

# QUITMAN SCHOOL DISTRICT MISSISSIPPI

## COMPLIANCE REPORT

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

**SHAD WHITE, CFE**  
State Auditor

**Stephanie C. Palmertree, CPA, CFE, 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**

March 14, 2023

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

Quitman School District  
104 East Franklin Street  
Quitman, Mississippi 39355

Dear Members of the Quitman School Board:

Enclosed for your review are the Limited Internal Control and Compliance Review Findings for the **Quitman School District** for the fiscal year **2021**. In these findings, the Auditor's Office recommends the **Quitman 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 Approvals and Expenditures;
3. Ensure Compliance with State Law over Board Member Ethics;
4. Ensure Compliance with State Law over Monthly Financial Reports;
5. Ensure Compliance with State Law over Purchasing Procedures;
6. Ensure Compliance with State Law over Credit Card Documentation and Justification and Approval of Merchant Specific Credit Cards and Membership Club Cards;
7. Ensure Compliance with State Law over Travel Reimbursements;
8. Ensure Compliance with State Law over Ad Valorem Advertisements and Escrow Calculations;
9. Ensure Compliance with State Law over Certified Employees' Salary Scales and Obtaining Background Checks;
10. Ensure Compliance with State Law over Sixteenth Section Lease Payments, Reporting, and Taxes;
11. Ensure Compliance with State Law over Educable Child Lists and Sixteenth Section Shared Revenue;
12. Ensure Compliance with State Law over Free Admission to School Sponsored Events and the Purchase of Mississippi High School Activity Association (MHSAA) Passes;
13. Ensure Compliance with State Law over Reemployment of Retired Public Employees;
14. Ensure Compliance with State Law over Board Minutes; and
15. Ensure Compliance with State Law over Surety Bonds.

Please review the recommendations and submit a plan to implement them by April 4, 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 **Quitman 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". The signature is written in a cursive, flowing style.

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 **Quitman 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 deficiency in internal control over financial reporting that we consider to be a *significant deficiency* in internal control. These matters are noted under the heading **SIGNIFICANT DEFICIENCY**. We also noted a certain deficiency in controls that we noted under the heading **OTHER 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**. The Auditor's Office has also made a recommendation for management's consideration that it is not in violation of state law.

We have identified surety bonds during audit procedures that are not noncompliant but are recommended to be considered for review. These recommendations are noted under the heading **OTHER RECOMMENDATIONS MADE BY THE OFFICE OF THE STATE AUDITOR**.

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## **SIGNIFICANT DEFICIENCY**

**Finding 1:** The School District Should Strengthen Internal Controls over Activity Funds Cash Receipts and Deposits.

**Internal Control Deficiency:** The *Internal Control-Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission specifies that a satisfactory control environment is only effective when there are adequate control activities in place. 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.

**Applicable State Law:** *Accounting Manual for School Districts, Section F, Activity Funds*, prescribed by the Mississippi Department of Education, states, "All monies shall be receipted to the school district utilizing pre-numbered receipts (2 parts) and be maintained in a bound book or ledger. Under no circumstance shall monies be deposited to any bank account without a proper receipting of such monies. Any documentation necessary to support the receipts shall be maintained on file. All receipts shall include date, received from, amount, account classification and signature of receiver, at a minimum. Electronic transfers of funds should also have receipts assigned for reporting purposes. Receipt files should be prepared and filed by month. These files should contain receipts filed in numerical order along with all supporting documentation (i.e. remittance advices, etc.)"

*Accounting Manual for School Districts, Section F, Activity Funds*, prescribed by the Mississippi Department of Education, also states, “Pre-numbered tickets must be used at any local school event for which a fee is charged for admission and it is anticipated that the event will generate more than \$100. All pre-numbered tickets for such events will be accounted for using the School Event Receipt Form...A separate form must be completed for each individual selling tickets.” The *Accounting Manual* further states, “No later than five working days after the close of the month, the principal will deliver to the central office a transmittal report of all activity fund transactions for the preceding month.” The Mississippi Department of Education prescribes the receipt and transmittal report forms to be used by the school districts.

**Finding Detail:** During the review of the School District’s activity/athletic funds, the auditor noted the following exceptions:

- Three game deposits were not made in a timely manner;
- Monthly transmittal forms were not completed for fiscal year 2021;
- Cash collected at athletic events were not properly receipted, totaling **\$24,702**; and
- There was a net overage of **\$122** between deposits and ticket sales.

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

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

**District’s Response:** The Athletic Bookkeeper has started issuing receipts beyond the transmittal forms to the Athletic Director. Staff has been alerted to other areas noted.

**Repeat Finding:** No.

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## **OTHER DEFICIENCY AND INSTANCE OF NONCOMPLIANCE WITH STATE LAW**

**Finding 2:** The School District Should Strengthen Internal Controls and Ensure Compliance with State Law over Budget Approval and Expenditures

**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 budget expenditures, the auditor noted the following exceptions:

- The District’s actual expenditures for Fund 7211 (Sixteenth Section Principal) were unbudgeted, totaling **\$11,400**; and

- The original budget for fiscal year 2021 included the following ten funds reflecting a negative fund balances at year-end:
  - Building & Equipment (1901) – **(\$4,979)**;
  - School Food Service (2110) – **(\$141,751)**;
  - Title I (2211) – **(\$111,889)**;
  - Title I-1003(a) SCH IMP (2213) – **(\$5,093)**;
  - Consolidated Cost Pool FY19 (2290) – **(\$23,450)**;
  - Title II-A (ITQ) (2511)- **(\$13,328)**;
  - Cares Act-ESSR Funds (2590) – **(\$182,655)**;
  - EHA, Part B (2610) – **(\$94,121)**;
  - EHA, Preschool (2620) – **(\$6,046)**; and
  - Title IV (2811) – **(\$16,724)**.

