

YAZOO COUNTY SCHOOL DISTRICT MISSISSIPPI

COMPLIANCE REPORT

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

SHAD WHITE
State Auditor

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

Yazoo County School District
191 Panther Dr.
Yazoo City, MS 39194

Members of the Yazoo County School Board:

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

1. Strengthen Internal Controls and Ensure Compliance with State Law over Athletic Fund Cash Receipts and Deposits;
2. Strengthen Internal Controls and Ensure Compliance with State Law over Sixteenth Section Receipts, Deposits, Lease Payments, Taxes, and Appraisals;
3. Ensure Compliance with State Law over Purchasing and the Payment of Invoices;
4. Ensure Compliance with State Law over Nepotism and Ethics;
5. Ensure Compliance with State Law over Shortfall Calculations;
6. Ensure Compliance with State Law over Free Admission to School – Sponsored Events for District Employees;
7. Ensure Compliance with State Law over Sixteenth Section Interest Fund Transfers;
8. Ensure Compliance with State Law over Statements of Economic Interest;
9. Ensure Compliance with State Law over Education Enhancement Fund (EEF) Procurement Cards;
10. Ensure Compliance with State Law over Reemployment of Retired Public Employees; and
11. Ensure Compliance with State Law over Surety Bonds.

Please review the recommendations and submit a plan to implement them **November 15, 2022**. The enclosed findings contain more information about our recommendations. During future engagements, we may review the findings in this management report to ensure procedures have been initiated to address these findings.

This report is intended solely for the information and use of management, individuals charged with governance and Members of the Legislature and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

I hope you find our recommendations enable the Yazoo County School District to carry out its mission more efficiently. If you have any questions or need more information, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Stephanie C. Palmertree".

STEPHANIE PALMERTREE, CPA, CGMA
Deputy State Auditor

Office of the State Auditor

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

Our procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been met. Also, our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be weaknesses. In accordance with *Section 7-7-211, Mississippi Code Annotated (1972)*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

We noted certain deficiencies in controls that we noted under the heading **OTHER 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**. The Auditor's Office has also made a recommendation for management's consideration that 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**.

OTHER DEFICIENCY AND INSTANCES OF NONCOMPLIANCE WITH STATE LAW

Finding 1: The School District Should Strengthen Internal Controls and Ensure Compliance with State Law over Athletic 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.

According to the *Mississippi Public School Accounting Manual*, states, "Monies collected by the principal's office for extracurricular activities much be receipted using a three-part receipt." Additionally, the principal should deliver a transmittal report of all activity fund transactions five working days after the close of the month.

Applicable State Law: *Section 37-7-301(s), Mississippi Code Annotated (1972)*, states, "To expend local activity funds, or other available school district other than minimum education program funds, for the purposes prescribed under this paragraph. "Activity funds" shall mean all funds received by school officials in all school district paid or collected to participate in any school activity, such activity being part of the school program and partially financed with public funds or supplemented by public funds... Activity funds may only be expended for any necessary expenses or travel costs, including

advances, incurred by students and their chaperons in attending any in-state or out-of-state school-related programs, conventions or seminars and/or any commodities, equipment, travel expenses, purchased services or school supplies which the local school governing board, in its discretion, shall deem beneficial to the official or extracurricular programs of the District...”

Finding Detail: During the review of the School District’s activity fund deposits and receipts, the auditors noted the following exceptions out of 23 tested:

- Three game deposits were between four and 13 business days after monies were receipted;
- There was a net overage of **\$54** between and ticket sales for varsity football, basketball, and baseball games;
- Two deposits could not be traced to a receipt;
- Three deposits could not be traced to the general ledger;
- One game’s deposit could not be verified as being deposited;
- There were no transmittals submitted to the Central Office monthly;
- Three-part receipts were not being utilized to record collections; and
- All revenue collected to extracurricular events were recorded within the District Maintenance Fund (1120) instead of the Activity Fund designated by the Board, totaling **\$19,872**.

