

CANTON PUBLIC SCHOOL DISTRICT

MISSISSIPPI

COMPLIANCE REPORT

Limited Internal Control and Compliance Review Management Report
For the year ended *June 30, 2020*

SHAD WHITE
State Auditor

Stephanie C. Palmertree, CPA, CGMA
Deputy State Auditor
Charlotte Duckworth
Director, Compliance Division



*The Office of the State Auditor does not discriminate on the basis of
race, religion, national origin, sex, age or disability.*



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

September 29, 2022

Limited Internal Control and Compliance Review Management Report

Canton Public School District
403 Lincoln Street
Canton, MS 39046

Dear Members of the Canton Public School District:

Enclosed for your review are the Limited Internal Control and Compliance Review Findings for the Canton Public School District for the fiscal year 2020. In these findings, the Auditor's Office recommends the Canton Public School District:

1. Strengthen Internal Controls and Ensure Compliance with State Law over Travel Stipends;
2. Strengthen Internal Controls and Ensure Compliance with State Law over Public Funds;
3. Strengthen Internal Controls and Ensure Compliance with State Law over Board Minutes;
4. Ensure Compliance with State Law over Purchasing;
5. Ensure Compliance with State Law over Certified Employees' Salaries, Background Checks, and MDE Certifications in Personnel Files;
6. Ensure Compliance with State Law over Reemployment of Retired Public Employees;
7. Ensure Compliance with State Law over Sixteenth Section Lease Payments, Taxes, and Sixteenth Section Annual Trust Report;
8. Ensure Compliance with State Law over Shared Townships;
9. Ensure Compliance with State Law over Educable Child Lists;
10. Ensure Compliance with State Law over Surety Bonds; and
11. Ensure Compliance with Federal Regulations over Children Internet Protection Act.

Please review the recommendations and submit a plan to implement them by **November 4, 2022**. The enclosed findings contain more information about our recommendations.

During future engagements, we may review the findings in this management report to ensure procedures have been initiated to address these findings.

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

I hope you find our recommendations enable the Canton Public 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". The signature is written in a cursive style with a large, looped initial 'S'.

STEPHANIE PALMERTREE, CPA, CGMA
Deputy State Auditor
Office of the State Auditor

The Office of the State Auditor has completed its limited internal control and compliance review of the **Canton Public School District** for the year ended **June 30, 2020**.

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 a *material weakness* in internal control and certain deficiencies in internal control that we consider to be *significant deficiencies* in internal control. These matters are noted under the headings **MATERIAL WEAKNESS**. We also noted certain deficiency in controls that we noted under the heading **OTHER DEFICIENCY**.

We noted certain instances of noncompliance with state laws that require the attention of management. These matters are noted under the headings **INSTANCES OF NONCOMPLIANCE WITH STATE LAW**. The Auditor's Office has also made a recommendation of managements' consideration that it is not in violation of state law.

MATERIAL WEAKNESSES AND NONCOMPLIANCE WITH STATE LAW

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

Internal Controls Deficiency: Management is responsible for properly safeguarding the assets of the District and ensuring all travel stipends are approved, documented, and allowed.

District School Board Policy DJD, Expense Reimbursements, states, "School personnel and others who have first been authorized by the superintendent to travel in the performance of their duties shall be advanced or reimbursed their expenses by the school district for such travel as indicated for each mile actually and necessarily traveled in the employee's automobile or other private motor vehicle the same rate of payment per mile as the rate set by the Mississippi Department of Finance and Administration."

Applicable State Law: *Section 25-3-41, Mississippi Code Annotated (1972)* and *Attorney General Opinion No. 94-0165*, states, "Travel related expenses must be documented. This means invoices or similar support must be provided for reimbursements of expenses other than meals and travel by private motor vehicle, and all reimbursed expenses must be defined on a claim for similar to the Department of Finance and Administration's form "Voucher for Reimbursement of Expenses Incident to Official Travel."

Finding Detail: During the review of the School District's Board minutes, payroll reports, and personnel files, the auditor noted the following exceptions:

- The School Board approved 25 travel stipends for District employees for fiscal years 2018, 2019, and 2020, totaling **\$67,209**;
- The District does not maintain or require logging of travel by the employees' in their private vehicles; therefore, travel/mileage could not be verified.