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

**Recommendation:** We recommend the Quitman School District strengthen internal controls and ensure compliance by assuring all funds have available resources before expenditures are approved and spread upon the Board minutes. A thorough review of such budgets should be made prior to presentation to the Board for approval.

**District's Response:** The above are not generally the practice of the District in budgeting and the exceptions have been noted.

**Repeat Finding:** No.

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## INSTANCES OF NONCOMPLIANCE WITH STATE LAW

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

**Applicable State Law:** *Section 25-4-105(1), Mississippi Code Annotated (1972)*, prohibits a public servant 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)*.

*Mississippi Ethics Opinion 14-051-E* provides that the child of a School Board Member may remain employed with the District as long as the Board Member recuses himself or herself from any matter which would result in a pecuniary benefit to the relative.

**Finding Detail:** During the review of the School District's related parties, the auditor noted one Board member did not recuse themselves during the hiring/re-appointment of their child.

Failure to have the Board member recuse themselves during the re-appointment of relatives resulted in noncompliance with *Mississippi Ethics Opinion 14-051-E*.

**Recommendation:** We recommend the Quitman School District ensure compliance by assuring all Board members recuse themselves in matters related to relatives, as required by state law and regulations. This matter has been turned over to the Mississippi Ethics Commission.

**District's Response:** The Board members were informed of the violation and the issue has been addressed for the upcoming year during the board meeting held of March 21, 2022.

**Repeat Finding:** No.

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**Finding 4:** The School District Should Ensure Compliance with State Law over Monthly Financials.

**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 auditor noted the monthly financial reports for fiscal year 2021 were not submitted to the School Board.

Failure to comply with the financial reporting requirements established by the State Board of Education resulted in noncompliance with state law and regulations. Additionally, not presenting monthly financial information to the Board could lead to the School Board not being appropriately and timely informed of the District's financial status, which would influence decisions made by the Board concerning claims.

**Recommendation:** We recommend the Quitman School District ensure compliance by assuring an accurate and complete set of financial reports are submitted to the Board and spread upon the minutes monthly, as required by state law and regulations.

**District's Response:** The District will continue to work to report timely.

**Repeat Finding:** No.

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**Finding 5:** The School District Should Strengthen Internal Controls and Ensure Compliance with State Law over Purchasing Procedures.

**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. Any state agency or community/junior college purchasing commodities or procuring construction pursuant to this paragraph (b) may authorize its purchasing agent, or his designee, to accept the lowest competitive written bid under Fifty Thousand Dollars (\$50,000.00). Any governing authority purchasing commodities pursuant to this paragraph (b) may authorize its purchasing agent, or his designee, with regard to governing authorities other than counties, or its purchase clerk, or his designee, with regard to counties, to accept the lowest and best competitive written bid. Such authorization shall be made in writing by the governing authority and shall be maintained on file in the primary office of the agency and recorded in the official minutes of the governing authority, as appropriate. The purchasing agent or the purchase clerk, or his designee, as the case may be, and not the governing authority, shall be liable for any penalties and/or damages as may be



imposed by law for any act or omission of the purchasing agent or purchase clerk, or his designee, constituting a violation of law in accepting any bid without approval by the governing authority. The term “competitive written bid” shall mean a bid submitted on a bid form furnished by the buying agency or governing authority and signed by authorized personnel representing the vendor, or a bid submitted on a vendor’s letterhead or identifiable bid form and signed by authorized personnel representing the vendor. “Competitive” shall mean that the bids are developed based upon comparable identification of the needs and are developed independently and without knowledge of other bids or prospective bids. Any bid item for construction in excess of Five Thousand Dollars (\$5,000.00) shall be broken down by components to provide detail of component description and pricing. These details shall be submitted with the written bids and become part of the bid evaluation criteria.”

**Finding Detail:** During the review of the School District’s purchasing procedures, the auditor noted the following exceptions:

- Seven purchase orders dated on the same day and for the same vendor, BSN Sports, were split which circumvented purchase law, totaling **\$6,381**;
- Two construction bids were not broken down by components and pricing; and
- One vendor payment was **\$2,077** in excess of the purchase order.

Failure to follow purchase law could result in fraud or misappropriation of public monies and resulted in the District’s noncompliance with state law.

**Recommendation:** We recommend the Quitman School District ensure compliance by assuring all purchases are followed and monitored according to state purchase law.

**District’s Response:** In the future, the Athletic Department will secure quotes for purchase over \$5,000 when required. Staff will note construction bids are to be broken down. The District procedures do not allow for exceeding a purchase order beyond **10%** or **\$25**. District staff have been reminded of the variance procedure.