Recommendation: We recommend the Yazoo County School District strengthen internal controls and ensure compliance over athletic revenue by assuring athletic fund revenue is safeguarded, properly recognized, recorded, and deposited in a timely manner.

District’s Response: We will implement the following adjustments effective 10/11/2021: Extra-curricular funds will be handled through the school office level. The school will be responsible for handling game receipts, ticket sales, counting and depositing funds into the school level Activity Account. We have spoken to our financial institution and secured a method to deposit the funds on the evening of the event. We will implement three-part receipts to document the deposits. Funds generated from extra-curricular events will be deposited into the school’s Activity Fund. Purchases for extra-curricular expenditures will be generated from the school level’s activity fund. Game receipts will be collected at the event, the ticket takers will count the funds, signing off on the amount collected and the tickets started with and ended with, then the administrators of the game will recount the money prior to making the deposit on the night of the event

Repeat Finding: No.

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

Internal Control Deficiency: Management is responsible for ensuring adequate internal controls related to collections of 16th Section lease payment revenue. Additionally, the accounting manual prescribed by the Mississippi Department of Education requires all monies shall be receipted to the school district utilizing pre-numbered receipts two (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.

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 Section (1972), states, “Upon a sixty (60) day default in payment of any rentals according to the terms of such lease, the lease shall be declared terminated unless the Board of Education finds extenuating circumstances were present, and the Board shall inaugurate the proper legal proceedings to terminate such lease.”

Section 29-3-65, 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 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*.” Additionally, management is responsible for ensuring adequate internal controls over the collections for sixteenth section lease revenue.

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

- Four lease agreement files were missing appraisals;
- Two lease payments were not properly receipted, as required by the *Mississippi Department of Education’s Accounting Manual*;
- Two lease payments were more than 60 days late; however, the lease agreements were not cancelled; and
- Taxes were not current on one lease agreement; however, the lease agreement was not cancelled.

Failure to terminate leases due to non-payment of lease payments, taxes, and appointment of an appraiser resulted in noncompliance with state law and regulations.

Recommendation: We recommend the Yazoo County School District ensure compliance by assuring lease payments are received within 60 days of the due date, taxes paid on or before February 1st, and appraisals are obtained and maintained within the lessees’ files, as required by state laws and regulations.

District’s Response: The Yazoo County School District will use a two-copy receipting system to document payments, identify leases when they are 60 days late on their payment to be placed on the board agenda for cancellation and verify by the end of January each year and 16th section taxes that are delinquent and submit them to the board for cancellation.

Repeat Finding: No.

INSTANCES OF NONCOMPLIANCE WITH STATE LAW

Finding 3: The School District Should Ensure Compliance with State Law over Purchasing and Payment of Invoices.

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.”

Section 31-7-305(2), Mississippi Code Annotated (1972), states, “All public bodies that are authorized to issue checks in payment of goods and services and are not required to issue requisitions for payment to the State Fiscal Management Board

shall mail or otherwise deliver such checks no later than forty-five (45) days after receipt of the invoice and receipt, inspection and approval of the goods or services.”

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

- Two bids/quotes were not obtained for three vendor purchases in excess of \$5,000 but less than \$50,000:
 - Northern Safety Co., Inc. - **\$20,587**;
 - Myvrspport, LLC - **\$5,490**; and
 - Soundcom, LLC - **\$8,646**.
- Two invoices were paid more than 45 days after being receipted.

Failure to follow purchasing laws could result in fraud or misappropriation of public monies. Also, not paying invoices within 45 days of being receipted resulted in non-compliance with state laws.

Recommendation: We recommend the Yazoo County School District ensure compliance by assuring bids/quotes are obtained for purchases in excess of **\$5,000** and invoices are paid 45 days of being receipted as required by state laws and regulations.