Recommendation: We recommend the Canton Public School District ensure compliance with its Board policy, state law and regulations regarding travel reimbursements by ensuring employees are paid from actual claim vouchers, as required by the Mississippi Department of Finance and Administration.

District's Response: The Canton Public School District will immediately cease all in-district travel stipends. Any employee conducting official school district business in their personal vehicle will be required to submit an official travel reimbursement pursuant to Board policy DJD.

Repeat Finding: No.

Finding 2: The School District Should Strengthen Controls and Ensure Compliance with State Laws over Public Funds.

Internal Controls Deficiency: The *Committee of Sponsoring Organizations of the Treadway Commission (COSO)* is the most broadly accepted standards for internal control in the U.S. One of the components of COSO's internal control structure is control environment. In order for a School District to have adequate internal controls, the District must have a sufficient control environment. Additionally, as stewards of taxpayer dollars the School Board of Education sets the tone at the top of the School District. The School Board of Education is responsible for the implementation of policies and procedures to ensure waste and abuse of taxpayer dollars are avoided. This consists of not acquiring or using resources in the most productive manner to achieve program objectives. This is achieved by avoiding improper or questionable practices that violates public trust.

District's Board Policy DJEA – Purchasing Authority, states, "In addition to the superintendent the school board hereby designates the assistant superintendent and business manager as "purchasing agents" with general authority to negotiate for and purchase the commodities and services necessary for the operation of the school district, with the limits of budget categories and purchasing law ...The purchasing agent(s) of this school board, before entering his/their official duties in such capacity, shall furnish a good and sufficient surety bond in the penal sum of Fifty Thousand (\$50,000.00). The same as *Mississippi Code Section 37-39-15*.

Applicable State Law: *Section 31-7-13(d)(i), Mississippi Code Annotated (1972)*, states, "...If any governing authority accepts a bid other than the lowest bid actually submitted, it shall place on its minutes detailed calculations and narrative summary showing that the accepted bid was determined to be the lowest and best bids, including the dollar amount of the accepted bid and the dollar amount of the lowest bid. No agency or governing authority shall accept a bid based on items not included in the specifications."

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

- The Board approved the use of lawn services for fiscal years 2018, 2019, and 2020, totaling **\$52,839**; however, the District employs nine workers in its maintenance department that are responsible for the same services being rendered by contracted lawn service vendors;
- The sealed bids for the lawn services were not opened within the Board meeting;
- The Assistant Superintendent, who oversees maintenance contracts, is a Board-approved Purchase Agent; however, he is not bonded as one; and
- The Assistant Superintendent discontinued one lawn service contract without Board approval.

Recommendation: We recommend the Canton Public School Districts strengthen internal controls and ensure compliance by implementing new controls, policies, and procedures where necessary over public funds. Lack of policies and procedures and appropriate “acquiring or using resources in the most productive manner can lead to fraud waste, and abuse.” We wish to place emphasis on the importance of appropriate “tone at the top” leadership in the financial division.

Management’s Response: The District will comply with the recommendation by OSA as well as strengthen our internal controls.

Repeat Finding: No

OTHER DEFICIENCY AND NONCOMPLIANCE WITH STATE LAW

Finding 3: The School District Should Strengthen Internal Controls and Ensure Compliance with State Law over Board Minutes.

Internal Control Deficiency: Management is responsible for ensuring the assets of the School District are safeguarded, and transactions are properly documented and recorded in the School District’s Board minutes.

Applicable State Law: *Section 37-6-9, Mississippi Code Annotated (1972)*, states, “...Minutes shall be kept of all meetings of the school board showing (a) the members present and absent; (b) the date, time and place of the meeting; (c) an accurate recording of any final actions taken at such meeting; (d) a record by individual member of any votes taken at such meeting; and (e) any other information that the school board requests to be reflected in the minutes. Each member of the school board present shall either vote or abstain on every question upon which a vote is taken at such meeting. All action taken by a school board shall become official at the time it is taken.”

Finding Detail: During the review of School District’s Board minutes, the auditor noted all supporting documentation was not attached in the official Board books nor maintained in an appendix.

Inadequate internal controls surrounding the District’s Board minutes could result in the circumvention of state law.

Recommendation: We recommend the Canton Public School District strengthen internal controls and ensure compliance over Board minutes by implementing new policies and procedures to assure all Board minutes are in accordance with state law.

District’s Response: The District will ensure all supporting documentation is included in the official minutes for each board meeting.

