

CORINTH SCHOOL DISTRICT MISSISSIPPI

COMPLIANCE REPORT

Limited Internal Control and Compliance Review Management
For the year ended *June 30, 2022*

SHAD WHITE, CFE
State Auditor

Charlotte L. Duckworth
Director, *Compliance Audit Division*



*The Office of the State Auditor does not discriminate on the basis of
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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

January 30, 2024

Limited Internal Control and Compliance Review Management Report

Corinth School District
1204 North Harper Road
Corinth, Mississippi 38834

Dear Members of the Corinth School Board:

Enclosed for your review are the Limited Internal Control and Compliance Review Findings for the **Corinth School District** for the Fiscal Year **2022**. In these findings, the Auditor's Office recommends the **Corinth School District**:

1. Strengthen Internal Controls and Ensure Compliance with State Law over Budget Approval;
2. Ensure Compliance with State Law over Public Funds Generated by Outside Organizations During Their Fundraising;
3. Ensure Compliance with State Law over School Board Member Ethics;
4. Ensure Compliance with State Law over Building Lease Agreements;
5. Ensure Compliance with State Law over Merchant – Specific Credit Card;
6. Ensure Compliance with State Law over the Ad Valorem Tax Publication;
7. Ensure Compliance with State Law over Certified Teachers' Personnel Files, Contract Approvals, and Salaries;
8. Ensure Compliance with State Law over Reemployment of Retired Public Employees; and
9. Ensure Compliance with State Law over Surety Bonds.

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 **Corinth 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, reading "Charlotte L. Duckworth".

CHARLOTTE L. DUCKWORTH
Director of Compliance
Office of the State Auditor

The Office of the State Auditor has completed its limited internal control and compliance review of the **Corinth School District** for the year ended **June 30, 2022**.

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 *other deficiencies* in internal control. We also identified other deficiencies in internal control 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**.

OTHER DEFICIENCY AND INSTANCE OF NONCOMPLIANCE WITH STATE LAW

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

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 School Board 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 budgets, the auditor noted the following exceptions:

- The original budget for fiscal year 2022 included the following funds projecting a negative fund balance at year-end:
 - Special Education Fund (1130) – **(\$14,657)**;
 - Corinth Schools Athletic Fund (1151) – **(\$170,596)**;
 - Positive Behavior Specialist (2090) – **(\$61)**;
 - Title I-A Basic (2211) – **(\$169,992)**;
 - Title I-Part D Subpart2 (2212) – **(\$6,944)**;
 - CPPA-Cost Pool (2290) – **(\$251)**;
 - Title V-B-2 Rural & Low (2311) – **(\$7,476)**;
 - Title II-A Improving Teacher (2511) – **(\$6,071)**;

- Title III-Language for Lep A (2560) – **(\$2,691)**;
 - ESSERF (2590) – **(\$152,520)**;
 - School Nurse ESSER (2596) – **(\$11,788)**;
 - EHA-Part B (2610) – **(\$116,949)**;
 - Vocational Education/State & L (2711) – **(\$171)**;
 - K-8 Stem initiative Enhancement Grant (2717) – **(\$48,791)**;
 - Title IV B 21st Century Learning (2812) – **(\$32,974)**;
 - Title X-C Educat For Homeless (2814) – **(\$15,753)**;
 - ESSAC MSCDD Behavior Grant (2908) – **(\$20,082)**;
 - Early Learning Collaborative (2911) – **(\$388,780)**;
 - Districts of Innovations (2913) – **(\$1,800)**;
 - Alcorn Co Juvenile Detention (2925) – **(\$99,186)**;
 - Innovation Approaches to Liter (2933) – **(\$12,246)**;
 - Bond Retirement Fund Go Series 2015 (4036) – **(\$864,311)**;
 - 2019 Apple Lease \$2,932,527.23 (4043) – **(\$536,461)**;
 - Apple Lease \$264,800 (4044) – **(\$88,790)**; and
 - 2020 Apple Lease \$108,871.00 (4045) – **(\$27,686)**.
- The amended budget for fiscal year 2022 included the following funds projecting negative fund balances at year-end:
 - Corinth Schools Athletic Fund (1151) – **(\$17,243)**;
 - Summer Feeding 2022 (2132) – **(\$48,044)**;
 - Title I A Basic (2211) – **(\$138,743)**;
 - Title IV B 21st Century Learning (2812) – **(\$127,673)**;
 - MCOPS (2902) – **(\$12,581)**; and
 - Districts of Innovation (2913) – **(\$6,094)**;
 - There was one unbudgeted fund, Fund 2112 (Fruits and Vegetables Grants), in the amount of **\$73,640**; and
 - The sum of each special revenue fund on the School District's amended budget for fiscal year 2022 did not match the combined/combining totals due to a reporting error.