**Repeat Finding:** No.

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**Finding 6:** The School District Should Ensure Compliance with State Law over Credit Card Documentation and Justification and Approval of Merchant – Specific Credit Cards and Membership Club Cards.

**Applicable State Law:** *Mississippi Procurement Manual, Chapter 10, 10.112, Credit Cards and Club Membership Cards*, states, “In accordance with *Section 31-7-1(1)(b), Mississippi Code of 1972, Annotated*, the Office of Purchasing, Travel and Fleet Management has established these purchasing regulations governing the use of credit cards and purchasing club membership cards to be used by state agencies and governing authorities. Use of the cards shall be in strict compliance with these regulations.

*Mississippi Procurement Manual, Chapter 10, 10.112.03, Merchant-Specific Credit Cards*, prescribed by the Mississippi Department of Finance and Administration, states, “Governing authorities desiring to obtain a merchant specific credit card shall submit to their governing board for approval, written justification for the need of a merchant specific credit card. Approval of such action shall be placed on the minutes of the board of the governing authority.”

*Mississippi Procurement Manual, Chapter 10, 10.112.04, Merchant Specific Credit Card Minimum Requirements*, prescribed by the Mississippi Department of Finance and Administration, provides that individual entities should at a minimum review all charges upon receipt of receiving the monthly statements. Also, these monthly statements should be maintained along with all receipts or disputed documents.

*Mississippi Procurement Manual, Chapter 10, 10.112.04, Merchant – Specific Credit Card Minimum Requirements*, prescribed by the Mississippi Department of Finance and Administration, states, “Membership card fee’s such as Sam’s club cards, are allowed but should be justified by the agency or governing authority to show that the anticipated savings using the card would exceed the cost of the card fee. This justification should be maintained on file with the government entity. Each subsequent year, the government entity shall document actual saving for the previous year which substantiate the cost of the card. This would not mean documenting saving on each and every purchase but enough documentation to substantiate adequate saving to justify the expense of the card.”

**Finding Detail:** During the testing of the School District’s credit cards, the auditor noted the following exceptions:

- Two credit card payments were paid from the statement; however, the District did not have evidence of the charge slip;
- The School Board did not spread across its minutes the justification for the use of the District’s merchant – specific credit card, Maple Gas detailing the anticipated savings of its use; and
- The School Board did not have on file a justification for the use of the District’s Sam’s cards detailing the anticipated savings of its use.

Failure to have adequate controls surrounding the District’s credit card purchases could result in waste, fraud, and abuse of public funds. Also, failure to ensure the Board approve and justify the use of merchant – specific credit cards and membership club cards resulted in noncompliance with state regulations.

**Recommendation:** We recommend the Quitman School District ensure compliance by implementing policies and procedures to strengthen controls concerning its credit card use. Also, the School District should ensure that the School Board approves and spreads upon its minutes a detailed justification of the anticipated savings of its merchant – specific credit cards and membership cards annually, as required by state regulations

**District’s Response:** In the future, the district will get annual authorization for credit accounts. The appropriate department has been notified of the need to practice diligence in securing receipts.

**Repeat Finding:** No.

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**Finding 7:** The School District Should Ensure Compliance with State Law over Travel Reimbursements.

**Applicable State Law:** *Section 25-3-41(1), Mississippi Code Annotated (1972)*, states, “Subject to the provisions of subsection (10) of this section, when any officer or employee of the State of Mississippi, or any department, agency or institution thereof, after first being duly authorized, is required to travel in the performance of his official duties, the officer or employee shall receive as expenses for each mile actually and necessarily traveled, when the travel is done by a privately owned automobile or other privately owned motor vehicle, the mileage reimbursement rate allowable to federal employees for the use of a privately owned vehicle while on official travel.”

*Section 25-3-41(4), Mississippi Code Annotated (1972)*, states, “In addition to the foregoing, a public officer or employee shall be reimbursed for other actual expenses such as meals, lodging and other necessary expenses incurred in the course of the travel, subject to limitations placed on meals for intrastate and interstate official travel by the Department of Finance and Administration, provided, that the Legislative Budget Office shall place any limitations for expenditures made on matters under the jurisdiction of the Legislature. The Department of Finance and Administration shall set a maximum daily expenditure annually for such meals and shall notify officers and employees of changes to these allowances immediately upon approval of the changes.”

*School Board Policy DJD – Expense Reimbursements*, states, “If an overnight stay is involved, employees shall be reimbursed for other actual expenses such as meals, lodging and other necessary expenses incurred in the course of such travel, subject to limitations placed on meals for intrastate and interstate official travel by the State Department of Finance and Administration and rules and regulations adopted by the State Department of Audit. Actual receipts for all travel expenses except travel in personal vehicles are to be included.”

**Finding Detail:** During the review of the School District’s travel reimbursements, the auditor noted the following exceptions out of the 15 tested:

- Ten travel reimbursements were reimbursed at the incorrect mileage rate;
- Two reimbursements for meals were approved without the actual meal receipts or event agendas to verify meals were not claimed for meals included within the registration amount;
- One travel voucher did not have evidence of a verifying signature by the vendor/parent; and
- One travel voucher did not have corroborating evidence (case log or conference agenda) to support the purpose of trip.

