

NETTLETON SCHOOL DISTRICT  
**MISSISSIPPI**

**COMPLIANCE REPORT**

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**LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT**

For the year ended *June 30, 2023*

**SHAD WHITE, CFE**  
State Auditor

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





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

August 29, 2024

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

Nettleton School District  
179 Mullen Avenue  
P.O. Drawer 409  
Nettleton, MS 38858

Dear Nettleton School Board:

Enclosed for your review are the Limited Internal Control and Compliance Review Findings for the **Nettleton School District** for the fiscal year **2023**. In these findings, the Auditor's Office recommends the **Nettleton School District**:

1. Strengthen Internal Controls Regarding Activity/Athletic Fund Cash Receipts, Collections, and Deposits;
2. Strengthen Internal Controls Regarding Segregation of Duties Surrounding Cash Collections, Recording, and Deposits;
3. Strengthen Internal Controls and Ensure Compliance with State Law Regarding Budget Approvals;
4. Strengthen Internal Controls and Ensure Compliance with State Law Regarding Travel Reimbursements;
5. Ensure Compliance with State Law Regarding Board Member Nepotism;
6. Ensure Compliance with State Law Regarding Purchasing;
7. Ensure Compliance with State Law Regarding Merchant – Specific Credit and Membership Club Cards Usage, Approval, and Justification;
8. Ensure Compliance with State Law Regarding Certified Employee's Personnel Files and Supplemental Contracts;
9. Ensure Compliance with State Law Regarding Reemployment of Retired Public Employees; and
10. Ensure Compliance with State Law Regarding Surety Bonds.

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 our recommendations enable the **Nettleton 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 "Charlotte L. Duckworth".

**CHARLOTTE L. DUCKWORTH**  
Director, *Compliance Audit*  
Office of the State Auditor

The Office of the State Auditor has completed its limited internal control and compliance review of the **Nettleton School District** for the year ended **June 30, 2023**.

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 that we consider to be *significant deficiencies* in internal control. These matters are noted under the headings **SIGNIFICANT DEFICIENCIES**. We also identified other deficiencies that we have 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**.

Terms used in this Report.

- OSA – Office of the State Auditor
- AGO – Attorney General's Office
- DFA – Mississippi Department of Finance Administration
- PERS – Public Employees' Retirement System of Mississippi
- MS AG Op. – *Mississippi Attorney General's Opinion*
- COSO - *The Internal Control-Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission*
- District – Nettleton School District
- MDEAMSD – *Mississippi Department of Education Accounting Manual for School Districts*
- Section – *Mississippi Code Annotated (1972)*

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## **SIGNIFICANT DEFICIENCIES**

**Finding 1:** The District Should Strengthen Internal Controls Regarding Activity/Athletic Fund Cash Receipts, Collections, and Deposits.

**Internal Control Deficiency:** The *COSO* 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.

**School Board Policy:** *Section D, Fiscal Management, Policy DK, Student Activities Fund Management*, states, "Within five working days of the close of the month, a principal shall deliver to the central office a transmittal of all activity fund receipts and disbursements during the preceding month. This transmittal form shall contain receipts and disbursements by

individual activity. It will list each check-by-check number, date and purpose and each deposit by date, receipt numbers and source. Upon receipt of the transmittal forms, the central office staff shall review them for accuracy and completeness prior to making the entries to the accounting records. The information from the transmittal form will be used to reconcile the monthly bank statements. All school district activity fund transmittal reports and bank reconciliations shall be reviewed and approved by the school board. This approval shall be acknowledged in the board's official minutes."

**Applicable State Law:** *MS AG Op., Adams (Stephens) \*1 (March 11, 2005)* 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 District's activity/athletic fund revenue, the auditor noted the following exceptions:

- Fifteen instances where the District was short/over with an explanation documented, net shortage **\$153**; and
- The District allows free admission to all family members of employees.

Failure to have adequate internal controls related to activity funds revenue collections and depositing could result in a loss of assets and improper revenue recognition. Also, free admission to relatives of District employees could result in an illegal donation.

