance by ensuring the booster club funds are removed from the District and the Superintendent, Business Manager, and Principals are removed as signors on the booster club bank accounts.

District's Response: The District has recently changed its policy and will ensure that all officers and financial statements from each booster be presented to the Principals/Superintendent/Board of Education by August of each year. The two school employees were removed as officers. The district will ensure that employees, including substitutes, are not officers of any

booster club. Additionally, the district is already in the process of removing the District, Superintendent, Business Manager, and Principals as signors on these accounts.

Repeat Finding: No.

INSTANCES OF NONCOMPLIANCE WITH STATE LAW

Finding 4: The School District Should Ensure Compliance with State Law over Monthly Financial Reports.

Applicable State Law: *Section 37-9-18(1) (a), Mississippi Code Annotated (1972)*, states, “The State Board of Education shall promulgate rules and regulations concerning the type of financial reports required to be submitted by the superintendent of schools to the local school board, and the frequency with which the reports shall be submitted by the superintendent of schools to the local school board, and the frequency with which the reports shall be submitted.”

Mississippi State Board of Education Policy Manual, Chapter 71, Rule 71.3, Required Monthly Reports to be Furnished to Local School Board states that, “at minimum, the Superintendent should provide reconciled bank statements, a statement of revenues and expenditures, current budget status, a cash flow statement by month, and a combined balance sheet or current fund equity balances.”

Finding Detail: During the review of the School District’s Board minutes, the auditors noted that the required monthly financial reports for June 2020 through July 2021 were not presented to the School Board.

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

District’s Response: The district has made changes to ensure the reports are submitted to the board monthly and properly recorded in the minutes.

Repeat Finding: No.

Finding 5: The School District Should Ensure Compliance with State Law over Sole – Source Purchases.

Applicable State Law: *Section 31-7-13(b) Mississippi Code Annotated (1972)*, states, “Purchases which involve an expenditure of more than Five Thousand Dollars (\$5,000.00) but not more than Fifty Thousand Dollars (\$50,000.00), exclusive of freight and shipping charges, may be made from the lowest and best bidder without publishing or posting advertisement for bids, provided at least two (2) competitive written bids have been obtained.”

Attorney General Opinion No. 2012-00158, “The ultimate goal of the public purchasing statute, found at *Mississippi Code Annotated Section 31-7-13*, is to encourage competition to ensure efficiency and economy in purchases made by public entities. In fact, *Section 31-7-13(c) (iv)(1)* specifically prohibits a public entity from writing bid specifications that exclude comparable equipment. However, clearly, the Legislature intended, in its adoption of *Section 31-7-13(c) (iv) (1)*, to create an exemption to that prohibition. *Section 31-7-13(c) (iv) (1)* provides the following: Specifications pertinent to such bidding shall be written so as not to exclude comparable equipment of domestic manufacture. However, if valid justification is presented, the Department of Finance and Administration or the board of a governing authority may approve a request”

Finding Detail: During the review of the School District’s purchasing and review of the Board minutes, the auditors noted the Board Members approved one sole – source purchase totaling **\$5,400**; however, the vendor was not a sole source.

Failure by the School District to advertise purchases for competitive bids or properly approve sole-source purchases resulted in the District's noncompliance with state purchasing laws.

Recommendation: We recommend the Greene County School District ensure compliance with *Mississippi Code Section 31-7-13(b) or 31-7-13(m)(viii)* by properly obtaining competitive bids/quotes or approving and obtaining documentation for valid sole-source purchases for purchases over **\$5,000** but less than **\$50,000**. Additionally, the Board should spread these actions upon its minutes.

District's Response: The District had the documentation for the purchase as an exhibit. However, the minutes were not written to properly reflect this. The district will work to improve its minutes to properly reflect actions taken by the board. It will also reemphasize the purchasing requirements around sole source approvals. The district will update its purchasing processes to include verification on approvals from MDE or DFA for all sole source listed requests.

Repeat Finding: No.

Finding 6: The School District Should Ensure Compliance with State Law over Obtaining Quotes for Purchases Over \$5,000 But Not Over \$50,000.

Applicable State Law: *Section 31-7-13(b), Mississippi Code Annotated (1972)*, states, "Purchasing which involve an expenditure of more than Five Thousand Dollars (\$5,000.00) but not more than Fifty Thousand Dollars (\$50,000.00), exclusive of freight and shipping charges, may be made from the lowest and best bidder without publishing or posting advertisement of bids, provided at least two (2) competitive written bids have been obtained.