Repeat Finding: No.

INSTANCES OF NONCOMPLIANCE WITH STATE LAW

Finding 4: The School District Should Ensure Compliance with State Law over Purchasing Expenditures.

Applicable State Law: *Section 31-7-13(b), Mississippi Code Annotated (1972)*, states, “Purchases which involve an expenditure of more than Five Thousand Dollars (\$5,000.00) but not more than Fifty Thousand Dollars (\$50,000.00), exclusive of freight and shipping charges, may be made from the lowest and best bidder without publishing or posting

advertisement for bids, provided at least two (2) competitive written bids have been obtained... 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.”

Section 31-7-305(2), Mississippi Code Annotated (1972), states, “All public bodies that are authorized to issue checks in payment of goods and services and are not required to issue requisitions for payment to the State Fiscal Management Board shall mail or otherwise deliver such checks no later than forty-five (45) days after receipt of the invoice and receipt, inspection and approval of the goods or services.”

Attorney General Opinion 2022 WL 3574460, states, “Miss. Code Ann. § 31-7-13(b). A printed cost with a description of an item ““in Previous Term cart Next Term” is neither a bid submitted on a bid form furnished by the buying agency or governing authority and signed by the vendor's authorized personnel, nor a bid submitted on a vendor's letterhead or an identifiable bid form and signed by the vendor's authorized personnel. As such, this office is of the opinion that such a printed cost is not a competitive written bid as required under Section 31-7-13(b).

Finding Detail: During the testing of the School District’s purchasing expenditures, the auditor noted the following exceptions out of 26 tested:

- Three invoices were not paid within 45 days after being received by the accounts payable department;
- One quote obtained was not comparable;
- One quote obtained did not list the total amounts;
- One instance where an “online quote” was used to purchase a vehicle; and
- There was no justification noted in the Board minutes for the acceptance of the highest bid for one purchase.

Failure to obtain at least two competitive bids resulted in the School District not being in compliance with state purchasing law. Also, inadequate controls surrounding the payment of invoices could result in fraud, misappropriation, or loss of public funds

Recommendation: We recommend the Canton Public School District ensure compliance over purchasing by properly obtaining at least two competitive bids for purchases over \$5,000 but not over \$50,000, as required by law. Also, we recommend the School District assure invoices are paid according to the purchase order amounts within 45 days of being received in the District.

District’s Response: The District will strengthen their internal controls surrounding purchasing to ensure compliance with all purchasing guidelines.

Repeat Finding: No.

Finding 5: The School District Should Ensure Compliance with State Law over Certified Employees’ Salaries, Background Checks, and MDE Certifications in Personnel Files.

Applicable State Law: *Section 37-9-14(2)(z), Mississippi Code Annotated (1972)*, allows the Superintendent to “temporarily employ licensed and non-licensed employees to fill vacancies which may occur from time to time without prior approval of the board of trustees, provided that the board of trustees is notified of such employment and the action is ratified by the board at the next regular meeting of the board. A school district may pay a licensed employee based on the same salary schedule as other contracted licensed employees in the district until school board action, at which time a licensed employee approved by the school board enters a contract. If the board, within thirty (30) days of the date of employment of such employee under this subsection, takes action to disapprove of the employment by the superintendent, then the employment shall be immediately terminated without further compensation, notice or other employment rights with the district.”

Section 37-151-91, Mississippi Code Annotated (1972), requires all certified teachers are paid according to the salary scales determined by the Mississippi Adequate Education Programs based on experience.

Section 37-9-17(2), Mississippi Code Section (1972), states that 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 of Education 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 new hires.

Section 37-3-33, Mississippi Code Annotated (1972) and Board Policy CGA, Administrative Personnel Compensation Guides and Contracts, states that: “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 contract shall be entered into where the salary of a superintendent, principal or certificated employee is to be paid, in whole or in part, from adequate education program funds except were the requirements of said chapter as to the amount of such salary are fully met.”