District’s Response: The Yazoo County School District will adhere to state law and board policy on accepting bid purchases

Repeat Finding: No.

Finding 4: The School District Should Ensure Compliance with State Law over Nepotism and Ethics.

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

Mississippi Ethics Opinion 14-051-E, requires “...*Section 25-4-105(1), Miss. Code of 1972*, prohibits a school board member from using his or her official position to obtain or attempt to obtain a pecuniary benefit for his or her relatives. The term relative is defined in *Section 25-4-103(q)* and includes the board member’s child. Therefore, the school board member, if elected cannot participate in any matter which would create a monetary benefit for his or her child. Examples of actions in which board member should not participate include, but are not limited to, the selection or promotion of a relative or adjustments to his or her salary, benefits or other compensation and any other action which is a necessary predicate to the relative’s compensation, and any claims docket or budget from which the relative is paid, including approval of the annual school district budget. A total and complete recusal requires the board member leave the meeting room before the matter comes up for discussion and remain absent until the vote is concluded... Furthermore, any minutes or record of the meeting or other proceeding should state the recusing board member left the room before the matter came before the board and did not return until after the vote...”

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

- One Board member approved the reappointment of two certified relatives; and
- One Board member did not recuse himself during the rehire of his sister as a non-certified employee.

Failure of the two Board members from recusing themselves during the vote for relatives resulted in the violation of *Mississippi Ethics Opinion 14-051-E* and *Mississippi Code Section 37-9-21*.

Recommendation: We recommend the Yazoo County School District ensure compliance with *Mississippi Ethics Opinion 14-051-E* and *Mississippi Code Section 37-9-21*, by recusing themselves during the vote of relatives within the first and third degrees. The Ethics matter will be turned over to the *Mississippi Ethics Commission*.

District's Response: The Yazoo County School District will include language in each board meeting where employees are approved, reminding the board members to review those who are being approved, identify and prospective employees who are within the 3rd degree relation by blood or marriage, and recuse themselves for the consideration of the specific employee

Repeat Finding: No.

Finding 5: The School District Should Ensure Compliance with State Law over Shortfall Calculations.

Applicable State Law: *Section 27-39-333(2), Mississippi Code Annotated (1972)*, states, "Any political subdivision which, during a fiscal year, estimates that the amount of the ad valorem taxes or other anticipated revenue from local sources to be collected therein is less than the amount estimated at the time of formulation of its budget for the fiscal year due to circumstances which were unanticipated at the time of formulation of the budget and which will prevent the political subdivision, issue promissory notes in an amount equal to the estimated shortfall of ad valorem taxes and/or revenue from local sources but in no event to exceed twenty-five percent (25%) of its budget anticipated to be funded from the sources of the shortfall for the fiscal year."

Section 37-57-108, Mississippi Code Annotated (1972), states "In the event that the amount of revenue collected or estimated to be collected from local sources, on behalf of a school district during a fiscal year, is less than the amount provided for in the duly adopted budget of said school district for the fiscal year, then the school district may issue promissory notes in an amount and in the manner set forth in *Section 27-39-333*, not to exceed the estimated shortfall of revenue from local sources, but in no event to exceed twenty-five percent (25%) of its budget anticipated to be funded from the sources of the shortfall for the fiscal year. A school district issuing notes under the provisions of this section shall not be required to publish notice of its intention to do so or to secure the consent of the qualified electors or the tax levying authority of such school district."

Finding Detail: During the review of the School District's limitations on ad valorem taxes, the auditors noted the District's shortfall promissory note issued for June 30, 2021 was incorrectly calculated in the amount of **\$122,389**. The actual shortfall that should have been noted was **\$81,864**.

Failure to ensure its shortfall calculation was correct resulted in an incorrect escrow of the issued shortfall note in the excess amount of **\$40,526**.

Recommendation: We recommend the Yazoo County School District ensure compliance by properly calculating its shortfall notes before issuing promissory notes, as required by state law.

