

# McCOMB SEPARATE SCHOOL DISTRICT MISSISSIPPI

## COMPLIANCE REPORT

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

**SHAD WHITE, CFE**  
State Auditor

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

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



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

August 11, 2023

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

McComb Separate School District  
695 Minnesota Avenue  
McComb, MS 39648

Dear Members of the **McComb Separate School District**:

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

1. Strengthen Internal Controls and Ensure Compliance with State Law over Budget Approval;
2. Strengthen Internal Controls and Ensure Compliance with State Law over Sixteenth Section Lease Revenues, Payments, and Taxes;
3. Strengthen Internal Controls over Contracts and Policies and Ensure Compliance with State Law over Teacher Incentive Programs;
4. Ensure Compliance with State Law over Superintendent Ethics;
5. Ensure Compliance with State Law over Statements of Economic Interest;
6. Ensure Compliance with State Law over Mississippi High School Activities Association (MHSAA) Statewide Passes;
7. Ensure Compliance with State Law over Hiring Certified Teachers and Non-District Personnel for Extracurricular Events;
8. Ensure Compliance with State Law over Certified Employees' Salaries and Contracts;
9. Ensure Compliance with State Law over the Reemployment of Retired Public Employees; and
10. 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 **McComb Separate 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, CFE, 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 **McComb Separate 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. These matters are noted under the heading **OTHER DEFICIENCIES AND INSTANCES OF COMPLIANCE WITH STATE LAW**.

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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## **OTHER DEFICIENCIES AND INSTANCES OF NONCOMPLIANCE WITH STATE LAW**

**Finding 1:** The School District Should Strengthen Internal 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 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..."

*Section 37-61-9, Mississippi Code Annotated (1972)*, requires the combined budget and combining budgets for each fund type are reflected in the board minutes or an addendum to the board minutes. Both should be signed by both the Board's president and secretary. Signed copies should be filed within the District.

**Finding Detail:** During the review of the School District's budgets, the auditor noted the original 2021-2022 budget included the following 18 funds reflecting a negative fund balance at year-end:

- District Maintenance Fund (1120) – **(\$353,507)**;
- Denman General Activity Fund (1154) – **(\$51,678)**;
- MHS General Activity Fund (1155) – **(\$35,637)**;
- Vocational General Activity Fund (1156) – **(\$3,049)**;
- Early Local Early Childhood Fund (1906) – **(\$14,575)**;

- ELC Donations Fund (1920) – (\$2,191);
- BCBS Outdoor Classroom Fund (1995) – (\$24,014);
- Summer Feeding 2021 CF# Fund (2131) – (\$86,177);
- Title II CFDA #84.367 Fund (2511) – (\$104);
- ESSER III Fund (2598) – (\$141,711);
- Vocational Education Fund (2711) – (\$89,907);
- 21<sup>st</sup> CCLC-CFDA #84-287A Fund (2812) – (\$75,267);
- Gear up Grant Fund (2903) – (\$1,000);
- ROTC Fund (2904) – (\$91,051);
- Medicaid School Based Clinics Fund (2912) – (\$50,093);
- Early Reading Grant Fund (2922) – (\$1,448);
- Medicaid Administrative Costs Fund (2924) – (\$5,262); and
- 3 Mill Notes Fund (4021) – (\$54,835).

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

**Recommendation:** We recommend the McComb Separate School District 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:** McComb Separate School District will ensure that funds will not reflect a negative balance on the budget going forward.

**Repeat Finding:** No.

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

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

**Applicable State Law:** *Section 29-3-57, Mississippi Code Annotated (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 29-3-71, 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.”

**Finding Detail:** During the review of the School District's sixteenth section land leases, the auditor noted the following exceptions out of 13 tested:

- There was no evidence of one lease payment, totaling **\$755**; therefore, OSA could not verify if the funds were deposited within the District's bank account; and
- One lease agreement's taxes were not current, totaling **\$1,304**; however, the lease agreement was not terminated.

Failure to have adequate internal controls over sixteenth section land lease tax payments and agreements resulted in noncompliance with state law.

**Recommendation:** We recommend the McComb Separate School District strengthen internal controls and ensure compliance by assuring all taxes are current and payments are properly receipted, as required by state law.

**District's Response:** McComb Separate School District has in place procedures, if lease fails to pay taxes on lease, the lease agreement is considered void and shall be terminated.

**Repeat Finding:** No.

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**Finding 3:** The School District Should Strengthen Internal Controls over Contracts and Policies and Ensure Compliance with State Law over Teacher Incentive Programs.