Finding Detail: During the review of the School District’s certified employees’ files, the auditor noted the following exceptions out of 29 files tested:

- Six certified employees earned more than their Board – approved contract, totaling **\$1,281**;
- Two certified employees earned less than their Board – approved contract, totaling **\$905**;
- Two personnel files did not include a copy of the educator’s certification;
- The District did not obtain a background check for one of its certified employees, and the District’s consent for the background check was dated after the employee’s start date;
- One employee was temporarily hired pending Board approval per *Section 37-9-14*; however, there was no evidence provided that verified the Superintendent notified the School Board of the hire before the ratification of certified teacher’s employment at the next scheduled Board meeting; and
- Multiple background checks were unopened in the employees’ personnel files and the MDE Certified Employees Report differed significantly in relation to the number of years of teaching experience verified from the employees’ personnel files.

Recommendation: We recommend the Canton Public School District ensure compliance by assuring criminal background checks are obtained and MDE certifications are maintained in the personnel files of its employees, as required by state law. Also, the School District should ensure earnings paid to certified employees are in accordance with their Board – approved contracts. Additionally, the Superintendent should ensure the School Board ratifies the employment of certified employees, as required by state laws and regulations,

District's Response: The District will comply with *Mississippi Code Sections 37-19-17; 37-19-7; and 37-3-33*. The district will also strengthen their internal controls surrounding these instances of noncompliance.

Repeat Finding: No.

Finding 6: 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."

Mississippi Public Employment Retirement System (PERS) Board Regulation 34, Section 105, states, "To 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 following exceptions out of 11 tested:

- Eleven Form 4Bs did not have evidence of being filed within five days of the retirees' rehire;
- Three retirees were paid more than the salary allowed by PERS, totaling **\$4,320**; and
- One Form 4B did not have the signature of the retiree and was not dated.

Failure to file and complete the PERS Form 4Bs and comply with *Section 25-11-127(4)* could result in overpayment of a retiree and the School District being assessed penalties by PERS.

Recommendation: We recommend the Canton Public School District ensure compliance with state law and PERS by properly paying employees, completing, and filing PERS Form 4Bs within five days after rehire.

District's Response: The Canton Public School District will strengthen internal controls to ensure Form 4Bs are submitted within five days.

Repeat Finding: No.

Finding 7: The School District Should Ensure Compliance with State Law over Sixteenth Section Lease Payments, Taxes, and the Annual Sixteenth Section Schools Trust Land Report.

Applicable State Law: *Section 29-1-3(3), Mississippi Code Annotated (1972)*, states, "Any state, county or municipal official shall supply annually to the state land commissioner such sixteenth section management information as shall be requested by the commissioner. Such information shall include, but not be limited to, the following items pertaining to all new leases, rights of way, easements and sales of school trust lands: the number of acres in each parcel; the consideration paid for each transaction; the length and expiration of each lease, easement, or right of way; and the use to be made of each parcel. The applicable public official shall likewise report information requested by the state land commissioner upon principal fund investments. Such information shall include, but not be limited to, the following items: amounts of monies invested; dates of investment; where invested; form of investment; rate of return of each investment; and the amount of revenue earned upon each investment."

Section 29-3-57, Mississippi Code Annotated (1972), states, “The superintendent of education shall keep a current docket as to the expiration date of all leases on sixteenth section lands; likewise, he shall keep a correct current docket upon the existing leases or any extensions thereof as to the amounts and time of payment of rentals provided for by such lease. It shall be the duty of the superintendent of education to collect promptly all rentals due and all principal and interest due upon loans and investments of sixteenth section funds. Upon a sixty (60) day default in payment of any rentals according to the terms of such lease, the lease shall be declared terminated unless the board of education finds extenuating circumstances were present, and the board shall inaugurate the proper legal proceedings to terminate such lease.”

Section 29-3-65, Mississippi Code Annotated (1972), states, “One (1) year prior to the date, when any such lands, not subject to competitive bid procedures, shall become available for lease, the Board of Education shall appoint a competent appraiser the land and report to the Board his recommendation for the fair market rental amount. The Board shall then determine whether the same be a reasonable amount, and shall grant the lease pursuant to *Section 29-3-63*.” Additionally, management is responsible for ensuring adequate internal controls over the collections for sixteenth section lease revenue.

Section 29-3-71, Mississippi Code Annotated (1972), states, “Sixteenth section lands reserved for the use of school, 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 taxed as other lands are taxed during the continuance of the lease, but in case of sale thereof for taxes, on 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 state, “Lessee shall pay all taxes levied, if any, on said property on time to prevent default.”