District's Response: The Yazoo County School District will calculate the shortfall note on a cash basis going forward.

Repeat Finding: No.

Finding 6: The School District Should Ensure Compliance with State Law Over Free Admission to School – Sponsored Events.

Applicable State Law: *Attorney General Opinion 2005 WL 832129*, provides that free admission to sporting and social events would not be permissible.

Mississippi Constitution, 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...”

Finding Detail: During the review of the School District's activity/athletic funds, the auditors noted the District's personnel are allowed free entrance to all school – sponsored events with their District – issued badges. Failure to ensure free admission is not allowed to public employees to extracurricular activities could result in an illegal donation.

Recommendation: We recommend the Yazoo County School District ensure compliance by implementing policies in regards to the free admissions of its personnel to school sponsored events to avoid noncompliance with state law and regulations.

District's Response: The Yazoo County School District will enact a policy requiring employees who are not serving on duty to pay for entrance into extra-curricular events.

Repeat Finding: No.

Finding 7: The School District Should Ensure Compliance with State Law over Sixteenth Section Interest Fund Transfers.

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

Finding Detail: During the review of the School District's sixteenth section transfers and the Board minutes, the auditors noted five transfers from the District's sixteenth section interest fund totaling **\$446,688** were not approved with a Board order.

Failure to ensure there was a Board order spread upon the minutes for transfers from the sixteenth section interest fund resulted in a violation of state laws and regulations.

Recommendation: We recommend the Yazoo County School District ensure compliance by assuring all transfers from the sixteenth section interest funds are performed with a Board order, as required by state law.

District's Response: We will ensure that all transfers of 16th section interest are spread on the minutes of our board meetings

Repeat Finding: No.

Finding 8: The School District Should Ensure Compliance with State Law over Statements of Economic Interest

Applicable State Law: *Section 25-4-25, Mississippi Code Annotated (1972)*, provides that “Each of the following individuals shall file a statement of economic interest with the commission in accordance with the provisions of this chapter: a) Persons elected by popular vote...” *Section 25-4-29(1), Mississippi Code Annotated (1972)*, provides that “Required statements hereunder shall be filed as follows: a) Every incumbent public official required....to file a statement of economic interest shall file such statement with the commission on or before May 1 of each year that such official holds office, regardless of duration...2) Any person who fails to file a statement of economic interest within thirty (30) days of the date of the statement is due shall be deemed delinquent by the commission...a fine of Fifty Dollars (\$50.00) per day, not to exceed a total fine of One Thousand Dollars (\$1,000.00) shall be assessed against the delinquent filer for each day thereafter in which the statement of economic interest is not properly filed. The commission shall enroll such assessment as a civil judgment with the circuit clerk in the delinquent filer’s county of residence...”

Finding Detail: During the review of the School District’s Statements of Economic Interest, the auditors noted the following exceptions:

- One Board member did not file by May 1, 2021;
- One Board member did not file for 2017, 2018, 2019 and 2020;
- One Board member did not file for 2019; and
- Two Board members did not file for 2020.

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

Recommendation: We recommend the Yazoo County School District ensure compliance by assuring School Board members file their Statement of Economic Interest annually, no later than May 1st of each year that such official holds office, regardless of the duration.

District’s Response: The Yazoo County School District board members will complete and file their SEI and maintain their current status moving forward

Repeat Finding: No.

Finding 9: 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 review of the School District’s Education Enhancement Fund (EEF) procurement cards, the auditors noted one federally – funded teacher was issued an EEF card.

Due to the issuance of a procurement card to a federally paid employee, the District is in a violation of *Mississippi Code Annotated Section 37-61-33(3)(a)(iii)*.

Recommendation: We recommend the Yazoo County School District ensure compliance by assuring distribution of procurement cards are only to eligible teachers, as required by state law.