Inadequate controls surrounding the District’s travel reimbursements could result in waste, fraud, and abuse of public funds.

**Recommendation:** We recommend the Quitman School District ensure compliance by assuring all travel reimbursements are properly documented and ensure the rates are reimbursed at the correct amounts, as required by state laws and Board policy.

**District’s Response:** The District will review its policy on travel and amend as necessary.

**Repeat Finding:** No.

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**Finding 8:** The School District Should Ensure Compliance with State Law over Ad Valorem Advertisement and Escrow Calculations.

**Applicable State Law:** *Section 27-39-207(2)(a), Mississippi Code Annotated (1972)*, states, “The school board of the school district shall advertise its intent to increase its ad valorem tax effort in dollars in a newspaper of general circulation in the county. The advertisement shall be no less than one-fourth (¼) page in size and the type used shall be no smaller than eighteen (18) point and surrounded by a one-fourth-inch solid black border. The advertisement shall not be placed in any portion of the newspaper where legal notices and classified advertisements appear.”

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

*Section 37-57-107(3), Mississippi Code Annotated (1972)*, states, “Except as otherwise provided for excess revenues generated pursuant to an election, if revenues collected as the result of the taxes levied for the fiscal year pursuant to this section and *Section 37-57-1* exceed the increase limitation, then it shall be the mandatory duty of the school board of the school district to deposit such excess receipts over and above the increase limitation into a special account and credit it to the fund for which the levy was made. It will be the further duty of such board to hold said funds and invest the same as authorized by law. Such excess funds shall be calculated in the budgets for the school districts for the purpose for which such levies were made, for the succeeding fiscal year. Taxes imposed for the succeeding year shall be reduced by the

amount of excess funds available. Under no circumstances shall such excess funds be expended during the fiscal year in which such excess funds are collected.”

**Finding Detail:** During the review of the School District’s ad valorem advertisement, the auditor noted the following exceptions:

- The District included two additional sentences in the first paragraph and two additional sentences in the last paragraph of its ad valorem advertisement;
- There was a **\$25,785** discrepancy between the ad valorem tax increase advertisement and the amount requested by the School Board; and
- The District received more ad valorem taxes and homestead exemption reimbursements than the amount allowed by *Section 37-57-107(3), Mississippi Code Annotated (1972)*. This excess is the result of the District receiving more tax revenue from the County than the District’s base amount. The District did reserve an escrow of **\$175,439**; however, due to advertisement errors, an additional escrow of **\$405,079** should have been reserved.

Due to the inadequate calculations, controls, policies, and procedures, surrounding the escrow of the excess ad valorem and homestead tax revenue and publishing the advertisement of tax increase the District is in noncompliance with state law.

**Recommendation:** We recommend the Quitman School District ensure compliance by implementing adequate policies and procedures to assure its ad valorem tax request is properly calculated and advertised, as required by state law.

**District’s Response:** The above limitations have been noted and will be followed in future advertisements.

**Repeat Finding:** No.

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**Finding 9:** The School District Should Ensure Compliance with State Law over Certified Employees’ Salaries and Obtaining Background Checks.

**Applicable State Law:** *Section 37-9-17, Mississippi Code Annotated (1972)*, states, “Current criminal records background checks and current child abuse registry checks are obtained, and that such criminal record information and registry checks are on file for any new hires applying for employment as a licensed or non-licensed employee at a school and not previously employed in such school under the purview of the State Board or at such local school district prior to July 1, 2000.” Ultimately, the criminal records information and registry must be kept on file for any and all new hires. Additionally, employees employed under the recommendation of a personnel supervisor may not be paid compensation in excess of their approved contract without Board approval.

*Section 37-19-7(1), Mississippi Code Annotated (1972)*, states, “The allowance in the Mississippi Adequate Education Program for teachers’ salaries in each county and separate school district shall be determined and paid in accordance with the scale for teachers’ salaries as provided in this subsection. For teachers holding the following types of licenses or the equivalent as determined by the State Board of Education, and the following number of years of teaching experience, the scale shall be as follows: 2020-2021 MINIMUM SALARY SCHEDULE”

**Finding Detail:** During the review of the School District’s personnel files, the auditor noted the following exceptions out of 20 reviewed:

- Seven certified employees’ salaries did not agree to the Board – approved salary scale;
- Four certified employees’ pay steps did not match their verified years of experience;

- Three certified employees' contracts noted a salary which included coaching supplements; however, the contracts only listed their position as a certified teacher; and
- One certified teacher's personnel file did not include evidence of a background check.

Failure to obtain and maintain background checks of all new hires could result in a wrongful hire of an individual. Additionally, failure to properly identify and pay certified employees based on the Board – approved salary scale could result in the misappropriation of public funds and resulted in noncompliance with state law.

**Recommendation:** We recommend the Quitman School District ensure compliance by strengthening controls to assure criminal background checks are obtained and maintained on file for all new hires. Also, the School District should ensure that employees are paid properly and according to the Board – approved salary scale, as required by state law.

**District's Response:** The appropriate department has been notified of the errors and every effort to prevent these issues in the future will be taken.

**Repeat Finding:** No.

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**Finding 10:** The School District Should Ensure Compliance with State Law over Sixteenth Section Lease Payments, Reporting, and Taxes.

