

STARKVILLE-OKTIBBEHA CONSOLIDATED 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**  
**State Auditor**

**Stephanie C. Palmertree, CPA, CGMA**  
Deputy State Auditor

**Charlotte Duckworth**  
Director, *Compliance Audit Division*



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race, religion, national origin, sex, age, or disability.*



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

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

Starkville-Oktibbeha Consolidated School District  
401 Greensboro Street  
Starkville, MS 39759

Members of the Starkville-Oktibbeha Consolidated School Board:

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

1. Strengthen Internal Controls over Activity Fund Cash Receipts and Deposits;
2. Strengthen Internal Controls over the Maintenance of Board Minutes;
3. Strengthen Internal Controls and Ensure Compliance with State Law over Budget Approval;
4. Strengthen Internal Controls and Ensure Compliance with State Law over Sixteenth Sections Deposits, Lease Payments, Taxes, and Appraisals;
5. Ensure Compliance with State Law over Nepotism;
6. Ensure Compliance with State Law over Certifications in Employees' Personnel Files;
7. Ensure Compliance with State Law over Reemployment of Retired Public Employees; and
8. Ensure Compliance with State Law over Educator Enhancement Funds (EEF) Procurement Cards.

Please review the recommendations and submit a plan to implement them by October 5, 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 Starkville - Oktibbeha Consolidated 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 Starkville - Oktibbeha Consolidated 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 significant deficiencies. These matters are noted under the headings **SIGNIFICANT DEFICIENCIES**. We also identified other deficiencies that we have noted under the heading **OTHER CONTROL DEFICIENCIES**.

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**.

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## **SIGNIFICANT DEFICIENCIES**

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

**Internal Control Deficiency:** *The Internal Control-Integrated Framework published by the Committee of Sponsoring Organizations of the Tread-way Commission* specifies that a satisfactory control environment is only effective when there are adequate control activities in place. Good internal controls require the functions of processing, recording transactions, and maintaining custody of related assets to be properly recorded to ensure the assets are safeguarded against loss from unauthorized use or theft.

**Finding Detail:** Based on the testing of the School District's activity fund receipts and deposits, the auditor noted the following exceptions out of 14 tested:

- Five game deposits were between four to six business days after monies were receipted;
- Four ticket count forms did not have beginning and/or ending ticket numbers; and
- There was a net shortage of **\$461** between deposits and ticket sales for all varsity basketball and football games.

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

**Recommendation:** We recommend the Starkville-Oktibbeha Consolidated School District strengthen controls by enforcing policies and procedures to ensure receipts from all activities are safeguarded, adequately recognized, and recorded.

**District's Response:** The District is now utilizing a digital ticketing system in order to properly strengthen controls over athletic revenue. All ticket sales are handled electronically, and there are no cash receipts for athletic events.

**Auditor's Note:** *Attorney General Opinion 93-0213*, provides that United States coins and currency are legal tender for all debts, public charges, taxes, and dues. Therefore, the District must give the public more than one option as a means for obtaining tickets to all athletic/extracurricular events.

**Repeat Finding:** No.

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**Finding 2:** The School District Should Strengthen Internal Controls over Board Minutes.

**Internal Control Deficiency:** Management is responsible for ensuring the assets of the School District are safeguarded, and transactions are properly documented and recorded in the School District's board minutes. A critical aspect of internal controls includes numbering the Board minute pages.

**Finding Detail:** During the review of the School District's Board minutes, the auditor noted the following exception: The District utilizes OAgenda as its official Board minutes or book; however, it does not have the necessary controls to be considered the District's official Board minutes. This system should only be utilized to create and manage board packets, give access to information, and conduct meetings.

**Recommendation:** We recommend the Starkville – Oktibbeha Consolidated School District ensure compliance over Board minutes by implementing to ensure all minutes in the future are under proper internal controls.

**District's Response:** Starkville-Oktibbeha Consolidated School District utilizes OAgenda to manage Board packets and provide online access to Board meeting information. The District compiles the Board minutes and then uploads them to OAgenda which automatically populates the page numbers. In addition, the District also keeps a hard copy of all Board minutes and supplementary documents on file in the vault at the District which serves as the official Board minutes for the District.