District's Response: We reviewed the employee who received the card who resulted in the citation. The employee was awarded an EEF card and was labeled as a federally funded employee. However, the employee is funded 50% district funds and 50% Title funds, making her eligible to receive an EEF card.

Auditor's Note: As noted above, federal – funded teachers are not allowed to receive an EEF card. Since the teacher's salary is paid 50% from federal funds, he or she is considered to be a federally – funded teacher; therefore, this would make him or her ineligible to receive an EEF card for the fiscal year 2021.

Repeat Finding: No.

Finding 10: The School District Should Ensure Compliance with State Law over Reemployment of Retired Public Employees.

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

Finding Detail: During the review of the School District's PERS Form 4Bs, the auditors noted the following exception out of six forms tested: All six retirees' re-employment dates were not accurately recorded on their Form 4Bs; therefore, auditors could not verify that the District met the 90-day requirement.

Failure to properly complete Form 4Bs resulted in noncompliance with state law.

Recommendation: We recommend the Yazoo County School District ensure compliance by properly completing Form 4Bs and ensuring that it is noted that all retirees are hired no less than 90 days after retirement, as required by state law.

District's Response: We reviewed the finding and have corrected the PERS finding. Further we will maintain fax conformation sheets for each PERS submission.

Repeat Finding: No.

Finding 11: 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. Such bond shall be filed and recorded in the office of the clerk of the chancery court in which the school district is located, and shall 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.”

Finding Detail: During the review of the School District’s surety bonds, the auditors noted four Board members’ and the Superintendent’s bonds were both indefinite and continuations.

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.

Recommendation: We recommend the Yazoo County School District ensure compliance by securing new bonds every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee as statutorily required.

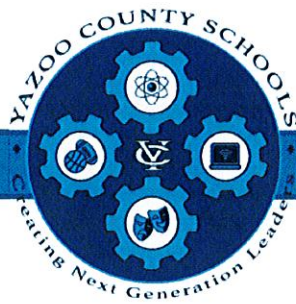
District’s Response: We have reviewed and corrected our bonds. Beginning with FY2022, the District will ensure that all employees who handle money will have non-continuous bonds.

Repeat Finding: No.

OTHER RECOMMENDATIONS BY OFFICE OF THE STATE AUDITOR

OSA recommends that School Board consider obtaining surety bonds for Purchase Agents, Principals, Assistant Superintendent, Board Clerk, Office Clerk, Assistant Chief Financial Officer, Payroll Clerk, and School Resource Officers. As noted during our test work, six Purchase Agents, five Principals, three Assistant Superintendents, Board Clerk, Office Clerk, Assistant Chief Financial Officer, Payroll Clerk, and two School Resource Officers are covered under a continuation certificate. 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.

End of Report



OFFICE OF THE SUPERINTENDENT

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Dr. Ken Barron, Superintendent
Dr. Terri Rhea, Assistant Superintendent

11/11/22

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:

Included is each corrective action plan for the eleven (11) compliance review findings sited for our school district.

AUDIT FINDINGS:

Audit Finding Heading 1: The School District Should Strengthen Internal Controls and Ensure Compliance with State Law over Athletic Cash Receipts and Deposits

Response: Yazoo County School District will strengthen internal controls over athletic revenue.

Corrective Action Plan:

- A. Extra-curricular funds will be maintained in each school's activity fund account.
- B. Each school will ensure deposits are documented on three-part receipts.
- C. Each school will reconcile funds collected and tickets sold for each extra-curricular event.
- D. Each school will deposit funds collected on the night of the extra-curricular event.



OFFICE OF THE SUPERINTENDENT

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Dr. Ken Barron, Superintendent
Dr. Terri Rhea, Assistant Superintendent

Audit Finding Heading 2: The School District Should Strengthen Internal Controls over Receipts and Ensure Compliance with State Law over Sixteenth Section Lease Payments, Taxes, and Appraisals

Response: Yazoo County School District will strengthen internal controls over sixteenth section lease payments, taxes, and appraisals.