**Recommendation:** We recommend the District strengthen internal controls by implementing adequate policies and procedures to ensure receipts from all activity are safeguarded, adequately recognized, and recorded and ensure compliance over game admissions by implementing policies and procedures in regards to the free admissions.

**District's Response:** The District will implement a policy to properly identify who the game administrators are and also ensure that all individuals receiving a state pass fall within MHSAA guidelines. The district has adopted a policy as it related to free admission. The district will ensure revenue is not combined on its transmittal reports.

**Repeat Finding:** No.

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**Finding 2:** The District Should Strengthen Internal Controls Regarding Segregation of Duties Surrounding Cash Collections, Recording, and Deposits.

**Internal Control Deficiency:** The *COSO* specifies that a satisfactory control environment is only effective when there are adequate control activities in place. An effective system of internal controls should include adequate segregation of duties. A well-designed system of internal controls should include segregating job duties to the greatest extent possible.

**Finding Detail:** During the review of the District's internal control environment, the auditor noted one school secretary collects cash, prepares deposit slips, and takes the deposits to the bank.

Failure to have adequate segregation of duties could result in fraud or misappropriation of public monies.

**Recommendation:** We recommend the District strengthen internal controls by implementing effective and proper segregation of duties surrounding monies collected and deposited within all school locations.

**District's Response:** Corrected. All school secretaries are now bringing all monies to the Central Office to complete the deposit slip and deposit the funds.

**Repeat Finding:** No.

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

**Finding 3:** The District Should Strengthen Internal Controls and Ensure Compliance with State Law Regarding Budget Approvals.

**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* states, "...it shall be unlawful for any contract to be entered into or any obligation incurred or expenditure made in excess of the resources available for such fiscal year. Any member of the school board, superintendent of schools, or other school official, who shall knowingly enter into any contract, incur any obligation, or make any expenditure in excess of the amount available for the fiscal year shall be personally liable for the amount of such excess..."

**Finding Detail:** During the review of the District's budgets, the auditor noted the following exceptions:

- On July 26, 2022, the Board approved the **2022-2023** original budget that included the following funds projecting a negative fund balance at year end:
  - State Special Education Fund (1130) - **(\$165,550)**;
  - At-Risk Fund (1145) - **(\$282)**;
  - Extended School Year Fund (2090) - **(\$5,347)**;
  - Summer Food Program 2022 Fund (2132) - **(\$2,348)**;
  - Title I, Part A Fund (2211) - **(\$48,725)**;
  - Title I, 1003 (a) Fund (2213) - **(\$3,570)**;
  - Title I, 1003 (g) Fund (2240) - **(\$1,534)**;
  - Consolidated Admin Cost Pool Fund (2290) - **(\$720)**;
  - Title V Fund (2311) - **(\$3,165)**;
  - ESSERF Fund (2590) - **(\$15,638)**;
  - ESSER II Fund (2594) - **(\$6,943)**;
  - ESSER III Fund (2598) - **(\$50,920)**;
  - IDEA, Part B Fund (2610) - **(\$42,572)**;
  - Preschool Fund (2620) - **(\$167)**;
  - Vocational Fund (2711) - **(\$44,664)**;
  - Educable Child Fund (2903) - **(\$16,345)**; and
  - Limited Tax Note Proceeds 2021 Fund (3901) - **(\$3,153)**.
  
- On October 10, 2023, the Board approved the 2022-2023 amended budget that included the following funds projecting a negative fund balance at year end:
  - Title I, Part A Fund (2211) - **(\$60,707)**;
  - Title I, 1003 (a) Fund (2213) - **(\$8,664)**;
  - Title V Fund (2311) - **(\$11,975)**;
  - Title II, Part A Fund (1152) - **(\$515)**;
  - IDEA, Part B Fund (2610) - **(\$50,140)**; and
  - Preschool Fund (2620) - **(\$1,616)**.

The actual fund balances at June 30, 2023 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 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:** Nettleton School District will ensure the projected fund balances does not contain any deficit amounts prior to the adoption of the budgets.

**Repeat Finding:** No.

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**Finding 4:** The District Should Strengthen Internal Controls and Ensure Compliance with State Law Regarding Travel Reimbursements.