Finding Detail: During the review of the School District's purchase expenditures, the auditors noted one vendor purchase did not have quotes or bids, totaling **\$8,600**.

Failure to obtain at least two competitive bid/quotes resulted in noncompliance with state law.

Recommendation: We recommend the Greene County School District ensure compliance by properly obtaining at least two bids for purchases over **\$5,000** but not over **\$50,000**, as required by state law.

District's Response: The District contacted other vendors to receive quotes on the products and installation. Only one responded and was able to get it installed in a timely manner before the start of the softball season. However, the district will ensure compliance in the future by making sure that two competitive bids are received for purchases over \$5,000 but not over \$50,000.

Repeat Finding: No.

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

Applicable State Law: *Section 37-9-21, Mississippi Code Annotated (1972)*, states, "It shall be illegal for any superintendent, principal or other licensed employee to be elected by the school board if such superintendent, principal or licensed employee is related within the third degree by blood or marriage according to the common law to a majority of the member of the school board. No member of the school board shall vote for any person as a superintendent, principal or licensed employee who is related to within the third degree by blood or marriage or who is dependent upon him in a financial way. Any contract entered into in violation of the provisions of this section shall be null and void." *Section 25-4-29(1)(a), Mississippi Code Annotated (1972)*, states, "Every incumbent public official required by paragraphs (a), (b), (d) and (e) of

Section 25-4-25 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.”

Mississippi Ethics Opinion 14-050-E, requires a board member must recuse himself or herself from any matter which would result in a pecuniary benefit to the child or in law *Section 25-4-105(1)*. This recusal requires the Board Member leave the room until after the completion of the vote of the relative and this action must be spread upon the minutes.

Finding Detail: During the review of the School District’s Board minutes, the auditors noted the minutes reflected two Board members did not approve the certified contracts of their in-laws; however, the minutes did not reflect the Board Members recusal.

Failure of Board minutes not reflecting the two Board members from recusing themselves during the vote for relatives resulted in the violation of *Mississippi Ethics Opinion 14-051-E* and *Mississippi Code Section 37-9-21*.

Recommendation: We recommend the Greene County School District ensure compliance with *Mississippi Ethics Opinion 14-051-E* and *Mississippi Code Section 37-9-21*, by recusing themselves during the vote of relatives and spreading these actions upon its minutes.

District’s Response: The Board Members did recuse themselves from the room. The recommendation and vote took place and they did not return to the room until the matter was over. This was shown by their absence in the voting record. However, as stated, the minutes did not accurately reflect this. The district is already conducting internal training to make sure that our minutes accurately reflect the actions of the Board.

Repeat Finding: No.

Finding 8: The School District Should Ensure Compliance with State Law over Superintendent Recommendations and Ethics.

Applicable State Law: *Section 25-4-105(1)*, *Mississippi Code Annotated (1972)*, prohibits a school superintendent from using his or her position to obtain or attempt to obtain any pecuniary benefit for his or her spouse or other “relative,” as that term defined in *Section 25-4-103(q)*.

Section 37-9-17(1), *Mississippi Code Annotated (1972)*, states, “It shall be illegal for any superintendent, principal or other licensed employee to be elected by the school board if such superintendent, principal or licensed employee is related within the third degree by blood or marriage according to the common law to a majority of the member of the school board. No member of the school board shall vote for any person as a superintendent, principal or licensed employee who is related to within the third degree by blood or marriage or who is dependent upon him in a financial way. Any contract entered into in violation of the provisions of this section shall be null and void.” *Section 25-4-29(1)(a)*, *Mississippi Code Annotated (1972)*, states, “Every incumbent public official required by paragraphs (a), (b), (d) and (e) of *Section 25-4-25* 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.”

Mississippi Ethics Opinion 10-077-E, requires: “If the school board’s designee recommends the superintendent’s spouse for employment in an eligible position, then the superintendent must fully recuse himself from the matter to comply with *Section 25-4-105(1)* ... Furthermore, the minutes of the meeting should state the superintendent left the room before the matter came before the school board and did not return until after the vote.”

Finding Detail: During the review of the School District's Board minutes, the auditors noted the Superintendent's wife was approved by the School Board; however, the minutes did not reflect who recommended her to the Board, recusal was not recorded upon the minutes, and the Superintendent's return to the Board meeting after the vote on his spouse.