The actual fund balance at June 30, 2022 were not negative; however, the approval of the fund budgets with ending deficit fund balances could result in noncompliance with state law.

Recommendation: We recommend the Corinth School District strengthen internal controls 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 presentation to the Board for approval.

District's Response: No fund began with a negative or ending fund balance. All revenue is recorded and budgeted in the year received. The Fruits and Vegetables Grant was budgeted but not reflected in the amended budget due to a software error which resulted in amended budget revenues not matching. Vendor is correcting.

Auditor's Note: As noted by OSA above, the actual fund balances at June 30, 2022 were not negative; however, the School Board's approval of budgets with negative fund balances could result in noncompliance with state law.

Repeat Finding: No.

INSTANCES OF NONCOMPLIANCE WITH STATE LAW

Finding 2: The School District Should Ensure Compliance with State Law over Revenue Generated by Outside Organizations During Their Fundraising.

Applicable State Law: *Accounting Manual for School Districts, Section F, Activity Fund, Fund Raising*, prescribed by the Mississippi Department of Education, states, “The School Board has the authority to conduct or participate in any fundraising activities on behalf of or in connection with a tax-exempt charitable organization. The School Board should develop and adopt policies on conducting or participating in fund raising activities on behalf of or in connection with a tax-exempt charitable organization. The policy should identify those organizations that will be allowed to conduct fund raising activities in the local schools. In the absence of a School Board policy, this authority cannot be delegated to the local school principal. The money collected by the teacher and/or school principal will be remitted to the charitable organization or the outside organization conducting the fund raiser. Monies should not be deposited into the school’s activity fund.”

Finding Detail: During the review of the School District’s activity funds, the auditor noted the Lighthouse Foundation held a basketball tournament. The ticket sales generated from this fundraiser totaled **\$24,520**. This revenue was deposited within the District's depository. On December 1st, the District wrote a check to the Lighthouse Foundation, totaling **\$24,520**.

Failure to ensure fundraised revenue generated by an outside entity were not deposited within the School District’s bank account resulted in noncompliance with state law.

Recommendation: We recommend the Corinth School District ensure compliance by assuring all revenue generated from charitable or outside organizations are not comingled within the District’s depository, as required by state law.

District’s Response: The District deposited the revenue and redistributed the proceeds to the Lighthouse Foundation as instructed by MHSAA on the advice of a previous State Auditor. However, the Corinth School District did not deposit the proceeds from the Lighthouse Classic in November 2023 and will not deposit said proceeds moving forward.

Auditor’s Note: The documentation provided to OSA from the Mississippi High School Activities Association (MHSAA) did not have in writing any advice from the Mississippi State Auditor’s Office. Additionally, the MHSAA is a private entity and does not follow the rules required of public entities.

Repeat Finding: No.

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

Applicable State Law: *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 parties, the auditor noted on April 8, 2021 the School Board unanimously approved the Board Attorney for rehire for the 2021-2022 school year. One Board member is the brother of the Board Attorney and did not recuse themselves during this process.

Failure of the Board member to recuse themselves from the hiring of a relative within the first degree resulted in noncompliance with state law.

Recommendation: We recommend the Corinth School District ensure compliance by assuring Board members recuse themselves during the vote of relatives within the first degree, as required by state law. Additionally, this recusal should be spread upon the Board's minutes.