**Internal Control Deficiency:** Management is responsible for ensuring that all travel reimbursements expenditures are correctly recorded, allowed, and documented, as required by the Department of Finance and Administration. Proper internal controls would include maintaining corroborating evidence such as conference schedules and attendance certifications and completing travel request forms.

**School Board Policy:** *Section D , Fiscal Management, Policy Code DJD, Expense Reimbursements* states, "...For each mile actually and necessarily traveled in the employee's automobile or other private motor vehicle, the same rate of pay per mile as set by the Mississippi Department of Finance and Administration...Employees shall be reimbursed for other expenses such as meals, lodging and other necessary expenses incurred in the course of such travel, subject to limitations placed on meals for intrastate and interstate official travel by the Mississippi Department of Finance and Administration and rules and regulations adopted by the Mississippi Department of Audit."

**Applicable State Law:** *Section 25-3-41(1)* states, "Subject to the provisions of subsection (10) of this section, when any officer or employee of the State of Mississippi, or any department, agency or institution thereof, after first being duly authorized, is required to travel in the performance of his official duties, the officer or employee shall receive as expenses for each mile actually and necessarily traveled, when the travel is done by a privately owned automobile or other privately owned motor vehicle, the mileage reimbursement rate allowable to federal employees for the use of a privately owned vehicle while on official travel."

*Section 25-3-41(4)* states, "In addition to the foregoing, a public officer or employee shall be reimbursed for other actual expenses such as meals, lodging and other necessary expenses incurred in the course of the travel, subject to limitations placed on meals for intrastate and interstate official travel by the Department of Finance and Administration, provided, that the Legislative Budget Office shall place any limitations for expenditures made on matters under the jurisdiction of the Legislature. The Department of Finance and Administration shall set a maximum daily expenditure annually for such meals and shall notify officers and employees of changes to these allowances immediately upon approval of the changes."

**Finding Detail:** During the review of the District's travel reimbursements, the auditor noted the following exceptions:

- Meal reimbursements were paid at the per diem amount rather than for the actual meal expense as required by Board policy;
- Four employees were paid less than the mileage rate approved by DFA;
- Three travel vouchers did not have corroborating evidence for the purpose of the trip; and
- One travel voucher was not properly signed.

Failure to have adequate internal controls could result in fraud, loss, or misappropriation of public funds and resulted in noncompliance with State Law.

**Recommendation:** We recommend the District strengthen internal controls and ensure compliance by implementing adequate policies and procedures to ensure reimbursements for professional travel expenses are as required by State Law and regulations.

**District's Response:** The District will review its current travel policy and make adjustments as needed. The District will also strengthen its controls to ensure all travel vouchers are signed, all vouchers are paid at the correct rate and that evidence to support the purpose of all trips are maintained.

**Repeat Finding:** No.

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## INSTANCES OF NONCOMPLIANCE WITH STATE LAW

**Finding 5:** The District Should Ensure Compliance with State Law Regarding Board Member Nepotism.

**Applicable State Law:** *Section 37-9-21* 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 members 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 him within the third degree by blood or marriage or who is dependent upon him in a financial way. Any contract entered into in violation of the provisions of this section shall be null and void."

**Finding Detail:** During the review of the District's minutes and related party questionnaires, the auditor noted one Board member did not recuse themselves during the rehiring and recommendation of their niece (certified teacher).

Failure of the Board member to recuse themselves from a vote on the rehire and recommendation of a relative, a certified teacher, within the third degree, resulted in noncompliance with State Law.

**Recommendation:** We recommend the District ensure compliance by assuring all Board members recuse themselves during the votes related to rehires and recommendations of relatives that are certified and within the third degree, as required by State Law.

**District's Response:** The District will ensure that board members recuse themselves from voting on relatives within the first and third degree.

**Repeat Finding:** No.

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**Finding 6:** The District Should Ensure Compliance with State Law Regarding Purchasing.