Failure of the District not spreading upon the minutes the recusal of the Superintendent and all actions in regards to the recommendation and approval of his spouse in the Board minutes resulted in the violation of Mississippi Ethics and laws.

Recommendation: We recommend the Greene County School District's Board ensure compliance with *Mississippi Ethics Opinion 10-077-E* and *Mississippi Code Section 37-9-17(1)* and *25-4-105(1)*, by recusing themselves during the vote of relatives within the third degree.

District's Response: The Superintendent did recuse himself from the room. The Board's Designee did recommend the Superintendent's wife. A vote was taken and the Superintendent did not return to the room until the matter was over. However, as stated, the minutes did not accurately reflect this. The district is already conducting internal training to make sure that our minutes accurately reflect the actions of the Board.

Repeat Finding: No

Finding 9: The School District 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 review of the School District's Statements of Economic Interest, the auditors noted the following exceptions:

- Two Board members filed after May 1, 2021;
- One Board member did not file for 2021; and
- One Board member has not filed since 2017.

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

Recommendation: We recommend the Greene County School District ensure compliance by ensuring Board members file the 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 latest filing for State of Economic Interest is for year 2020 which was due May 1, 2021. Records from the Ethics Commission show that three board members were late filing for a total of 27 days. One board member did

not file and one board member filed on time. The district will begin notifying board members earlier in the year to make sure these statements are properly filed.

Repeat Finding: No.

Finding 10: The School District Should Strengthen Internal Controls and Ensure Compliance with State Law over Sixteenth Section Lease Payments, Taxes, and Appraisals.

Applicable State Law: *Section 27-35-71, 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.”

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 29-3-65, Mississippi Code Annotated (1972), states, “One (1) year prior to the date, when any such lands, not subject to competitive bid procedures, shall become available for lease, the board of education shall appoint a competent appraiser to appraise the land and report to the board his recommendation for the fair market rental amount. The board shall then determine whether the same be a reasonable amount, and shall grant the lease pursuant to *Section 29-3-63*.”

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

- Five lease payments were 65 to 171 days late; however, the lease agreements were not cancelled;
- Taxes were not current on one lease agreement; however, the lease agreement was not cancelled;
- One lease agreement did not have a lease payment made for the current year;
- Three leaseholders are deceased; therefore, the District had not received revenue for the lease agreement and the taxes were not being paid. However, the lease agreements had not been cancelled;
- One leaseholder vacated the premises of the leased property. The District had not received revenue for the lease agreement and the taxes were not paid; however, the lease agreement was not cancelled; and
- Eight lease agreement files did not include documentation of an appraisal.

Failure to terminate lease agreements due to non-payments of rental payments, receipt rental payments, and appoint appraisers resulted in noncompliance with state laws and regulations.

Recommendation: We recommend the Greene County School District ensure compliance by ensuring lease payments are made within 60 days, taxes are paid by February 1st, and an appraisal is appointed one year before the rental of sixteenth section land, as required by state law. Also, the District should strengthen procedures to ensure the District does not have leases where the leaseholders have vacated and/or are deceased.

District's Response: The district will implement procedures to ensure leases are referred to the board for cancellation if not paid in 60 days and/or if the taxes are not paid by February 1st. Additionally, the district will work to ensure that documentation of appraisals of 16th section lands are complete as required.

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 (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: During the review of the School District's PERS Form 4Bs, the auditors noted the following exceptions out of 11 tested:

- One retiree was paid more than the allowed salary by PERS, totaling **\$3,975**; and
- One retiree's retirement date was not recorded on the Form 4B.

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

Recommendation: We recommend the Greene 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 was not aware that Form 4B was required five (5) days from the date of hiring rather than from the date of beginning employment. The retiree that was listed as overpaid is because of the timing of the reported pay. Our records for the fiscal year do not show an overpayment of **\$3,975**. This overage amount shown by the finding is due to how reporting is done to PERS.

Repeat Finding: No.

Auditor's Response: The overpayment was calculated using the taxable wages report and the salary amount noted on the PERS Form 4Bs that were provided by the District. This difference in the amounts noted in the documents provided to OSA resulted in the overpayment of **\$3,975**.

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

Applicable State Law: *Mississippi Attorney General Opinion Harold C. Middleton April 26, 1996*, requires individual bonds are required for Board Members, Superintendents, and Purchasing Agents since the statutes requiring such bonding refers to “a” bond.