Starkville-Oktibbeha Consolidated School District's Board of Trustees voted to amend policy BCBH during the October 12, 2021 Board meeting adding language that all page numbers of the minutes shall be correctly numbered. Therefore, the District will put procedures in place to ensure that all Board minute pages are numbered correctly. We will also put procedures in place to make sure all minutes and supporting documentation are kept on file in a bound minute book.

**Repeat Finding:** No.

**District's Response:** When requested by OSA while in the District, there were no official Board books or minutes provided from a vault. Auditors were presented loose copies of signed minutes with no backup within the office.

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## OTHER DEFICIENCY AND INSTANCES OF NONCOMPLIANCE WITH STATE LAW

**Finding 3:** The School District Should Strengthen Controls and Ensure Compliance with State Law over Budget Approval.

**Internal Control Deficiency:** The Board of Education establishes priorities for the financial management of the District, reviews and approves all presented budgets, and assures expenditures for the District fund are within the legal requirements of the approved budget.

**Applicable State Law:** *Section 37-61-19, Mississippi Code Annotated (1972)*, states, “It shall be the duty of the superintendents of school and the school board 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, the auditor noted the amended budget for fiscal year 2021 included the following 40 funds reflecting a negative fund balance at year-end:

- Special Education (1130) – **(\$102,538)**
- Alternative School (1140) – **(\$174,770)**
- Partnership School Activity (1150) – **(\$17,060)**
- West Elementary Activity (1151) – **(\$988)**
- Athletic Activity (1152) – **(\$190,382)**
- Sudduth Elementary Activity (1153) – **(\$3,026)**
- Ward Stewart Activity (1154) – **(\$11,518)**
- Overstreet Activity (1155) – **(\$430)**
- Armstrong Activity (1156) – **(\$1,166)**
- Starkville High Activity (1157) – **(\$105,969)**
- Millsaps Activity (1158) – **(\$4,987)**
- Student Club Fuds (1180) – **(\$143,830)**
- Local Grants (1900) – **(\$2.78)**
- Summer Camp Yes! (1905) – **(\$5,182)**
- School Recognition (2020) – **(\$55)**
- Extended School Year (2090) – **(\$110,450)**
- Summer Food 2020 CY (2130) – **(\$100,955)**
- Summer Food 2021 CY (2131) – **(\$39,921)**
- Title I – A Basic (2211) – **(\$1,957,512)**
- Title I – School Improvement (2213) – **(\$235,874)**
- Consolidated Administrative Cost Fund (2290) – **(\$13,791)**
- Title V (2330) – **(\$81,557)**
- Title II – A Effective Instruction (2511) – **(\$3,979)**
- Title III English Learners (2560) – **(\$1,749)**
- ESSER – Elementary & Secondary Emergency (2590) – **(\$57,208)**
- ESSER II – Elementary & Secondary Emergency (2594) – **(\$6,830,790)**
- EHA – Part B Grant Fund (2610) – **(\$1,419,498)**
- EHA Preschool (2620) – **(\$45,979)**
- CTE Vocational – Basic Fund (2711) – **(\$296,249)**
- Title IV Part A – Student Support (2811) – **(\$500)**
- 21<sup>st</sup> Century Learning (2812) – **(\$17,714)**
- 21<sup>st</sup> Century – Link Zone (2813) – **(\$200,000)**
- Homeless Help – McKinney Vento (2814) – **(\$84,688)**
- Project Care (2930) – **(\$80,005)**
- Early Learning College – Year 3 (2935) – **(\$345,000)**
- School Climate Grant (2985) – **(\$310,179)**
- 2017 Construction in Progress (3901) – **(\$753,337)**
- 2021 Construction in Progress (3903) – **(\$72,282)**
- Greensboro Renovation Fund (3906) – **(\$975)**

- 2017 GO Refunding Bonds (4033) – (\$20,762)

The approval of the fund budgets with ending deficit fund balances resulted in a violation of state law; however, none of the actual fund balances were negative at June 30, 2021.

**Recommendation:** We recommend the Starkville – Oktibbeha Consolidated School District strengthen controls over budgets and ensure compliance by implementing sound budgeting practices that will prevent projected negative fund balances from being presented to the School Board. A thorough review of such budgets should be made prior to being presented to the Board for approval.

**District's Response:** The Starkville-Oktibbeha Consolidated School District complied with *MS Code Section 37-61-19*. No expenditures for any fund exceeded the actual resources available, nor were funds budgeted from a fund which exceeded the actual resources available in the fund.

