

FORREST COUNTY AGRICULTURAL HIGH SCHOOL 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*



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

February 12, 2024

Limited Internal Control and Compliance Review Management Report

Forrest County Agricultural High School
215 Old Hwy 49 East
Brooklyn, MS 39425

Dear Members of the Forrest County Agricultural High School Board:

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

1. Ensure Compliance with State Law over Credit Cards; and
2. 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 **Forrest County Agricultural High School** 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 Audit
Office of the State Auditor

The Office of the State Auditor has completed its limited internal control and compliance review of the **Forrest County Agricultural High School** 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.

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**.

INSTANCES OF NONCOMPLIANCE WITH STATE LAW

Finding 1: The School District Should Ensure Compliance with State Law over Merchant – Specific Credit Cards and Membership Club Cards.

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

Mississippi Procurement Manual, Chapter 10, 10.112.05, Membership Club Cards, prescribed by the *Mississippi Department of Finance and Administration*, states, “Membership card fee's such as Sam's club cards, are allowed but should be justified by the agency or governing authority to show that the anticipated savings using the card would exceed the cost of the card fee. This justification should be maintained on file with the government entity. Each subsequent year, the government entity shall document actual saving for the previous year which substantiate the cost of the card. This would not mean documenting saving on each and every purchase but enough documentation to substantiate adequate saving to justify the expense of the card.”

Finding Detail: During the review of the School District's credit cards, the auditor noted the Board did not approve the use nor have on file the justification for its use of merchant – specific credit cards (Walmart, Office Depot, and Tractor Supply) and membership club card (Sam's).

Failure to approve merchant – specific credit cards and maintain on file the justification for the use of merchant – specific and membership club cards resulted in noncompliance with state law.

Recommendation: We recommend that Forrest County Agricultural High School ensure compliance annually with state law and regulations over merchant – specific credit cards and membership cards.

District's Response: The School Board has been made aware of this deficiency and are in the process of making corrections.

Repeat Finding: No.

Finding 2: The School District Should Ensure Compliance with State Law over Surety Bonds.

Applicable State Law: *Section 25-1-12(1), Mississippi Code Annotated (1972)*, 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.”

Finding Detail: Based on the review of the School District’s surety bonds, the auditor noted that the District did not make a finding upon its Board minutes that the 36 teachers working as gatekeepers jobs are incidental to his or her employment and do not require a bond would be an occasional, not regularly recurring, handling of funds which is random and infrequent or in immaterial amounts of money.

Failure to be properly bonded could limit the amount available for recovery in the event of fraud, theft, or misappropriation of public funds.

Recommendation: We recommend Forrest County Agricultural High School ensure compliance by assuring all employees are properly and sufficiently bonded, as required by state law.

District’s Response: The District considers the collection of ticket revenue as incidental to a teacher’s employment as it is done on a rotation/voluntary basis and is not an essential duty of their employment. Administrators are at all home athletic events ad gate receipts are locked in a locked cabinet in the District office after each event for reconciliation by the District office with the exception of home football games which are collected and deposited in the night drop at the school depository by the Business Manager at the conclusion of the game.

Auditor’s Note: As noted above, if the District considers the teachers working as gatekeepers is incidental and immaterial, there should be a finding made upon the Board’s minutes.

Repeat Finding: No.

End of Report