District's Response: Corinth School District has demonstrated an understanding of Board members recusing themselves as required. Board minutes indicate proper recusal as normal District and Board practice. The reviewed set of minutes containing the apparent failure to recuse was an error. The named member in fact recused himself when the employee was hired.

Auditor's Note: As noted by the *Mississippi Ethics Commission*, any and all recusals must be spread upon the Board's minutes. However, this action was not spread upon the Board's minutes, which resulted in noncompliance with state law.

Repeat Finding: No.

Finding 4: The School District Should Ensure Compliance with State Law over Building Lease Agreements.

Applicable State Law: *Mississippi Attorney General Opinion 2009 WL 927969*, states, "Section 37-7-301(v)(i) expressly provides that the term "lease" may include a lease/purchase contract. Finally, as to the cost of said lease, the statute gives the district the option of either paying the amount of the lowest and best bid accepted after by the district after advertisement for bids, or, in the alternative, an amount not to exceed the current fair market value as determined by averaging at least two (2) appraisals by certified general appraisers. Thus, in the latter scenario, the district would not be required to advertise and solicit bids."

Section 37-7-301(ww), Mississippi Code Annotated (1972), states, "To delegate, privatize or otherwise enter into a contract with private entities for the operation of any and all functions of nonacademic school process, procedures and operations including, but not limited to, cafeteria workers, janitorial services, transportation, professional development, achievement and instructional consulting services materials and products, purchasing cooperatives, insurance, business manager services, auditing and accounting services, school safety/risk prevention, data processing and student records, and other staff services; however, the authority under this paragraph does not apply to the leasing, management or operation of sixteenth section lands. Local school districts, working through their regional education service agency, are encouraged to enter into buying consortia with other member districts for the purposes of more efficient use of state resources as described in *Section 37-7-345*."

Mississippi Constitution, Section 66, states, "No law granting a donation or gratuity in favor of any person or object shall be enacted except by the concurrence of two-thirds of the members elect of each branch of the Legislature, nor by any vote for a sectarian purpose or use."

Finding Detail: During the review of the School District's lease agreements, the auditor noted that the District has leased a building from an individual for \$1,600 monthly (\$19,200 yearly) that is utilized to store deleted items until they can be sold or disposed since 2011. Currently, the District does not have evidence of a Board – approved contract, bids, advertisements nor appraisals. Also, the Board minutes do not reflect the actions of the Board in regards to this lease agreement.

Failure to obtain a Board – approved contract, bids, or appraisals for the leasing of this building resulted in a noncompliance with state law. Additionally, the payment of rental fees without a Board – approved contract could result in an illegal donation.

Recommendation: We recommend the Corinth School District ensure compliance by assuring to obtain and maintain the proper Board – approved contracts, bids or appraisals for lease agreements, as required by state law.

District's Response: The District contends that *Section 37-7-301(ww)* allows to procure storage services for nonacademic purposes.

Auditor's Note: Although the *Section 37-7-301(ww)* allows the Board to procure storage services for nonacademic purposes, the District's management could not provide OSA with a Board – approved contract; therefore, OSA could not determine if the contract was for nonacademic purposes. As noted above, all contracts must be Board approved, spread upon the minutes, and a copy must be maintained within the District.

Repeat Finding: No.

Finding 5: The School District Should Ensure Compliance with State Law over Merchant – Specific Credit Cards.

Applicable State Law: *Mississippi Procurement Manual, Chapter 10, 10.112.03, Merchant – Specific Credit Cards*, prescribed by the *Mississippi Department of Finance Administration*, requires before any governing body may obtain a merchant specific credit card there must be a written justification for the need of the card to the Office of Purchasing, Travel and Fleet Management. This justification should be spread upon the minutes of this Board.

Finding Detail: During the review of the School District's credit cards, the auditor noted the School Board did not approve the use of its merchant - specific credit card (Walmart) for fiscal year ending June 30, 2022.