The original budget that was approved by the School Board showed no negative fund balances. The original budget complied with this code section. During the preparation of the final amended budget, the budgeted expenditures were amended to better reflect actual expenditures and to ensure that the District complied with this code section. The District did not amend the original revenue budget amounts to actual revenues received. Therefore, the ending fund balances shown on the final amended budget appeared to be in the negative. However, the actual ending fund balances were not negative for any funds. In addition, actual expenditures were less than final budgeted expenditures for all funds.

The District had procedures in place to ensure that the actual final expenditures did not exceed the final budgeted expenditures nor the actual resources available in each fund. However, in the future, we will ensure that we amended the final budgeted revenue amounts to better reflect the actual revenue amount that were received for the fiscal year to ensure the final amended budget does not appear to be in non-compliance with this code section.

**Auditor's Response:** *Section 37-61-19* states, "It shall be unlawful for any school district to budget expenditures from a fund in excess of the resources available within that fund." Even though through testing, the funds were found to not be negative, the Board presented and approved an inaccurate, negative budget to the public.

**Repeat Finding:** No.

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**Finding 4:** The School District Should Strengthen Internal Controls and Ensure Compliance with State Law over Sixteenth Section Deposits, Lease Payments, Taxes, and Appraisals.

**Internal Control Deficiency:** *The Internal Control – Integrated Framework published by the committee of Sponsoring Organizations of the Tread-way Commission* specifies that a satisfactory control environment is only effective when there are adequate control activities in place. Good internal controls require the functions of processing, recording transactions, and maintaining custody of related assets be properly recorded to ensure the assets are safeguarded against loss from unauthorized use or theft.

**Applicable State Law:** *Section 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 leases, the auditor noted the following exceptions out of 20 tested:

- Two lease payments were deposited more than three days after receipt;
- Six lease payments were not made for a period of one to three years; however, the lease agreements were not terminated;
- Nine lessees were not current on their taxes; however, the lease agreements were not terminated; and
- No appraisals were found in the files of the lessees selected.

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

**Recommendation:** We recommend the Starkville-Oktibbeha Consolidated School District ensure compliance by assuring taxes are current and an appraiser is appointed one year before to the rental of sixteenth section land, as required by state laws and regulations. Additionally, we recommend all lease payments are deposited immediately.

**District’s Response:** Starkville-Oktibbeha Consolidated School District is working to strengthen controls surrounding sixteenth section revenue and putting procedures in place to ensure that the District complies with state laws concerning sixteenth section lands.

During the period under audit, the District had contracted with an outside vendor to handle the management of the sixteenth section lands. The District discovered deficiencies in the handling of these services. Therefore, the District terminated the contract with the vendor. The District hired a sixteenth section bookkeeper on May 12, 2021, to handle the administrative duties of the sixteenth section leases. The District has also assigned the management of the sixteenth section lands to a current employee within the District until another outside vendor or a new hire can be obtained.

**Repeat Finding:** No.

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## INSTANCES OF NONCOMPLIANCE WITH STATE LAW

**Finding 5:** 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

**Finding Detail:** During the review of the School District's related party questionnaires and Board minutes, the auditor noted one member of the School Board voted to approve the reappointment of two certified teachers who are relatives within the third degree.

Failure of the Board Member from recusing herself during the vote for relatives resulted in the violation *Mississippi Code Section 37-9-21*.

**Recommendation:** We recommend the Starkville-Oktibbeha Consolidated School District ensure compliance with *Mississippi Code Section 37-9-21*, by recusing themselves during the vote of relatives within the third degree.

**District's Response:** The School Board Members have been made aware of *Mississippi Code Section 37-9-21* and will comply recusing themselves during any votes of relatives within the third degree.

**Repeat Finding:** No.

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**Finding 6:** The School District Should Ensure Compliance with State Law over the Maintenance of Certifications in Employees' Personnel Files.

**Applicable State Law:** *Accounting Manual for School Districts, Section B, Personnel Files*, states, "There shall be individual personnel files in the school district central office, which include contracts, a copy of teacher certificates, wage authorizations, federal and state withholding authorizations, and other deduction information. Individual personnel files shall stand alone to support payroll checks issued to individuals. School districts, as well as private firms under contract to provide substitute teachers to school districts, are required to conduct criminal records background and child abuse registry checks on all newly hired licensed and non-licensed employees."