**Applicable State Law:** *Section 31-7-13 (b)*, "Purchases which involve an expenditure of more than Five Thousand Dollars (\$5,000.00) but not more than Seventy-five Thousand Dollars (\$75,000.00), 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. Any state agency or community or junior college purchasing commodities or procuring construction pursuant to this paragraph (b) may authorize its purchasing agent, or his designee, to accept the lowest competitive written bid under Seventy-five Thousand Dollars (\$75,000.00). Any governing authority purchasing commodities pursuant to this paragraph (b) may authorize its purchasing agent, or his designee, with regard to governing authorities other than counties, or its purchase clerk, or his designee, with regard to counties, to accept the lowest and best competitive written bid. Such authorization shall be made in writing by the governing authority and shall be maintained on file in the primary office of the agency and recorded in the official minutes of the governing authority, as appropriate. The purchasing agent or the purchase clerk, or his designee, as the case may be, and not the governing authority, shall be liable

for any penalties and/or damages as may be imposed by law for any act or omission of the purchasing agent or purchase clerk, or his designee, constituting a violation of law in accepting any bid without approval by the governing authority. The term “competitive written bid” shall mean a bid submitted on a bid form furnished by the buying agency or governing authority and signed by authorized personnel representing the vendor, or a bid submitted on a vendor’s letterhead or identifiable bid form and signed by authorized personnel representing the vendor. “Competitive” shall mean that the bids are developed based upon comparable identification of the needs and are developed independently and without knowledge of other bids or prospective bids. Any bid item for construction in excess of Five Thousand Dollars (\$5,000.00) shall be broken down by components to provide detail of component description and pricing. These details shall be submitted with the written bids and become part of the bid evaluation criteria. Bids may be submitted by facsimile, electronic mail or other generally accepted method of information distribution. Bids submitted by electronic transmission shall not require the signature of the vendor’s representative unless required by agencies or governing authorities.”

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

- Nine quotes/bids were not signed;
- Two invoices paid by the District were more than the approved purchase order amounts;
- Shopping carts were utilized as quotes for three vendor purchases; totaling **\$25,265**; and
- One vendor purchase totaling **\$9,258** did not have two quotes/bids.

Failure to follow proper purchasing procedures could result in fraud or misappropriation of public monies and resulted in noncompliance with state law.

**Recommendation:** We recommend the District ensure compliance by assuring all proper purchase procedures are being followed and monitored, as required by State Law.

**District’s Response:** Nettleton School District will improve its procedures in order to better follow the purchasing laws.

**Repeat Finding:** No.

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**Finding 7:** The District Should Ensure Compliance Regarding Merchant – Specific Credit and Membership Club Cards Usage, Approval, and Justification.

**Applicable Administrative Guidance:** *Mississippi Procurement Manual, Chapter 10,10.112.04, Merchant Specific Credit Card Minimum Requirements* states, “Upon receipt of the monthly statement, the cardholder shall review all charges to assure accuracy, complete applicable dispute documents, reconcile the statement with copies of receipts and order logs, and approve and sign the statement...The appropriate agency official shall maintain a file with the statements and all applicable receipts and dispute documents.”

*Mississippi Procurement Manual, Chapter 10,10.112.05, Membership Club Cards* 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 District’s credit cards, the auditor noted the following exceptions:

- 15 credit card purchases did not have evidence of a review of charges; and
- The District’s merchant-specific and membership club card (Sam’s) was Board approved; however, there was no justification for its use spread across the Board minutes.



Failure to not maintain evidence of review or include the justification of merchant specific credit and membership club cards resulted in noncompliance with State regulations.

**Recommendation:** We recommend the District ensure compliance by reviewing credit card charges and including the justification of credit card use annually, as required by State regulations.

**District's Response:** Although, the credit card statements are reviewed monthly, the district will do better with initialing and dating the statements to show evidence of review. The District will also include justification for credit card use and Sam's Club membership when requesting the yearly board approval.

**Repeat Finding:** No.

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**Finding 8:** The District Should Ensure Compliance with State Law Regarding Certified Employee's Personnel Files and Supplemental Contracts.

**Applicable State Law:** *Section 37-9-37* 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..."

*Section 37-9-43* states, "It shall be unlawful for any appointed superintendent, principal or licensed employee 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 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, shall be liable upon his bond. If any licensed employee, appointed superintendent or principal shall willfully and without just cause breach his contract and abandon his employment he shall not be entitled to any further salary payments either for services rendered prior to such breach or for services which were thereafter to have been rendered. Nothing in this section, however, shall prevent the employment and payment of substitute teachers without a written contract."