Finding Detail: During the review of School District’s 16th Section Lease Master Listing and Secretary of State (SOS) Trust Land Report, the auditor noted the following exceptions:

- Two instances where lease agreements were not included in the Sixteenth Section Trust Land Report;
- Four instances where the lease agreements listed on the Sixteenth Section Trust Land Report were not included in the District current sixteenth section docket;
- Two instances where lease payments were not paid due to the lessees being deceased; however, the lease agreements were not terminated;
- Two instances where lease payments were not paid in full; however, the lease agreements were not terminated;
- Three instances where annual rent for FY 2020 was not paid. Two of these instances’ lease payments were not made in over five years; however; the lease agreements were not terminated;
- One instance where a lease payment was larger than the amount listed on the Sixteenth Section Trust Land Report. Auditors were informed that the land for this lease was recently reappraised but the Chancery Clerk’s office has no record of any updated lease agreement;
- Two instances where taxes were not current on lease agreements; however, the lease agreements were not terminated; and
- OSA Auditors noted inconsistencies with lease documentation between the Madison County Tax Assessor’s Office, Secretary of State’s Office, and the District’s records.

Failure to terminate lease agreements due to the non-payments of property taxes and rental payments resulted in noncompliance with state laws and regulations. Additionally, the failure to file an accurate and complete Sixteenth Section School Trust Land Report for fiscal year 2020 resulted in noncompliance with *Section 29-1-3(3)*.

Recommendation: We recommend the Canton Public School District ensure compliance over sixteenth section leases by assuring all lease payments are made within 60 days and taxes are current on leased land. Also, the School District should ensure the District’s annual Sixteenth Section School Trust Land Report filed with the Mississippi Secretary of State’s office is accurate and complete.

District's Response: The District will ensure lease payments are made within 60 days of the due date, taxes are current and in the leaseholder's name, and all information is filed in a timely manner with the Chancery Court and Secretary of State offices.

Repeat Finding: No.

Finding 8: The School District Should Ensure Compliance with State Law over Sixteenth Section Shared Townships.

Applicable State Law: *Section 29-3-119, Mississippi Code Annotated (1972)*, states, "The school district having jurisdiction and control of the sixteenth section or lieu lands in the township (the "custodial school district") shall pay to each other school district lying wholly or partly in the township which is entitled to a part of the township funds the district's pro rata share of the available township, as determined from the lists of children prepared pursuant to *Section 29-3-121, Miss. Code Ann. (1972)*, promptly after collecting such funds."

Finding Detail: During the testing of the School District's sixteenth section revenue, the auditor noted that in fiscal year 2020 the School District underpaid Madison County School District \$49,406 due to the use of an incorrect educable child list.

Failure to properly share sixteenth section revenue as the custodial school district resulted in this underpayment.

Recommendation: We recommend the Canton Public School District ensure compliance over sixteenth section shared townships by ensuring all revenue is promptly shared with each appropriate School District in accordance with *Section 29-3-119, Mississippi Code Annotated (1972)*.

District's Response: The District will comply with *Mississippi Code Section 29-3-119*.

Repeat Finding: No.

Finding 9: The School District Should Ensure Compliance with State Law over Sixteenth Section Educable Child Lists.

Applicable State Law: *Section 29-3-121, Mississippi Code Annotated (1972)*, states, "It shall be the duty of the superintendent of each school district to make or cause to be made annual lists of the children enrolled in the schools of such district and who reside in such district, which lists shall be based upon the end of the first month enrollment required to be reported to the State Department of Education for the then current school year. The lists shall be made separately as to the townships in which such children reside. Such lists shall be filed with the superintendent of the custodial school district on or before December 31 of each year and the lists shall be used in making the division of the available funds of each township during the ensuing calendar year as provided by *Section 29-3-119, Mississippi Code Annotated (1972)*."

Finding Detail: During the review of the School District's educable child lists and the Mississippi Secretary of State's report for Canton Public School District, the auditor noted the educable child lists for December 2018 and 2019 were not submitted to Rankin County School District.

Failure to file the educable child lists with the custodial district could result in forfeiting funds to which the District would otherwise be entitled.

Recommendation: We recommend the Canton Public School District ensure compliance by implementing adequate controls, policies, and procedures to ensure all lists are prepared and filed with the Superintendents of custodial district by December 31st of each year, as required by state law.

District's Response: The District will comply with *Mississippi Code Section 29-3-119* and *29-3-121*.

Repeat Finding: No.