**Finding Detail:** During the review of the School District's certified employees' personnel files, the auditor noted ten out of 20 teacher certifications were not enclosed in the employees' personnel file.

Failure to ensure certifications are included within personnel files resulted in noncompliance with the *Mississippi Department of Education's Accounting Manual*.

**Recommendation:** We recommend the Starkville-Oktibbeha Consolidated School District ensure compliance by assuring copies of educator certifications are enclosed in all certified employees' personnel files.

**District's Response:** The teacher certification for ten employees noted in the finding were obtained by the District as required. These certifications were kept in a separate file. However, we failed to also put a copy in the employee's individual personnel file. Beginning in July of 2021, the District had already put procedures in place to include a copy of the teacher's certification in the individual teachers' personnel files for all new hires. We will continue these procedures in the future. Starkville-Oktibbeha Consolidated School District did not

**Repeat Finding:** No.

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**Finding 7:** The School District Should Ensure Compliance with State Law over Reemployment of Retired Public Employees.

**Applicable State Law:** *Section 25-11-127(4), Mississippi Code Annotated (1972)*, states, “Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment.”

*PERS Board Regulation 34, Section 105*, states, “To 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 a \$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 out of 15 tested:

- One retiree was paid more than the allowed salary by PERS, totaling **\$5,781**;
- Thirteen Form 4Bs did not have evidence of being filed within five days of rehire;
- Two Form 4Bs were not filed within five days of rehire; and
- One Form 4B did not have evidence of the retiree’s retirement date.

Failure to file Form 4Bs, as required by PERS, and comply with *Section 25-11-127(4)* could result in overpayment of a retiree and the School District being assessed penalties by PERS.

**Recommendation:** We recommend the Starkville-Oktibbeha Consolidated School District ensure compliance with state laws and regulations by properly paying employees, completing and submitting Form 4Bs to PERS within five days from the date of reemployment.

**District’s Response:** Starkville-Oktibbeha Consolidated School District has put procedures in place to ensure that all Form 4Bs are submitted to PERS within five days of rehire. Additionally, the District is now keeping a copy of the fax confirming page to verify that the forms are submitted to PERS within five days. We will also put procedures in place to monitor time worked by retirees to ensure that the retirees are not overpaid.

**Repeat Finding:** No.

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**Finding 8:** The School District Should Ensure Compliance with State Law over Education Enhancement Fund (EEF) Cards.

**Applicable State Law:** *Section 37-61-33(3)(a)(iii), Mississippi Code Annotated (1972)*, states, “On or before September 1 of each year, local school districts shall determine and submit to the State Department of Education the number of teachers eligible to receive an allocation for the current year. For purposes of this subparagraph, “teacher” means any employee of the school board of a school district, or the Mississippi School for the Arts, the Mississippi School for Math and Science, the Mississippi School for the Blind or the Mississippi School for the Deaf, who is required by law to obtain a teacher’s license from the State Department of Education and who is assigned to an instructional area of work as defined by the department, but shall not include a federally funded teacher”

**Finding Detail:** During the testing of the School District’s EEF procurement cards, the auditor noted one teacher whose salary was partially federally funded was issued a card.

Inadequate internal controls and procedures surrounding the School District's Education Enhancement Procurement cards could result in the loss or misappropriation, fraud, waste, and abuse of public funds.

**Recommendation:** We recommend the Starkville – Oktibbeha Consolidated School District ensure compliance by establishing policies and procedures to ensure EEF procurement cards are not distributed to federally-funded teachers.

**District's Response:** During the determination of EEF eligible teachers for the 2021-2021 school year, the referenced teacher had been Board approved as a Special Education Teacher to be funded out of fund 1130. An EEF card was distributed to this teacher based upon this non-federal funding status. On October 13, 2020, the School Board approved for this teacher to be moved to a vacant federally funded position effective October 14, 2020. At that time, a portion of the allocation on the card (\$124.91) had already been used to purchase classroom supplies and materials. The card was again used on October 15, 2020, and October 19, 2020 in a total amount of \$222.27. This was after the teacher changed to federal funding. However, it was within a week of the change. The remaining purchases of \$56.66 were made later. The District failed to request that the teacher return the EEF card. This was caused by an oversight due to the funding changing after the cards were initially distributed. The District will put procedures in place to ensure that if EEF eligible teachers are changed mid-year to federally funded status. EEF cards will be required to be returned to the EEF card administrator.