**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 29-1-3(3), Mississippi Code Annotated (1972)*, states, "Any state, county, municipal or school district official shall supply annually to the Secretary of State such sixteenth section management information as shall be requested by the secretary. Such information shall include, but not be limited to, the following items pertaining to all new leases, rights-of-way, easements and sales of school trust lands: the number of acres in each parcel; the consideration paid for each transaction; the length and expiration of each lease, easement, or right-of-way; and the use to be made of each parcel. The applicable public official shall likewise report information requested by the Secretary of State on schedule of revenue and expenses and principal fund investments. Such information shall include, but not be limited to, the following items: revenues received from various sources; expenses; escrow funds; principal funds; amounts of monies invested; dates of investment; where invested; form of investment; rate of return of each investment; and the amount of revenue earned upon each investment. The information must be submitted in electronic format in the manner required by the Secretary of State.

*Section 29-3-57, Mississippi Code Annotated (1972)*, states, "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."

**Finding Detail:** During the review of the School District's sixteenth section leases, the auditor noted the following exceptions:

- Five leases' taxes were not current; however, the lease agreements were not terminated;

- Three lease payments were more than 60 days late; however, the lease agreements were not terminated; and
- One lease was not reported on the Secretary of State's Sixteenth Section School Trust Land Report.

Failure to terminate lease agreements due to non-payment of property taxes, rental payments, and failure to report all leases to the Secretary of State annually resulted in noncompliance with state law.

**Recommendation:** We recommend the Quitman School District ensure compliance by assuring each lease payments are made within 60 days, taxes are current, and report all lease agreements annually to the Secretary of State's office, as required by state law.

**District's Response:** The District is no longer contracting 16<sup>th</sup> Section work through a third party and is working to correct deficiencies.

**Repeat Finding:** No.

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**Finding 11:** The School District Should Ensure Compliance with State Law over Educable Child Lists and Sixteenth Section Shared Revenue.

**Applicable State Law:** *Section 29-3-119, Mississippi Code Annotated (1972)*, states, "The school district having jurisdiction and control of the sixteenth section or lieu lands in the township (the "custodial school district") shall pay to each other school district lying wholly or partly in the township which is entitled to a part of the township funds the district's pro rata share of the available township, as determined from the lists of children prepared pursuant to *Section 29-3-121, Mississippi Code Annotated (1972)*, promptly after collecting such funds."

*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 shared townships, the auditor noted the following exceptions:

- The District failed to share an additional sixteenth section revenue with neighboring school districts, Wayne County and East Jasper School Districts, in the amount totaling **\$400**; and
- The District did not have evidence of an educable child list in relation to the shared township, **16-1N-17E**, with Wayne County School District. Also, the District was not aware that Wayne County School District was within its shared township; therefore, no funds were shared during the fiscal year 2021.

Failure to properly share sixteenth section revenue and maintain on file the District's educable child list as the custodial school district could result in the misappropriation of public funds and resulted in noncompliance with state law.

**Recommendation:** We recommend the Quitman School District ensure compliance by assuring all revenue is shared with neighboring school districts annually and its educable child lists are maintained within the District, as required by state law.

**District's Response:** The District will share funds not shared in fiscal year 2021 on **16-10-9**. The District is not aware that a shared relationship exists on **16-1N-17E**, and this issue is currently under investigation.

**Auditor's Note:** Per the Mississippi Secretary of State's shared township reports, the Quitman County School District shares this township with Wayne County School District. It is the responsibility of the District's management to have full knowledge of all townships shared with other Districts and to ensure the District complies with all state laws and regulations in regards to sixteenth section revenues and expenditures.

**Repeat Finding:** No.

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**Finding 12:** The School District Should Ensure Compliance with State Law over Free Admission to School – Sponsored Events and the Purchase of Mississippi High School Activity Association (MHSAA) State Passes.

**Applicable State Law:** *Attorney General Opinion 2005-0039* states, "The Constitution of the State of Mississippi Article 4 Section 96 states, "The legislature shall never grant extra compensation, fee, or allowance, to any public officer, agent, servant, or contractor, after service rendered or contract made, nor authorize payment, or part payment, of any claim under any contract not authorized by law... by the foregoing constitutional provision and prior opinions, the free admission ... to sporting and social events would not be permissible."

**Finding Detail:** During the review of the School District's activity funds, the auditor noted the Athletic Director authorized 26 complimentary reserved chair-backs for all sporting events for fiscal year 2021 to the following individuals:

- Quitman School District Board members plus one –**10 tickets total**;
- Clarke County Board of Supervisors - **14 tickets total**; and
- Former Quitman School District Board Members with 20+ Years – **Two tickets total**.

Additionally, the District purchased state passes from the Mississippi High School Activities Association (MHSAA) state passes for the following 13 current and former District employees without being reimbursed, totaling **\$390**:

- Five Quitman School District Board members;
- One Former Quitman School District Board member;
- Elementary School Assistant Principal;
- Lower Elementary Principal;
- One Administrator;
- Two Administrative Assistants; and
- Two Directors.