**Internal Control Deficiency:** The Board of Education may establish or adopt any orders, resolutions, or ordinance with respect to District affairs, property, and finances which are consistent with other state law (Home Rule). The Board of Education must also establish and oversee the performance of the School District in order to comply with applicable law and internal controls. *The Committee of Sponsoring Organizations of the Treadway Commission (COSO) and The Standards for Internal Control in the Federal Government (Greenbook)* dictate that in order to have a successful control environment, the organization must design and implement internal control policies and procedures that ensure compliance with all relevant regulations.

**Applicable State Law:** *Mississippi Attorney General Opinion No. 2010 WL 2019883* states, "Payments in which there is no pre-existing obligation to make the payments, as in the case of bonuses, or in which payments are made for future services that have not been provided at the time the payments are made, as in the case of donations, are considered unlawful, in accordance with *Mississippi Constitution Article IV, Sections 66 and 96. MS AG Op., Allen (June 11, 2004); MS AG Op., Ellis (June 27, 1994)*. To the contrary, we have previously opined that employee incentive payments which are implemented prospectively and for which payment is made pursuant to conditions met in the future do not run afoul of these constitutional provisions. *MS AG Op., Meredith and Jones (December 22, 2006); MS AG Op., Silver (July 18, 2003); MS AG Op., Jackson (June 29, 1992)*. See also *MS AG Op., Murdock (August 7, 2009) and MS AG Op., Bowman (November 14, 2005)* (incentive provision may be included in contracts when incentive payments are contemplated by contract, there are predetermined objective standards of measurement, payments have been earned and proper amount paid and does not exceed maximum amount)."

*Article 4, Section 66, Mississippi Constitution*, states, "No law granting a donation or gratuity in favor of any person or object shall be enacted exacted 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."

*Article 4, Section 96, Mississippi Constitution* provides the Legislature shall never grant extra compensations, 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 contractual obligations and salary payments to employees, the auditor noted that the school adopted an "incentive pay" program to reward certified teachers, teacher assistants, and support staff. The Mississippi Attorney General's Office (AGO) has consistently opined that School Boards have the authority to adopt such programs, as long as they meet the following criteria:

1. The incentives are contracted for prior to the date to when services are performed;
2. The incentives are determined in accordance with objective standards of measurement; and
3. The incentives are earned by personal services performed by the employees.

Further, the AGO has consistently opined that compliance with the above criteria are essential to ensure incentive payments do not constitute prohibited payments, such as bonuses or donations.

The incentive program, Teacher Recruitment and Retention Incentive Pay, designed by the McComb Separate School District currently provides incentives for services contracted for prior to the date they were performed. Not following this requirement as defined by *Attorney General Opinion No. 2010 WL 2019883* could lead to noncompliance with state law

Failure to properly document or account for how the school is in compliance with the criteria stated above could result in incentive payments being classified as improper payments to employees.

**Recommendation:** We recommend the McComb Separate School District strengthen internal controls and ensure compliance over incentive payments by ensuring that all payments are in compliance with the required criteria. We further recommend that the School District consult with their Board Attorney, Mississippi Department of Education, or the Attorney General's Office to ensure their incentive program is in compliance with the law.

**District's Response:** McComb Separate School District will work with the Attorney General's Office to ensure that we are in compliance with the proper procedures for issuing incentives for our staff based upon yearly attendance criteria.

**Repeat Finding:** No.

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## INSTANCES OF NONCOMPLIANCE WITH STATE LAW

**Finding 4:** The School District Should Ensure Compliance with State Law over Superintendent Ethics.

**Applicable State Law:** *Section 25-4-105 (1), Mississippi Code Annotated (1972)*, prohibits a public servant from using his or her position to obtain or attempt to obtain any pecuniary benefit for his or her spouse or other "relative," as that term defined in *Section 25-4-103(q)*.

*Mississippi Ethics Opinion 10-077* states, "If the school board's designee recommends the superintendent's spouse for employment in a eligible position, then the superintendent must fully recuse himself from the matter to comply with *Section 25-4-105(1)*...Furthermore, the minutes of the meeting should state the superintendent left the room before the matter came before the school board and did not return until after the vote."

**Finding Detail:** During the review of the School District's Board minutes, the auditor noted that on December 08, 2015, the Superintendent's wife was recommended as a new certified employee; however, the minutes did not reflect the total and complete recusal of the Superintendent from the meeting.

Failure to spread the recusal of the Superintendent on the minutes resulted in a violation of *Mississippi Ethics Opinion 10-077-E*.