**Repeat Finding:** No.

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**End of Report**

# STARKVILLE OKTIBBEHA CONSOLIDATED SCHOOL DISTRICT

GREENSBORO CENTER, 401 GREENSBORO STREET  
STARKVILLE, MS 39759



TONY McGEE, Ed.D.  
SUPERINTENDENT

TELEPHONE (662) 324-4050  
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## COMPLIANCE REVIEW FINDINGS

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

Dear Mr. White:

The Starkville-Oktibbeha Consolidated School District presents the following responses and corrective action plans for the compliance review findings presented by your office.

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

**Response:** The District is now utilizing a digital ticketing system in order to properly strengthen controls over athletic revenue. All ticket sales are handled electronically, and there are no cash receipts for athletic events.

**Corrective Action Plan:** The district is now utilizing a digital ticketing system which has reduced the amount of cash received for athletic events. However, we have kept the option to allow cash payment for ticket sales if needed. We have also put the following procedures in place for any ticket sales where cash is accepted:

1. The district Athletic Director, or designee, will deposit any funds received the same day of the event or place the funds in the night depository if the event ends after banking hours.
2. The district athletic office will ensure that beginning and ending ticket numbers are listed on the ticket count forms and that cash received is reconciled with the number of tickets sold.

The district Athletic Director is responsible for the corrective action plan.

The corrective action plan has already been implemented.

**Finding 2:** The School District Should Strengthen Internal Controls over Board Minutes.

**Response:** Starkville-Oktibbeha Consolidated School District utilizes oAgendas to manage board packets and provide online access to board meeting information. The district compiles the board minutes

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and then uploads them to oAgendas which automatically populates the page numbers. In addition, the district also keeps a hard copy of all board minutes and supplementary documents on file in the vault at the district which serves as the official board minutes for the district.

Starkville-Oktibbeha Consolidated School District's Board of Trustees voted to amend policy BCBH during the October 12, 2021, board meeting adding language that all page numbers of the minutes shall be correctly numbered. Therefore, the district will put procedures in place to ensure that all board minute pages are numbered correctly. We will also put procedures in place to make sure that all minutes and supporting documentation are kept on file in a bound minute book.

**Corrective Action Plan:** The district is now ensuring that all board minute pages are numbered correctly and all minutes and supporting documentation are kept on file in a bound minute book.

The Administrative Assistant to the Superintendent is responsible for the corrective action plan.

The corrective action plan has already been implemented.

**Finding 3:** The School District Should Strengthen Controls and Ensure Compliance with State Law over Budget Approval.

**Response:** The Starkville-Oktibbeha Consolidated School District complied with MS Code Section 37-61-19. No expenditures for any fund exceeded the actual resources available, nor were funds budgeted from a fund which exceeded the actual resources available in that fund.

The original budget that was approved by the school board showed no negative ending fund balances. The original budget complied with this code section. During the preparation of the final amended budget, the budgeted expenditures were amended to better reflect actual expenditures and to ensure that the district complied with this code section. The district did not amend the original revenue budget amounts to actual revenues received. Therefore, the ending fund balance shown on the final amended budget appeared to be in the negative. However, actual ending fund balances were not negative for any funds. In addition, actual expenditures were less than final budgeted expenditures for all funds.

The district had procedures in place to ensure that the actual final expenditures did not exceed the final budgeted expenditures nor the actual resources available in each fund. However, in the future we will ensure that we amend the final budgeted revenue amounts to better reflect the actual revenue amounts that were received for the fiscal year to ensure that the final amended budget does not appear to be in non-compliance with this code section.

**Corrective Action Plan:** The Chief Financial Officer will ensure that final budgeted revenue amounts will be amended to better reflect the actual revenue amounts that were received for the fiscal year.

The Chief Financial Officer is responsible for the corrective action plan.



The corrective action plan will be implemented with the final amended budget for the FYE June 30, 2022.

**Finding 4:** The School District Should Strengthen Internal Controls and Ensure Compliance with State Law over Sixteenth Section Deposits, Lease Payments, Taxes, and Appraisals.