**Applicable Administrative Guidance:** *MDEAMSD, Section B, Miscellaneous Issues, Subject D, Personnel Files*, states, "There shall be individual personnel files in the school district central office, which include contracts, a copy of teacher certificates, wage authorizations, federal and state withholding authorizations, and other deduction information. Individual personnel files shall stand alone to support payroll checks issued to individuals."

Additionally, all new hired licensed and non-licensed employees are required to have criminal records background and child abuse registry checks.

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

- Two personnel files did not include the educators' certifications;
- Three certified employees did not have contracts for supplemental pay, totaling **\$2,046**; and
- The District was unable to provide verification of previous employment for two certified employees.

Failure to have adequate internal controls and proper procedures surrounding contracts and payroll resulted in noncompliance with State Law and regulations.

**Recommendation:** We recommend the District ensure compliance by assuring educator certifications and previous employment verifications are obtained and maintained in the personnel files of its employees, as required by State Law and regulations. Also, the District should issue supplemental contracts for any additional salary paid to certified employees.

**District's Response:** The District will strengthen its controls to ensure all certifications and verifications are maintained within the employee's personnel file. Moving forward the district will issue supplemental contracts/at wills for all supplemental pay (after board approval).

**Repeat Finding:** No.

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**Finding 9:** The District Should Ensure Compliance with State Law Regarding Reemployment of Retired Public Employees.

**Applicable State Law:** *Section 25-11-127(4)* provides in part: "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."

*Section 25-11-124* states, "Each employer shall pick up the member contributions required by *Section 25-11-123, Mississippi Code of 1972*, for all compensation earned after June 30, 1982, and the contributions so picked up shall be treated as employer contributions in determining tax treatment under the *United States Internal Revenue Code* and the *Mississippi Income Tax Code*; however, each employer shall continue to withhold federal and state income taxes based upon such contributions until the internal revenue service or the federal courts rule that, pursuant to *Section 414(h)* of the *United States Internal Revenue Code*, these contributions shall not be included as gross income of the member until such time as they are distributed or made available..."

**Finding Detail:** During the review of the District's PERS retirees, the auditor noted the following exceptions:

- Four PERS Form 4Bs did not have evidence of submission to PERS; and
- One instance where no contribution was paid on a retiree.

Failure to have adequate controls over the rehire of retirees resulted in noncompliance with State Law.

**Recommendation:** We recommend the District ensure compliance by implementing adequate internal controls to ensure evidence to show PERS Form 4Bs submission and the correct contribution is paid, as required by State Law.

**District's Response:** The district has started emailing the PERS form 4Bs, so that evidence is available to show submission. The district will strengthen its controls and procedures to ensure the correct contribution is paid.

**Repeat Finding:** No.

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**Finding 10:** The District Should Ensure Compliance with State Law Regarding Surety Bonds.

**School Board Policy:** *Section D, Fiscal Management, Policy Code DJEA, Purchasing Authority*, provides that the School Board designates the Assistant Superintendent, Business Manager, Director of Auxiliary Services, Director of Maintenance, and Principals as Purchasing agents.

**Applicable State Law:** *Section 25-1-12(1)* 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:** During the review of the District's surety bonds, the auditor noted the following exceptions:

- Three bookkeepers and two cashiers who collect public funds were not bonded. Also, the District did not make a finding upon its minutes that the cash collection was incidental to their employment, infrequent and immaterial, and that they do not require bonds; and
- Board policy designates Assistant Superintendent, Business Manager, Director of Auxiliary Services, Director of Maintenance, and Principals as Purchasing agents; however, only the Superintendent and Business Manager were bonded as Purchasing Agents.

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 and regulations.

**Recommendation:** We recommend the District ensure compliance by assuring all employees are properly and sufficiently bonded, as required by Board policy and State Law.

**District's Response:** The district is in the process of having the following positions bonded: secretary/bookkeeper, CN manager, CN Cashier, CN Director. Board Policy DJEA will be revised to reflect only the Superintendent and Business Manger as the purchasing agents.

**Repeat Finding:** No.

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**End of Report**