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

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

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

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

- Two Purchase Agents were included on the District’s blanket bond;
- Individual names and positions were not listed on the face of the blanket bond for Purchase Agents, five Principals, and two Directors; and
- The total amount of the blanket bond for the two Purchase Agents, five Principals, and two Directors was not sufficient.

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 Greene County School District ensure compliance by bonding Purchasing Agents individually, as required by state law. Also, the District should ensure that all employees covered under the blanket bond are names and positions are listed individually and the bond has sufficient coverage.

District’s Response: The District has already corrected this to ensure that the purchasing agents are bonded individually and that those under the blanket bond are listed individually with sufficient coverage.

Repeat Finding: No.

End of Report



Charles L. Breland, Superintendent of Education

Board of Education: Curtis Hill, Shannon Denmark, Dorothy Clark, Sue Eubanks and Robin McCoy

COMPLIANCE REVIEW FINDINGS

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

November 10, 2022

Dear Mr. White:

The Greene County School District appreciates the opportunity to respond to the findings of our latest compliance audit. Please find our response below.

AUDIT FINDINGS:

The School District Should Strengthen Internal Controls over Activity Fund Cash Receipts and Deposits.

Response: The District concurs with the finding and will review proper procedures with all employees involved in the process of receipting and depositing funds in order to strengthen internal controls.

Corrective Action Plan:

- A. The district held a meeting on November 9th with all principals and school bookkeepers. Current board policy was reviewed. All procedures and internal controls were discussed. Event form was revised to strengthen internal controls surrounding cash events.
- B. George Hedgepeth, Charles L. Breland
- C. November 9, 2022
- D. n/a

Signed

Charles L. Breland, Superintendent
Greene County School District



Charles L. Breland, Superintendent of Education

Board of Education: Curtis Hill, Shannon Denmark, Dorothy Clark, Sue Eubanks and Robin McCoy

COMPLIANCE REVIEW FINDINGS

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

November 10, 2022

Dear Mr. White:

The Greene County School District appreciates the opportunity to respond to the findings of our latest compliance audit. Please find our response below.

AUDIT FINDINGS:

Strengthen Internal Controls and Ensure Compliance with State Law over Budget Preparation and Approval

Response: The District concurs that there were negative budget balances. State law 37-61-19 states "limit the expenditure of school funds during the fiscal year to the *resources available*". The district has interpreted this to include fund balance, cash on hand, etc. Nonetheless, the district has put in place an end of year budget reconciliation process for expenditure budgets.

Corrective Action Plan:

- A. Put in a place a budget reconciliation process for all expenditure budgets at the end of each fiscal year
- B. George Hedgepeth
- C. Completed for Fiscal year 22 and Ongoing
- D. n/a

Signed

Charles L. Breland, Superintendent
Greene County School District



Charles L. Breland, Superintendent of Education

Board of Education: Curtis Hill, Shannon Denmark, Dorothy Clark, Sue Eubanks and Robin McCoy

COMPLIANCE REVIEW FINDINGS

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

November 10, 2022

Dear Mr. White:

The Greene County School District appreciates the opportunity to respond to the findings of our latest compliance audit. Please find our response below.

AUDIT FINDINGS:

Strengthen Internal Controls and Ensure Compliance with State Law over Booster Clubs

Response: The District concurs with the findings surrounding Booster Clubs. The district has changed its policy and met with principals and bookkeepers to strengthen internal controls and review compliance of the revised board policy.

Corrective Action Plan:

- A. Met with Principals and Bookkeepers on November 9th to review revised board policy. District employees have been removed as officers and signors for booster club accounts. Officers and financials will be submitted by August 1st each year going forward per board policy.
- B. George Hedgepeth, Charles L. Breland
- C. Nov. 9th and Ongoing
- D. n/a

Signed

Charles L. Breland, Superintendent
Greene County School District



Charles L. Breland, Superintendent of Education

Board of Education: Curtis Hill, Shannon Denmark, Dorothy Clark, Sue Eubanks and Robin McCoy

COMPLIANCE REVIEW FINDINGS

Shad White, State Auditor
Office of the State Auditor
State of Mississippi
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Jackson, MS 39205-0956

November 10, 2022

Dear Mr. White:

The Greene County School District appreciates the opportunity to respond to the findings of our latest compliance audit. Please find our response below.

AUDIT FINDINGS:

Ensure Compliance with State Law over Monthly Financial Reports

Response: The District concurs with the findings and has already corrected this finding.