Failure to have an approved Board policy that states the benefit of allowing its Board members, both past and present, and County Supervisors free admission or requiring their attendance to school sponsored events could result in an illegal donation. Additionally, failure to be reimbursed for the purchase of MHSAA state passes for District employees other than the Coaches, Superintendent, Athletic Director, and High School Principals could result in an illegal donation. Additionally, failure to be reimbursed for the purchase of MHSAA state passes for District employees other than the Coaches, Superintendent, Athletic Director, and High School Principals could result in an illegal donation.

**Recommendation:** We recommend the Quitman School District ensure compliance by implementing adequate policies and procedures in regards to free admission and the payment of MHSAA state pass of its personnel to school – sponsored events to avoid making an illegal donation to public servants. Also, we recommend the School District not allow free admission to individuals that are not employed by the District.

**District's Response:** The above will be discussed with the school board for correcting action in the coming year.

**Repeat Finding:** No.

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**Finding 13:** The School District Should Ensure Compliance with State Law over the 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 auditor noted the following exceptions:

- There was no evidence of all Form 4Bs being filed with PERS out of seven tested; and
- One Form 4B was not completed for a retiree who was paid by the District; therefore, the auditor was unable to verify if the employee was paid more than the amount allowed, or if they were reemployed for at least 90 days after date of their retirement.

Failure to file the Form 4B could result in overpayment of retiree and the School District being assessed penalties by PERS and resulted in noncompliance with state law and regulations.

**Recommendation:** We recommend the Quitman School District ensure compliance by properly completing and filing PERS Form 4Bs, as required by state law and regulations.

**District's Response:** The appropriate department has been notified of these exceptions.

**Repeat Finding:** Yes; 2020-3.

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**Finding 14:** The School District Should Ensure Compliance with State Law over Board Minutes.

**Applicable State Law:** *Section 25-41-7(3), Mississippi Code Annotated (1972)*, states, "An executive session shall be limited to matters allowed to be exempted from open meetings by subsection (4) of this section. The reason for holding an executive session shall be stated in an open meeting, and the reason so stated shall be recorded in the minutes of the meeting. Nothing in this section shall be construed to require that any meeting be closed to the public, nor shall any executive session be used to circumvent or to defeat the purpose of this chapter."

*Section 25-41-7(4), Mississippi Code Annotated (1972)*, provides the allowable reasons for which boards may hold executive sessions.



*Section 25-4-105, 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 37-6-9, Mississippi Code Annotated (1972)*, states, “...Minutes shall be kept of all meetings of the school board showing (a) the members present and absent; (b) the date, time and place of the meeting; (c) an accurate recording of any final actions taken at such meeting; (d) a record by individual member of any votes taken at such meeting; and (e) any other information that the school board requests to be reflected in the minutes. Each member of the school board present shall either vote or abstain on every question upon which a vote is taken at such meeting. All action taken by a school board shall become official at the time it is taken.”

**Finding Detail:** During the review of the School District’s Board minutes, the auditor noted the following actions taken during executive session:

- Employee Resignations,
- Employee Recommendations,
- Salary Adjustments,
- Terminations,
- Retirements,
- Administrative Salary, and
- Student Transfers.

Inadequate internal controls surrounding the District’s Board minutes could result in state law being circumvented.

**Recommendation:** We recommend the Quitman School District ensure compliance by assuring that its Board minutes are prepared in accordance with state law.

**District’s Response:** The Superintendent has met with the Board’s secretary to discuss the citation and the corrective action of documenting the specifications for executive session. Furthermore, the Superintendent will discuss the citation and corrective action with the School Board Members.

**Repeat Finding:** No.

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

*Section 37-9-27, Mississippi Code Annotated (1972)* states, “The superintendent of any school district, before entering upon the duties of his office, shall furnish a good and sufficient surety bond in the penal sum of One Hundred Thousand Dollars (\$100,000.00), with sufficient surety.”

*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 auditor noted the following employees’ bonds were continuation certificates instead of official bonds:

- Five Board members; and
- Superintendent

A “continuation certificate” is a document that extends the life of the original surety bond. A continuation certificate only covers the current bonding period rather than both the current and previous periods. In the event of fraud or misappropriation of funds, having continuation certificates instead of new bonds could limit the amount available for recovery if the loss occurred over multiple terms.

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 Quitman 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.

**District’s Response:** The issues regarding continuation bonds have been noted and will be addressed.

**Repeat Finding:** No.

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## OTHER RECOMMENDATIONS MADE BY THE OFFICE OF THE STATE AUDITOR

The Office of the State Auditor recommends that the School Board consider obtaining new surety bonds for Two Purchasing Agents, Three Principals, and One Director. As noted during our test work, most of these officials and employees are covered by “continuation certificates” or renewals. A continuation certificate is a document that extends the life of the original surety bond. A “continuation certificate” only covers the current bonding period rather than both the current and previous periods. Failure to have a bond in place for a specific term of employment could limit the amount available for recovery if a loss occurred over multiple terms.

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**End of Report**



104 East Franklin Street  
Quitman, MS 39355  
601-776-2186  
FAX 601-776-1051

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## COMPLIANCE REVIEW FINDINGS

March 22, 2023

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

Dear Mr. White:

Quitman School District is in receipt of the Compliance Report from the Office of the State Auditor for the year ended June 30, 2021. Following is a list of the findings included therein with the district's responses for each.