Failure to approve the use of the School District's merchant – specific card resulted in noncompliance with state law.

Recommendation: We recommend the Corinth School District ensure compliance by assuring the use of its merchant – specific credit cards is approved annually, as required by state law.

District's Response: The District purchasing agent authorizes a purchase prior to all Walmart purchases. The Walmart card is used for tracking purchases. The Corinth School District Board of Trustees authorized the use of a Walmart card at its September 8, 2022 meeting.

Repeat Finding: No.

Finding 6: The School District Should Ensure Compliance with State Law over the Ad Valorem Tax Publication.

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.

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

- The advertisement omitted the School District's name from the title heading;
- Paragraphs were not separated by line breaks; and
- Two extra sentences were included: "A millage rate of 56 will produce the same amount of revenue from ad valorem taxes as was collected the prior year. The millage rate for the prior year was 59.2."

Failure to accurately advertise the ad valorem tax increase as adopted by the School Board could lead to a loss of public trust and transparency, and resulted in noncompliance with state law.

Recommendation: We recommend the Corinth School District ensure compliance by assuring its ad valorem tax advertisement is in proper form and the ad valorem tax increase is the same amount requested by the School Board, as required by state law.

District's Response: The District will comply with the recommended formatting of the District Tax Notice for the 2024 fiscal year. The District contends, and has provided evidence, that the two extra sentences added were required by *Mississippi Code Annotated (1972), Sections 27-39-203 and 27-33-41* in order to receive homestead exemption funds in a reappraisal year.

Auditor's Note: As noted above, the language within *Mississippi Code Annotated (1972), Section 29-39-207(2)(a)*, is very specific as to the exact wording that must be included within the District's Tax Notice published in the local newspaper. The *Mississippi Code Sections 27-39-203 and 27-33-41* mentioned above by the District are separate regulations that must not be included within the ad valorem publication. In the future, this must be in separate publications.

Repeat Finding: No.

Finding 7: The School District Should Ensure Compliance with State Law over the Certified Teachers' Personnel Files, Contract Approvals and Salaries.

Applicable State Law: *Section 37-9-33, Mississippi Code Annotated (1972)*, states, "In employing and contracting with appointed superintendents, principals, and certified employees, the school board shall in all cases determine whether the amount of salary to be paid such superintendent, principal, and certified employees is in compliance with the provisions of the adequate education program. No contracts shall be entered into where the salary of a superintendent, principal, or certified employee is to be paid, in whole or in part, from adequate education program funds except where the reimbursements of said chapter as to the amount of salary are fully met... 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."

Section 37-9-37, Mississippi Code Annotated (1972), states, "The amount of salary to be paid any superintendent, principal, or licensed employee shall be fixed by the school board, provided that the requirements of Chapter 19 of this title are met as to superintendents, principals, and licensed employees paid in whole or in part from minimum education program funds."

Accounting Manual for School Districts, Section B: Miscellaneous, Personnel Files, states, prescribed by the *Mississippi Department of Education*, "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."

Finding Detail: During the review of the School District's personnel files, the auditor noted the following exceptions with the 20 samples tested:

- Contracts for all 20 employees were not kept in their personnel files; and
- Nine instances where supplemental pay for coaching and bus driving were included in the employees' annual contracts but not specified in the positions listed on the contracts.

Failure to have adequate controls and proper procedures surrounding contracts and personnel files resulted in noncompliance with state law.

Recommendation: We recommend the Corinth School District ensure compliance by assuring all contracts are maintained in the personnel files of District employees and specify the positions contracted for, as required by state law.

District's Response: The District agrees with this recommendation and will ensure that employee contracts begin being kept in individual personnel files for the 2022-2023 school year. The Corinth School District utilizes one contract and has chosen not to implement at-will agreements for additional jobs. We will begin attaching additional documentation to the contract to indicate the salary associated with each position.

Repeat Finding: No.

Finding 8: The School District Should Ensure Compliance with State Law over Reemployment of Retired Public Employees.