Corrective Action Plan:

- A. All required financial reports have been presented to the board each month beginning July 2021.
- B. George Hedgepeth
- C. July 2021 and Ongoing.
- D. n/a

Signed

A handwritten signature in blue ink, appearing to be 'C. Breland', written over a horizontal line.

Charles L. Breland, Superintendent
Greene County School District



Charles L. Breland, Superintendent of Education

Board of Education: Curtis Hill, Shannon Denmark, Dorothy Clark, Sue Eubanks and Robin McCoy

COMPLIANCE REVIEW FINDINGS

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

November 10, 2022

Dear Mr. White:

The Greene County School District appreciates the opportunity to respond to the findings of our latest compliance audit. Please find our response below.

AUDIT FINDINGS:

Ensure Compliance with State Law over Sole-Source Purchases

Response: The District concurs with the findings and has already corrected this finding.

Corrective Action Plan:

- A. Ensure that every purchase of \$5,000 or more includes two comparable quotes.
- B. George Hedgepeth, Charles L. Breland
- C. July 2021 and Ongoing
- D. n/a

Signed

A handwritten signature in blue ink, appearing to read 'C. Breland', is written over a horizontal line.

Charles L. Breland, Superintendent
Greene County School District



Charles L. Breland, Superintendent of Education

Board of Education: Curtis Hill, Shannon Denmark, Dorothy Clark, Sue Eubanks and Robin McCoy

COMPLIANCE REVIEW FINDINGS

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

November 10, 2022

Dear Mr. White:

The Greene County School District appreciates the opportunity to respond to the findings of our latest compliance audit. Please find our response below.

AUDIT FINDINGS:

Ensure Compliance with State Law over Obtaining Quotes for Purchases Over \$5,000 But Not Over \$50,000

Response: The District concurs with the findings and has already corrected this finding.

Corrective Action Plan:

- A. Ensure that every purchase of \$5,000 or more includes two comparable quotes.
- B. George Hedgepeth, Charles L. Breland
- C. July 2021 and Ongoing
- D. n/a

Signed

A handwritten signature in blue ink, appearing to read "C. L. Breland".

Charles L. Breland, Superintendent
Greene County School District



Charles L. Breland, Superintendent of Education

Board of Education: Curtis Hill, Shannon Denmark, Dorothy Clark, Sue Eubanks and Robin McCoy

COMPLIANCE REVIEW FINDINGS

Shad White, State Auditor
Office of the State Auditor
State of Mississippi
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November 10, 2022

Dear Mr. White:

The Greene County School District appreciates the opportunity to respond to the findings of our latest compliance audit. Please find our response below.

AUDIT FINDINGS:

Ensure Compliance with State Law over Nepotism

Response: The District concurs with the findings that the minutes did not properly reflect the recusal of the two board members. The vote took place and the two board members in question did recuse themselves and did not return to the room until the matter was over. This was shown by their absence in the voting record. However, the minutes did not accurately state this.

Corrective Action Plan:

- A. Conduct internal training to make sure that board minutes are accurately recorded.
- B. Charles L. Breland, Dusty Turner, Amy Pettis, George Hedgepeth
- C. Fiscal Year 2022 and Ongoing
- D. n/a

Signed

A handwritten signature in blue ink, appearing to read "Charles L. Breland", is written over a horizontal line.

Charles L. Breland, Superintendent
Greene County School District



Charles L. Breland, Superintendent of Education

Board of Education: Curtis Hill, Shannon Denmark, Dorothy Clark, Sue Eubanks and Robin McCoy

COMPLIANCE REVIEW FINDINGS

Shad White, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
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November 10, 2022

Dear Mr. White:

The Greene County School District appreciates the opportunity to respond to the findings of our latest compliance audit. Please find our response below.

AUDIT FINDINGS:

Ensure Compliance with State Law over Superintendent Recommendations and Ethics

Response: The District concurs with the findings that the minutes did not properly reflect the recusal of the Superintendent. The vote took place and the Superintendent did recuse himself and did not return to the room until the matter was over. However, the minutes did not accurately state this.

Corrective Action Plan:

- A. Conduct internal training to make sure that board minutes are accurately recorded.
- B. Charles L. Breland, Dusty Turner, Amy Pettis, George Hedgepeth
- C. Fiscal Year 2022 and Ongoing
- D. n/a

Signed

A handwritten signature in blue ink, appearing to read "C. L. Breland", written over a horizontal line.