### AUDIT FINDINGS:

#### **Finding 1: The School District Should Strengthen Internal Controls over Activity Funds Cash Receipts and Deposits.**

##### District Response:

The district uses transmittal reports for each event, which serves as the receipt for the event. The transmittal form reports the tickets checked out for each event, the tickets sold for each event, and the tickets returned for each event. In addition, pre-numbered tickets are issued for entrance into each event. The district feels this process is adequate to prevent loss of funds and to protect the integrity of the control system.

In regards to deposits not made timely, current district staff is aware of the need to deposit game receipts in a timely manner. The district is also now utilizing a bank lock bag to assist with timely depositing.

Monthly transmittal forms are not used; however, transmittal forms are prepared daily and per event. The district feels this method exceeds the requirement for monthly transmittal forms.

##### Corrective Action Plan:

- a. Specific steps to be taken to correct the situation:  
Staff has been trained to safe keep district funds.
- b. Contact Person:  
Elisa Mayo, Finance Coordinator

c. Anticipated Completion Date:  
Completed.

d. Specific reasons why correct action is not necessary, if applicable:

The district feels that a monthly transmittal report in addition to daily and event transmittal report would be redundant and not an efficient use of district employee time, nor would it strengthen the current internal control system. The district prefers to have deposits reported timely to the Central Office; i.e. more than monthly, since we use a centralized system of accounting and feel our system of accounting exceeds that required by the *Accounting Manual*.

**Finding 2: The School District Should Strengthen Internal Controls and Ensure Compliance with State Law over Budget Approval and Expenditures**

District Response:

The district concurs with the finding and notes that the negative fund balances are not the current practice of the district in managing financial controls and reporting.

Corrective Action Plan:

a. Specific steps to be taken to correct the situation:

The above is not generally the practice of the district in budgeting and the exceptions have been noted and not repeated.

b. Contact Person:

Elisa Mayo, Finance Coordinator

c. Anticipated Completion Date:  
Completed.

d. Specific reasons why correct action is not necessary, if applicable:  
Not Applicable.

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

District Response:

The district concurs with the above finding and board members have been informed of the violation.

Corrective Action Plan:

a. Specific steps to be taken to correct the situation:

Greater care is exercised by the board when electing staff related within the third degree by blood or marriage.

b. Contact Person:

Minnie Dace, Superintendent

c. Anticipated Completion Date:  
Completed.

- d. Specific reasons why correct action is not necessary, if applicable:  
Not Applicable.

**Finding 4: The School District Should Ensure Compliance with State Law over Monthly Financials.**

District Response:

Financial statements are sent monthly to the board, except in the case, where the board meeting may fall prior to reconciliation being complete for the previous month. In such case, the financial statements are sent to the next board meeting.

Corrective Action Plan:

- a. Specific steps to be taken to correct the situation:  
The district is knowledgeable of monthly reporting requirements to the board and will send financial statements to the board meeting following the close of the previous month and proper reconciliation.
- b. Contact Person:  
Elisa Mayo, Finance Coordinator
- c. Anticipated Completion Date:  
Completed.
- d. Specific reasons why correct action is not necessary, if applicable:  
Not Applicable.

**Finding 5: The School District Should Strengthen Internal Controls and Ensure Compliance with State Law over Purchasing Procedures.**

District Response:

In the future, the athletic department will secure quotes for purchases over \$5,000 when required. Staff will note construction bids are to be broken down into component parts. The district procedures do not allow for exceeding a purchase order beyond 10% or \$25.00 of the original purchase order as approved by the school board. District staff have been reminded of the variance procedure.

Corrective Action Plan:

- a. Specific steps to be taken to correct the situation:  
Staff has been trained on purchasing procedures and annually sign an agreement to that effect.
- b. Contact Person:  
Elisa Mayo, Finance Coordinator
- c. Anticipated Completion Date:  
Completed.
- d. Specific reasons why correct action is not necessary, if applicable:  
Not Applicable.

**Finding 6: The School District Should Ensure Compliance with State Law over Credit Card Documentation and Justification and Approval of Merchant – Specific Credit Cards and Membership Club Cards.**

District Response:

The district will get annual authorization for credit accounts. The appropriate department has been notified of the need to practice diligence in securing receipts for all charges.

Corrective Action Plan:

- a. Specific steps to be taken to correct the situation:  
Staff has been trained on purchasing procedures and the board will act on approving credit account usage, as well as, justification of savings.
- b. Contact Person:  
Elisa Mayo, Finance Coordinator
- c. Anticipated Completion Date:  
July 1, 2023.
- d. Specific reasons why correct action is not necessary, if applicable:  
Not Applicable.

**Finding 7: The School District Should Ensure Compliance with State Law over Travel Reimbursements.**

District Response:

The district has reviewed its policy on travel and amended as necessary.

Corrective Action Plan:

- a. Specific steps to be taken to correct the situation:  
Board policy has been amended.
- b. Contact Person:  
Elisa Mayo, Finance Coordinator
- c. Anticipated Completion Date:  
Completed.
- d. Specific reasons why correct action is not necessary, if applicable:  
Not Applicable.

**Finding 8: The School District Should Ensure Compliance with State Law over Ad Valorem Advertisement and Escrow Calculations.**

District Response:

The above limitations have been noted and the district is now in compliance.