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

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

Board Regulation 60, Section 101, prescribed by Public Employment Retirement System (PERS) of Mississippi, states, "Pursuant to *Mississippi Code Annotated § 25-11-123 (1972, as amended)*, the Board of Trustees of the Public Employees' Retirement System of Mississippi is authorized to set the contribution rates for both employee and employer contributions based on the basis of the liabilities of the retirement system as shown by the actuarial valuation.

The employee and employer contribution rates are as follows:

1. Employee Contribution Rate - 9.00 percent of earned compensation effective July 1, 2010; and
2. Employer Contribution Rate - 17.40 percent of earned compensation effective July 1, 2019."

Finding Detail: During the review of the School District's PERS Form 4Bs, the auditor noted the following exceptions out of 20 tested:

- Two retirees were paid more than the allowed salary by PERS, totaling **\$1,455**;
- One PERS Form 4B was not completed for fiscal year 2022; and
- The District failed to make the correct employer contributions to PERS, resulting in the District owing additional contributions to PERS for one retiree, totaling **\$1,445**.

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

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

District's Response #1: The District agrees with the findings that both employees were overpaid according to their original 4B submitted. A revised 4B was completed for one retiree due to the role change from substitute teacher to interventionist. Thus, she was under both the hours and the salary limitations and not in violation of exceeding the limit. We will ensure that any revised 4Bs are completed immediately following changes in position.

District's Response #2: The District agrees that there was an oversight and a 4B was not completed timely for one retiree. Upon discovery, the District has since completed and sent to PERS.

District's Response #3: The District agrees with the finding that the District failed to make the proper employer contributions to PERS for one retiree. We have strengthened our control measures to monthly monitor PERS employer contributions as a part of our payroll steps. We will make the required contribution to PERS upon this discovery.

Repeat Finding: No.

Finding 9: The School District Should Ensure Compliance with State Law over Surety Bonds.

Applicable State Law: *Section 25-1-12(1), Mississippi Code Annotated (1972) and Board Policy Code DH, Bonded Employees and Board Members*, states, "Notwithstanding any other provision of law to the contrary, any public officer or employee handling or having the custody of public funds, by virtue of his or her office or employment, shall give an individual bond or be covered by a blanket bond. The amount of such bonds shall not be less than Twenty-five Thousand Dollars (\$25,000.00) for each public officer or employee, unless a specific amount is otherwise required by law. The provisions of this section shall not apply to any public officer or employee whose activity of handling or having custody of public funds is incidental to his or her employment or job duties, as defined by the regulations of the State Auditor's office."

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 25-1-19, Mississippi Code Annotated (1972), states, "The bond of all other county officers and employees, or officers and employees for any district, subdivision, board or commission of a county, including public school districts, shall be approved by the board of supervisors of such county. All the bonds shall be filed and recorded in the chancery court of the county..."

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

- The Superintendent and one Purchase Agent's bonds were for indefinite terms; and
- The School District did not have bonds on file for the following employees that handle public funds:
 - 90 Teachers;
 - Two Bookkeepers;
 - One Payroll Accountant; and
 - Five Cafeteria Managers.

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 and result in the loss of public funds. Additionally, failure to ensure all employees are correctly and sufficiently bonded resulted in noncompliance with state law.

Recommendation: We recommend the Corinth School District ensure compliance by assuring all employees are properly and sufficiently bonded, as required by state law.

District's Response #1: The two indefinite – term bonds were replaced with term bonds. Bonds for named employees, other than teachers, will be obtained.

District's Response #2: The District agrees that employees who handle public funds have a bond and ensures implementation of this recommendation; however, we disagree that teachers should be bonded since handling of funds is incidental, immaterial, and infrequent per *OSA Circular No. 16*.

Auditor's Note #2: If the District names its teachers as gatekeepers for its school – sponsored extracurricular events, they must be bonded due to the funds collected being considered public funds, which is part of the duty as a gatekeeper, or the Board must make a finding upon its minutes that public funds collected are immaterial to its financial statements.

Repeat Finding: No.

End of Report