Charles L. Breland, Superintendent
Greene County School District



Charles L. Breland, Superintendent of Education

Board of Education: Curtis Hill, Shannon Denmark, Dorothy Clark, Sue Eubanks and Robin McCoy

COMPLIANCE REVIEW FINDINGS

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

November 10, 2022

Dear Mr. White:

The Greene County School District appreciates the opportunity to respond to the findings of our latest compliance audit. Please find our response below.

AUDIT FINDINGS:

Ensure Compliance with State Law over Statements of Economic Interest

Response: The District concurs with the findings and will work to notify board members of their responsibility to complete the Statement of Economic Interest Annually by May 1st.

Corrective Action Plan:

- A. Submit reminders to the board annually.
- B. Charles L. Breland. Amy Pettis
- C. Fiscal Year 2022 and Ongoing
- D. n/a

Signed

A handwritten signature in blue ink, appearing to read 'Charles L. Breland'.

Charles L. Breland, Superintendent
Greene County School District



Charles L. Breland, Superintendent of Education

Board of Education: Curtis Hill, Shannon Denmark, Dorothy Clark, Sue Eubanks and Robin McCoy

COMPLIANCE REVIEW FINDINGS

Shad White, State Auditor
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November 10, 2022

Dear Mr. White:

The Greene County School District appreciates the opportunity to respond to the findings of our latest compliance audit. Please find our response below.

AUDIT FINDINGS:

Strengthen Internal Controls and Ensure Compliance with State Law over Sixteenth Section Lease Payments, Taxes, and Appraisals

Response: The District concurs with the findings and will implement procedures to ensure leases are referred to the board for cancellation if not paid in 60 days and/or if the taxes are not paid by February 1st. Additionally, the district will work to ensure that documentation of appraisals of 16th section lands are complete as required.

Corrective Action Plan:

- A. Hired an Assistant Business Manager whose job duties include 16th section management. Additionally, a 16th section management consultant was hired to assist and ensure that all lease payments, taxes, and appraisals are in compliance with state law.
- B. Angie Sanders
- C. Fiscal Year 2022 and Ongoing
- D. n/a

Signed

Charles L. Breland, Superintendent
Greene County School District



Charles L. Breland, Superintendent of Education

Board of Education: Curtis Hill, Shannon Denmark, Dorothy Clark, Sue Eubanks and Robin McCoy

COMPLIANCE REVIEW FINDINGS

Shad White, State Auditor
Office of the State Auditor
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Jackson, MS 39205-0956

November 10, 2022

Dear Mr. White:

The Greene County School District appreciates the opportunity to respond to the findings of our latest compliance audit. Please find our response below.

AUDIT FINDINGS:

Ensure Compliance with State Law over Reemployment of Retired Public Employees

Response: The District concurs with the findings and will implement procedures to ensure that Form 4B is filed in a timely manner per PERS regulations. Additionally, the retiree that was listed as overpaid is because of the timing of the reported pay. Our records for the fiscal year do not indicate an overpayment of \$3,975. This overage amount shown by the finding is due to how reporting is done to PERS.

Corrective Action Plan:

- A. The district will complete Form 4B's in a timely manner per PERS regulations. Staff will be trained to use the correct dates and to make sure that reporting and calculation of retired employees wages are correct.
- B. George Hedgepeth, Cindy Thurston
- C. Fiscal Year 2022 and Ongoing
- D. n/a

Signed

A handwritten signature in blue ink, appearing to read "C. Breland", is written over a horizontal line.

Charles L. Breland, Superintendent
Greene County School District



Charles L. Breland, Superintendent of Education

Board of Education: Curtis Hill, Shannon Denmark, Dorothy Clark, Sue Eubanks and Robin McCoy

COMPLIANCE REVIEW FINDINGS

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November 10, 2022

Dear Mr. White:

The Greene County School District appreciates the opportunity to respond to the findings of our latest compliance audit. Please find our response below.

AUDIT FINDINGS:

Ensure Compliance with State Law over Surety Bonds

Response: The District concurs with the findings and has already corrected this to ensure that the purchasing agents are bonded individually and that those under the blanket bond are listed individually with sufficient coverage.

Corrective Action Plan:

- A. Purchased Corrected Bonds upon Renewal
- B. George Hedgepeth
- C. Fiscal Year 2022 Maturity Dates and Ongoing
- D. n/a

Signed

Charles L. Breland, Superintendent
Greene County School District