Finding 10: The School District Should Ensure Compliance with State Law over Surety Bonds.

Applicable State Law: *Section 25-1- 15(2), Mississippi Code Annotated (1972)*, states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee."

Section 37-6-15, Mississippi Code Annotated (1972), states, "Before entering upon the discharge of the duties of his office, each member of the school board shall give a surety bond in the penal sum of Fifty Thousand Dollars (\$50,000), with sufficient surety, to be payable conditioned and approved in the manner provided by law. The school board may execute a blanket bond for each school district official and employee (including school business managers and any other employee who receipts and/or disburses school district funds) in the penalty of Fifty Thousand Dollars (\$50,000), unless a different penalty is prescribed by statute, to be payable, conditioned and approved in the manner provided by law. The premium on said bond shall be paid out of the school district maintenance fund."

Section 37-9- 27, Mississippi Code Annotated (1972), states, "The superintendent of any school district, before entering upon the duties of his office, shall furnish a good and sufficient surety bond in the penal sum of One Hundred Dollars (\$100,000.00), with sufficient surety."

Section 37-9-31, Mississippi Code Annotated (1972,) states, "All school principals and attendance center principals shall furnish good and sufficient surety bonds in like manner as required of superintendents. The amount of such bonds shall be not less than Fifty Thousand Dollars (\$50,000), with sufficient surety."

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

- Twelve surety bonds were for indefinite terms instead of new bonds with definite terms for:
 - Nine Principals;
 - Two Board members;
 - One Purchasing Agent;
- Three Principals included on a blanket bond job positions were not referenced on that bond; and
- The District's School Board policy requires the Assistant Superintendent, Director of Auxiliary Services, Director of Maintenance, and all of the Districts Principals to be bonded as Purchasing Agents; however, these individuals were not bonded as such for fiscal year 2020.

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. Additionally, failure to comply with the state statute could result in the loss of public funds.

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

District's Response: The district will comply with the Mississippi Codes related to Surety Bonds. The district will also ensure compliance with the board policy as it relates to surety bonds of all employees.

Repeat Finding: No.

Finding 11: The School District Should Ensure Compliance with Federal Regulation over *Children’s Internet Protection Act*.

Applicable Federal Regulation: The *Children’s Internet Protection Act*, states, “Sections 1721et seq. CIPA provide that schools and libraries that have computers with Internet access must certify that they have in place Internet safety policies and technology protection measures in order to be eligible under Section 254(h) of the *Communications Act of 1934*, as amended (the Act), to receive discounted Internet access, Internet services, and internal connection services.” Accordingly, schools are required to implement “technology protection measures” to block or filter internet access to content that is obscene, child pornography, or with respect to use of computers with Internet access to minors. Schools must also monitor the online activities of minors and provide for the education of minors about appropriate online behavior.

Finding Detail: During the testing of the School District’s internet content filters, the auditor noted that the School District’s technology protection measure (TPM) was not adequate and that the protection did not extend to when students are off campus. At the time of testing, the TPM failed to block access to inappropriate content.

Failure to ensure that inappropriate online content was effectively blocked or filtered resulted in noncompliance with the *Children’s Internet Protection Act*.

Recommendation: We recommend the Canton Public School District ensure compliance by assuring the District’s internet content filter or TPM is working effectively and that the School District detects failures or disruptions in filtering promptly, as required by federal regulation.

District’s Response: An inappropriate site was able to come through the district network. Please rest assured that actions have already been taken to correct this issue so that the district can be well within compliance with the *Children’s Internet Protection Act*.

Repeat Finding: No.

End of Report



CANTON PUBLIC SCHOOL DISTRICT

Board of Trustees

Johnny Brown, Chair
Lenderrick Taylor, V. Chair
Shivochie Dinkins,
Secretary
Peter Brown, Trustee
Glen Lacey, Trustee

Mr. Gary Hannah, Superintendent
Mr. Tony Foster, Director of Business and Finance

November 1, 2022

Shad White, State Auditor
Office of the State Auditor
State of Mississippi
Post Office Box 956
Jackson, MS 39205- 0956

RE: Compliance Audit Findings

Dear Mr. White:

The Canton Public School District strives daily to ensure that each resource available to our scholars are used in compliance with all requirements set forth by all regulatory agencies. This is a task we do not take lightly as we understand the importance of committing to utilize our resources in the most efficient and appropriate manner. We will continue daily to exhibit the utmost financial integrity while enhancing our internal controls and safeguarding our assets within the Canton Public School District. If you should have any additional questions, please do not hesitate to contact me.