Corrective Action Plan:

- a. Specific steps to be taken to correct the situation:  
The previous excess language in the ad valorem advertisement for 2021 has been removed and the escrow calculation for the following fiscal year has been audited and deemed accurate.
- b. Contact Person:  
Elisa Mayo, Finance Coordinator
- c. Anticipated Completion Date:  
Completed.
- d. Specific reasons why correct action is not necessary, if applicable:  
Not Applicable.

**Finding 9: The School District Should Ensure Compliance with State Law over Certified Employees' Salaries and Obtaining Background Checks.**

District Response:

The appropriate department has been notified of the errors and every effort to prevent these issues in the future will be taken.

Corrective Action Plan:

- a. Specific steps to be taken to correct the situation:  
Current staff has been adequately trained to work between departments to ensure accuracy in payroll and personnel transactions.
- b. Contact Person:  
Elisa Mayo, Finance Coordinator
- c. Anticipated Completion Date:  
Completed.
- d. Specific reasons why correct action is not necessary, if applicable:  
Not Applicable.

**Finding 10: The School District Should Ensure Compliance with State Law over Sixteenth Section Lease Payments, Reporting, and Taxes.**

District Response:

The district is no longer contracting work through a third party and has worked to correct the deficiencies stated.

Corrective Action Plan:

- a. Specific steps to be taken to correct the situation:  
Staff attends training on management of Sixteenth Section lands and utilizes a computerized software system to assist with maintaining financial records.
- b. Contact Person:

Elisa Mayo, Finance Coordinator

- c. Anticipated Completion Date:  
Completed.
- d. Specific reasons why correct action is not necessary, if applicable:  
Not Applicable.

**Finding 11: The School District Should Ensure Compliance with State Law over Educable Child Lists and Sixteenth Section Revenue.**

District Response:

The district disagrees in part with this finding. The district contends that there is no shared township existing between Quitman School District and Wayne County School District for 16-1N-17E. The district is aware of other shared sections and has historically shared funds on an annual basis with both East Jasper and Wayne County.

Corrective Action Plan:

- a. Specific steps to be taken to correct the situation:  
Staff will continue to work to share funds in a timely manner with other school districts.
- b. Contact Person:  
Elisa Mayo, Finance Coordinator
- c. Anticipated Completion Date:  
Completed.
- d. Specific reasons why correct action is not necessary, if applicable:  
Official maps of both Clarke and Wayne County do not reflect 16<sup>th</sup> Section lands within Township 1 North, Range 17 East cross county borders.

**Finding 12: The School District Should Ensure Compliance with State Law over Free Admission to School – Sponsored Events and the Purchase of Mississippi High School Activity Association (MHSAA) State Passes.**

District Response:

The above has been discussed with the board and the athletic director and has been corrected in the following fiscal year.

Corrective Action Plan:

- a. Specific steps to be taken to correct the situation:  
Monitor the dissemination of State Passes and remove free entry passes to sporting events for school board members, county supervisors, and former board members, etc.
- b. Contact Person:  
Elisa Mayo, Finance Coordinator
- c. Anticipated Completion Date:  
Completed.



- d. Specific reasons why correct action is not necessary, if applicable:  
Not Applicable.

**Finding 13: The School District Should Ensure Compliance with State Law over the Reemployment of Retired Public Employees.**

District Response:

The appropriate department has been notified of these exceptions. Some confusion between PERS, MDE, and OSA regarding employment dates has increased confusion over the filing of re-employment of retiree paperwork. In the future, the district is hopeful for clarification and will maintain documentation for filing dates of Form 4B.

Corrective Action Plan:

- a. Specific steps to be taken to correct the situation:  
Monitor the re-employment of retirees and file within 5 days of employment date, i.e. the board hire date, not the actual date of employment.
- b. Contact Person:  
Elisa Mayo, Finance Coordinator
- c. Anticipated Completion Date:  
Completed.
- d. Specific reasons why correct action is not necessary, if applicable:  
Not Applicable.

**Finding 14: The School District Should Ensure Compliance with State Law over Board Minutes.**

District Response:

The Superintendent has met with the Board's secretary to discuss the citation and corrective action of documenting the specifications for executive session. Furthermore, the Superintendent has discussed the citation and corrective action with School Board Members.

Corrective Action Plan:

- a. Specific steps to be taken to correct the situation:  
Board minutes will be prepared in accordance with state law.
- b. Contact Person:  
Minnie Dace, Superintendent
- c. Anticipated Completion Date:  
Completed.
- d. Specific reasons why correct action is not necessary, if applicable:  
Not Applicable.

**Finding 15: The School District Should Ensure Compliance with State Law over Surety Bonds.**

District Response:

The issues regarding continuation bonds have been noted and addressed with staff and our insurance agency.

Corrective Action Plan:

- a. Specific steps to be taken to correct the situation:  
Continuation bonds are no longer accepted by the district.
- b. Contact Person:  
Elisa Mayo, Finance Coordinator
- c. Anticipated Completion Date:  
Completed.
- d. Specific reasons why correct action is not necessary, if applicable:  
Not Applicable.

Sincerely,



Minnie Dace  
Superintendent