**Recommendation:** We recommend the McComb Separate School District ensure compliance by assuring the hiring procedures of the relatives of personnel is as required by state law and regulations. Additionally, this matter has been forwarded to the *Mississippi Ethics Commission*.

**District's Response:** McComb Separate School District will have in place strict procedures to make sure that the superintendent's (or any public servant) recusal is thoroughly document in Board Minutes clearly and efficiently.

**Repeat Finding:** No.

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**Finding 5:** The School District Should Ensure Compliance with State Law over the 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 auditor noted one Board Member did not file their Statement of Economic Interest by the May 1<sup>st</sup> deadline.

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

**Recommendation:** We recommend the McComb Separate School District ensure compliance by ensuring School Board Members file the Statement of Economic Interest annually, no later than May 1<sup>st</sup> of each year that such official holds office, regardless of the duration, as required by state law.

**District's Response:** McComb Separate School District will work to ensure that all documentation is received and turned in timely.

**Repeat Finding:** No.

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**Finding 6:** The School District Should Ensure Compliance with State Law over the Purchase of Mississippi High School Activities Association (MHSAA) Statewide Passes.

**Applicable State Law:** *Article 4, Section 96, Mississippi Constitution*, 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, for 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 auditor noted the District paid for Mississippi High School Activities Association (MHSAA) statewide passes for the following District employees without being reimbursed , totaling \$690:



- Four District Resource Officers;
- Five Board Members;
- Two Certified Teachers;
- Director of Maintenance;
- School Nurse;
- Director of Federal Programs;
- Band Director;
- Director of Organizational Support;
- Curriculum Director;
- Assistant Principal-Otken Elementary;
- Finance Director;
- Assistant Director of CTE;
- Data Management Analyst;
- Literacy Specialist; and
- Curriculum Coordinator.

Failure to ensure to be reimbursed for the purchase of MHSAA statewide passes for District employees other than Coaches, Superintendent, Athletic Director, Middle School and High School Principals, and District approved Game Administrators could result in an illegal donation.

**Recommendation:** We recommend McComb Separate School District ensure compliance by implementing policies and procedures in regards to the payment of MHSAA statewide passes for its personnel to school – sponsored events to avoid making an illegal donation to public servants.

**District's Response:** McComb Separate School District will have re-payment approved by the MSD Board in September 2022 to start collecting and receiving payment for all individuals in violation of this finding over the next 30 days.

**Repeat Finding:** No.

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**Finding 7:** The School District Should Ensure Compliance with State Law over Hiring Certified Teachers and Non-District Personnel for Extracurricular Events.

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

*Sections 37-9-17, 37-9-14(2)(y), 37-9-14(2)(s), and 37-7-301(w) and Board Policy, Section G: Personnel, Policy Code GCD – Classified Personnel Hiring*, states, “The superintendent has the power, authority and duty to make assignments to the various schools in the district of all non-instructional and non-licensed employees, as provided in *Section 37-9-17*, and to make reassignments of such employees from time to time. The superintendent has the power, authority and duty to employ and dismiss non-instructional and non-licensed employees as provided by law. The board has the power, authority and duty

to employ all non-instructional and non-certified employees and fix the duties and compensation of such personnel deemed necessary pursuant to the recommendation of the superintendent of schools.”

*Section 37-9-43, Mississippi Code Annotated (1972), states, “It shall be unlawful for a superintendent, principal or teacher to be paid for any services as such until a written contract has been executed as is provided and required by this chapter. If any county superintendent or municipal separate school district superintendent shall make any such payment prior to the execution of the contract he shall be civilly liable for the amount thereof, and, in addition, the county superintendent shall be liable upon his bond.*

*Mississippi Attorney General Opinion 1984 WL 247596 states, “...It remains our opinion that teachers may not be paid for extra work unless this extra compensation and service were specifically included in their contract.”*

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

- The Director of Athletics employed six certified teachers to work baseball, softball, basketball, and soccer games without executing contracts in the amount totaling **\$6,115**. The School Board approved these payments after each season was over; and
- The Director of Athletics employed five people as football workers, chain crew manager, ticket manager, and chain crew for the football season; however, they were not Board approved employees, not assigned by the Superintendent, and did not have background checks on file as new hires. On December 14, 2021, the School Board approved the payment for their services in the amount totaling **\$1,920**.

Failure for the District to ensure all certified teachers have executed contracts for extra work, and ensure all workers are Board approved, assigned by the Superintendent, and have background checks resulted in a violation with Board Policy, state law and regulations.

**Recommendation:** We recommend the McComb Separate School District ensure compliance by following its Board policy, state law and regulations in regards to the hiring of certified and non-certified personnel.