Corrective Action Plan:

- A. The district will use a two-copy receipting system to document payments.
- B. The district will identify leases that are late and report to the school board for cancellation.
- C. The district will verify by January of each calendar year any delinquent taxes and recommend those to the school board for cancellation.

Audit Finding Heading 3: The School District Should Ensure Compliance with State Law over Purchasing and Payment of Invoices

Response: Yazoo County School District will adhere to state law and board policy on accepting bid purchases.

Corrective Action Plan:

- A. The district will require bids/quotes for purchases in excess of \$5,000.
- B. The district will pay invoices within 45 days of receipt of order.

Audit Finding Heading 4: The School District Should Ensure Compliance with State Law over Nepotism and Ethics

Response: Yazoo County School District will adhere to state law over Nepotism and Ethics.

Corrective Action Plan:

- A. The district will include language on any board meeting agenda that includes the approval of employees reminding board members to recuse themselves from consideration of any prospective employee within the 3rd degree relation.



OFFICE OF THE SUPERINTENDENT

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Phone: 662.746.4672
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www.yazoo.k12.ms.us

Dr. Ken Barron, Superintendent
Dr. Terri Rhea, Assistant Superintendent

Audit Finding Heading 5: The School District Should Ensure Compliance with State Law over Shortfall Calculations

Response: Yazoo County School District will begin calculating the shortfall note on a cash basis.

Corrective Action Plan:

- A. The district will calculate the shortfall note for each fiscal year using cash receipts without consideration of due from local sources collected in July of each fiscal year.

Audit Finding Heading 6: The School District Should Ensure Compliance with State Law over Free Admission to School-Sponsored Events

Response: Yazoo County School District will enact a policy allowing employees free entrance into extra-curricular events.

Corrective Action Plan:

- A. The district will obtain board approval of a policy to allow employees free admission to extra-curricular events.

Audit Finding Heading 7: The School District Should Ensure Compliance with State Law over Sixteenth Section Interest Fund Transfers

Response: Yazoo County School District will ensure all transfers of 16th section interest funds are included in the minutes of our board meetings.

Corrective Action Plan:

- A. The district will change the way 16th section interest fund transfers are board approved. The transfers will no longer be board approved as closing entries when approving the amended budgets each year but will be board approved separately as 16th section interest fund transfers.



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Audit Finding Heading 8: The School District Should Ensure Compliance with State Law over Statements of Economic Interest

Response: Yazoo County School District board members will complete and file their SEI and maintain their current status moving forward.

Corrective Action Plan:

- A. The district will monitor the filing of the Statement of Economic Interest for board members.

Audit Finding Heading 9: The School District Should Ensure Compliance with State Law over Education Enhancement Fund (EEF) Cards

Response: Yazoo County School District will issue EEF cards to district funded instructional staff only.

Corrective Action Plan:

- A. MS Code section has been amended to include all instructional staff, including federally funded teachers, beginning with fiscal year 2023.

Audit Finding Heading 10: The School District Should Ensure Compliance with State Law over Reemployment of Retired Public Employees

Response: Yazoo County School District will submit Form 4B for PERS retirees when reemployed with the district.

Corrective Action Plan:

- A. Form 4B will be faxed to PERS within five (5) days of reemployment to include confirmation sheets as evidence of compliance. This step was not performed previously to protect sensitive information of employees, including social security numbers and dates of birth, to help combat identity theft.



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Audit Finding Heading 11: The School District Should Ensure Compliance with State Law over Surety Bonds

Response: Yazoo County School District will ensure that employees handling money will have non-continuous bonds.

Corrective Action Plan:

- A. The district will cancel bonds each year at fiscal year end and re-issue new, non-continuous bonds at the beginning of each fiscal year.



Dr. Ken Barron, Superintendent

11/11/22