Response: Starkville-Oktibbeha Consolidated School District is working to strengthen controls surrounding sixteenth section revenue and putting procedures in place to ensure that the district complies with state laws concerning sixteenth section lands.

During the period under audit, the district had contracted with an outside vendor to handle the management of the sixteenth section lands. The district discovered deficiencies in the handling of these services. Therefore, the district terminated the contract with the vendor. The district hired a sixteenth section bookkeeper on May 12, 2021, to handle the administrative duties of the sixteenth section leases. The district has also assigned the management duties of the sixteenth section lands to a current employee within the district until another outside vendor or a new hire can be obtained.

Corrective Action Plan: The district has put procedures in place to ensure that deposits are made in a timely manner. The sixteenth section bookkeeper turns in receipts to the Finance Department on the day of receipt and the funds are deposited by the Finance Department. The district is also reviewing leases and presenting those that have not been paid or those who are not current on their taxes to the school board for termination. The district has also started keeping copies of appraisals in the lessee files.

The Superintendent, in coordination with the sixteenth section bookkeeper, is responsible for the corrective action plan.

The corrective action plan has already been implemented.

**Finding 5:** The School District Should Ensure Compliance with State Law over Nepotism.

Response: The School Board Members have been made aware of Mississippi Code Section 37-9-21 and will comply, recusing themselves during any votes of relatives within the third degree.

Corrective Action Plan: The School Board Members have been made aware of this code section and have complied.

The School Board Members are responsible for the corrective action plan.

The corrective action plan has already been implemented.

**Finding 6:** The School District Should Ensure Compliance with State Law over the Maintenance of Certifications in Employee's Personnel Files

Response: Starkville-Oktibbeha Consolidated School District did ensure that background checks were obtained on all new hires as required by state law.

The teacher certifications for the ten (10) employees noted in the finding were obtained by the district as required. These certifications were kept in a separate file. However, we failed to also put a copy in the employee's individual personnel file. Beginning in July of 2021, the district had already put procedures in place to include a copy of the teacher's certification in the individual teacher's personnel files for all new hires. We will continue these procedures in the future.

Corrective Action Plan: The district is placing a copy of teacher certifications in the individual teacher's personnel files for all new hires.

The Human Resource Director is responsible for the corrective action plan.

The corrective action plan has already been implemented.

**Finding 7:** The School District Should Ensure Compliance with State Law over Reemployment of Retired Public Employees.

Response: Starkville-Oktibbeha Consolidated School District has put procedures in place to ensure that all Form 4Bs are submitted to PERS within five days of rehire. Additionally, the district is now keeping a copy of the fax confirmation page to verify that the forms were submitted to PERS within five days. We will also put procedures in place to monitor time worked by retirees to ensure that the retirees are not overpaid.

Corrective Action Plan: The district has put procedures in place to ensure that all Form 4Bs are submitted to PERS within five days of rehire. We are also keeping copies of the fax confirmation pages to verify that the forms were submitted to PERS within five days. The HR department and the payroll clerk are also monitoring retirees to ensure that they are not overpaid.

The HR Director, in coordination with HR staff and the payroll clerk, is responsible for the corrective action plan.

The corrective action plan has already been implemented.

**Finding 8:** The School District Should Ensure Compliance with State Law over Education Enhancement Fund (EEF) Cards.

Response: During the determination of EEF eligible teachers for the 2020-2021 school year, the referenced teacher had been board approved as a Special Education teacher to be funded out of fund 1130. An EEF card was distributed to this teacher based upon this non-federal funding status. On October 13, 2020, the school board approved for this teacher to be moved to a vacant federally funded position effective October 14, 2020. At that time, a portion of the allocation on the card (\$124.91) had already been used to purchase classroom supplies and materials. The card was again used on October 15, 2020, and October 19, 2020, in a total amount of \$222.27. This was after the teacher changed to federal funding. However, it was within a week of the change. The remaining purchases of \$56.66 were made later. The district failed to request that the teacher return the EEF card. This was caused by an oversight due to the funding changing after the cards were initially distributed. The district will put procedures in place to ensure that if EEF eligible teachers are changed mid-year to federally funded status, EEF cards will be required to be returned to the EEF card administrator.

Corrective Action Plan: No corrective action is necessary since the MS Legislature has revised the law to allow federally funded teachers to receive EEF cards.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. McGee', with a stylized flourish at the end.

Dr. Tony McGee  
Superintendent