**District’s Response:** McComb Separate School District will move forward with the proper procedures to hire non-certified and certified employees with the proper background check and board approval prior to payment of the game workers.

**Repeat Finding:** No.

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**Finding 8:** The School District Should Ensure Compliance with State Law over Certified Employees’ Salaries and Contracts.

**Applicable State Law:** *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, principles, and licensed employees paid in whole or in part from minimum education program funds.”*

*Mississippi Attorney General Opinion 1984 WL 247596 and Section 37-9-43, Mississippi Code Annotated (1972) state, “It shall be unlawful for a superintendent, principal, or teacher to be paid for any services as such until a written contract has been executed as is provided and required by this chapter. If any county superintendent or municipal separate school district superintendent shall make any such payment prior to the execution of the contract he shall be civilly liable for the amount thereof, and, in addition, the county superintendent shall be liable upon his bond. Therefore, it is our opinion that since*

teachers can only be paid pursuant to the written contract, they could not, under the circumstances you describe, receive pay for extra work which is not a part of their contract with the school District.

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

- Three certified teacher supplemental salaries could not be verified via personnel files nor board approval;
- One certified teacher was paid **\$1,000** more than the contracted amount allowed; and
- One Principal was paid **\$1,674** less than the board approved salary scale.

**Recommendation:** We recommend the McComb Separate School District ensure compliance by implementing adequate policies and procedures to ensure contracts are properly executed prior to paying the salary of its certified employees. Also, the School Board, Superintendent, and Management should ensure compliance with *Section 37-9-37*, by verifying all salaries are paid according to the appropriate salary scales.

**District's Response:** McComb Separate School District has ensured that all salary schedules are entered into the Financial Software and each employee calculated based off of their individual step and grade to comply with proper payments per the employee's contract and at-will agreement.

**Repeat Finding:** No.

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**Finding 9:** 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."

*Board Regulation 34, Section 105*, states, prescribed by the *Public Employees Retirement System of Mississippi*, "The lawfully employ a PERS service retiree under Section 103, the employer must notify PERS in writing of the terms of the eligible employment within five (5) days from the date of employment and also from the date of termination on a form prescribed by the Board. Failure by the employer to timely notify PERS may result in the assessment of \$300 penalty per occurrence payable by the employer."

**Finding Detail:** During the review of the School District's PERS Form 4Bs, the auditor noted the District did not have evidence of nine PERS Form 4Bs on file; therefore, OSA was unable to properly conduct testing.

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

**Recommendation:** We recommend the McComb Separate School District ensure compliance by properly completing and filing Form 4Bs with PERS, and maintaining them on file in the District, as required by state law and regulations.

**District's Response:** McComb School District is working toward complying with having all PERS documentation for FY 2023 School Year.

**Repeat Finding:** No.

**Finding 10:** 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 37-39-21, Mississippi Code Annotated (1972)*, states, “The purchasing agent of any school board, before entering upon his official duties in such capacity, shall furnish a good and sufficient surety bond in the penal sum of Fifty Thousand Dollars (\$50,000), with sufficient surety.”

*OSA Circular No. 16 (1)(2)*, states, “House Bill 136, Laws of 2021, requires that any public officer or employee who handles or has custody of public funds, whereby the handling of money is not incidental to his or her employment, must carry a bond of not less than twenty-five thousand dollars (\$25,000.00). Any person who in the regular course of their duties spends, receives, or has custody of public funds would require a bond.”

*Mississippi Attorney General Opinion No. 2016-00054*, states that blanket bonds should specifically list each position and the individual the bond covers.

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

- The District’s school bookkeepers, cafeteria managers and cashiers, and gatekeepers who collect cash are not bonded; and
- The following employees were not bonded as Purchasing Agents; however, the District’s Board policy designates them as Purchasing Agents:
  - Superintendent;
  - Assistant Superintendent;
  - Athletic Director;
  - Director of CTE;
  - Six Principals;
  - Federal Programs Director;
  - Child Nutrition Director;
  - Maintenance Director;
  - Transportation Director;
  - Curriculum Director;
  - Operational Support Director;
  - IT Director;
  - SPED Director;
  - Safety Director; and
  - Health Services Director;

Failure to be correctly and sufficiently bonded, could result in the loss of public funds and resulted in noncompliance with the District’s Board policy and state law.

**Recommendation:** We recommend the McComb Separate School District ensure compliance by assuring all employees are sufficiently bonded, as required by state law and the District's Board policy.

**District's Response:** McComb Separate School District will update policy to ensure that all personnel that handles funds and procurement will be properly bonded.

**Repeat Finding:** No.

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**End of Report**