Sincerely,

Gary Hannah
Superintendent of Education

"Perseverance Conquers All"

403 East Lincoln Street • Canton, MS 39046
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www.cantonschools.net



CANTON PUBLIC SCHOOL DISTRICT

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Lenderrick Taylor, V. Chair
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Secretary
Peter Brown, Trustee
Glen Lacey, Trustee

Mr. Gary Hannah, Superintendent
Mr. Tony Foster, Director of Business and Finance

AUDIT FINDINGS:

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

District's Response: The Canton Public School District will immediately cease all in-district travel stipends. Any employee conducting official school district business in their personal vehicle will be required to submit an official travel reimbursement pursuant to board policy DJD.

Corrective Action: The district will process all in – district travel reimbursement pursuant to the board policy DJD

Finding 2: The School District Should Strengthen Controls and Ensure Compliance with State Laws over Public Funds.

District's Response: The District terminated all lawn services contracts and made the necessary changes with personnel regarding the issuance of services contract with operational services.

Corrective Action: The District will ensure all services contracts exceeding \$10,000.00 will be submitted before the board for approval. In addition, the departments will work with the Purchasing Agent and Accounting Clerk when soliciting services

Finding 3: The School District Should Strengthen Internal Controls and Ensure Compliance with State Law over Board Minutes.

District's Response: The District will ensure all supporting documentation is included in the official minutes for each board meeting.

Corrective Action: The District will include all exhibits and supporting documentation in the official minute book.

Finding 4: The School District Should Ensure Compliance with State Law over Purchasing Expenditures.

District's Response: The District will strengthen their internal controls surrounding purchasing to ensure compliance with all purchasing guidelines.

Corrective Action: The District will review the purchasing procedure with all personnel to ensure compliance with the procurement policies.

“Perseverance Conquers All”

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Finding 5: The School District Should Ensure Compliance with State Law over Certified Employees' Salaries, Background Checks, and MDE Certifications in Personnel Files.

District's Response: The District will comply with *Mississippi Code Sections 37-19-17; 37-19-7; and 37-3-33*. The district will also strengthen their internal controls surrounding these instances of noncompliance.

Corrective Action: The District ensure all employees are properly processed during the onboard processing of new hires.

Finding 6: The School District Should Ensure Compliance with State Law over Reemployment of Retired Public Employees.

District's Response: The Canton Public School District will strengthen internal controls to ensure Form 4Bs are submitted within five days.

Corrective Action: The District requires all retired employees to complete the Form 4B within five days of employment.

Finding 7: The School District Should Ensure Compliance with State Law over Sixteenth Section Lease Payments, Taxes, and the Annual Sixteenth Section Schools Trust Land Report.

District's Response: The District will ensure lease payments are made within 60 days of the due date, taxes are current and in the leaseholder's name, and all information is filed in a timely manner with the Chancery Court and Secretary of State offices.

Corrective Action: The District has created a process to ensure all lease payments not made within 60 days of the due date will be filed with the Chancery Court and Secretary of State

Finding 8: The School District Should Ensure Compliance with State Law over Sixteenth Section Shared Townships.

District's Response: The District will comply with *Mississippi Code Section 29-3-119*.

Corrective Action: The District will send an Educable Child letter to all required districts.

Finding 9: The School District Should Ensure Compliance with State Law over Sixteenth Section Educable Child Lists.

District's Response: The District will comply with *Mississippi Code Section 29-3-119* and *29-3-121*.

Corrective Action: The District will send an Educable Child letter to all required districts.

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Finding 10: The School District Should Ensure Compliance with State Law over Surety Bonds.

District's Response: The district will comply with the Mississippi Codes related to Surety Bonds. The district will also ensure compliance with the board policy as it relates to surety bonds of all employees.

Corrective Action: The District will ensure all appropriate personnel is properly bonded.

Finding 11: The School District Should Ensure Compliance with Federal Regulation over *Children's Internet Protection Act*.

District's Response: An inappropriate site was able to come through the district network. Please rest assured that actions have already been taken to correct this issue so that the district can be well within compliance with the Children's Internet Protection Act.

Corrective Action: The District will ensure all firewalls and technology security measures are in place frequently.

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