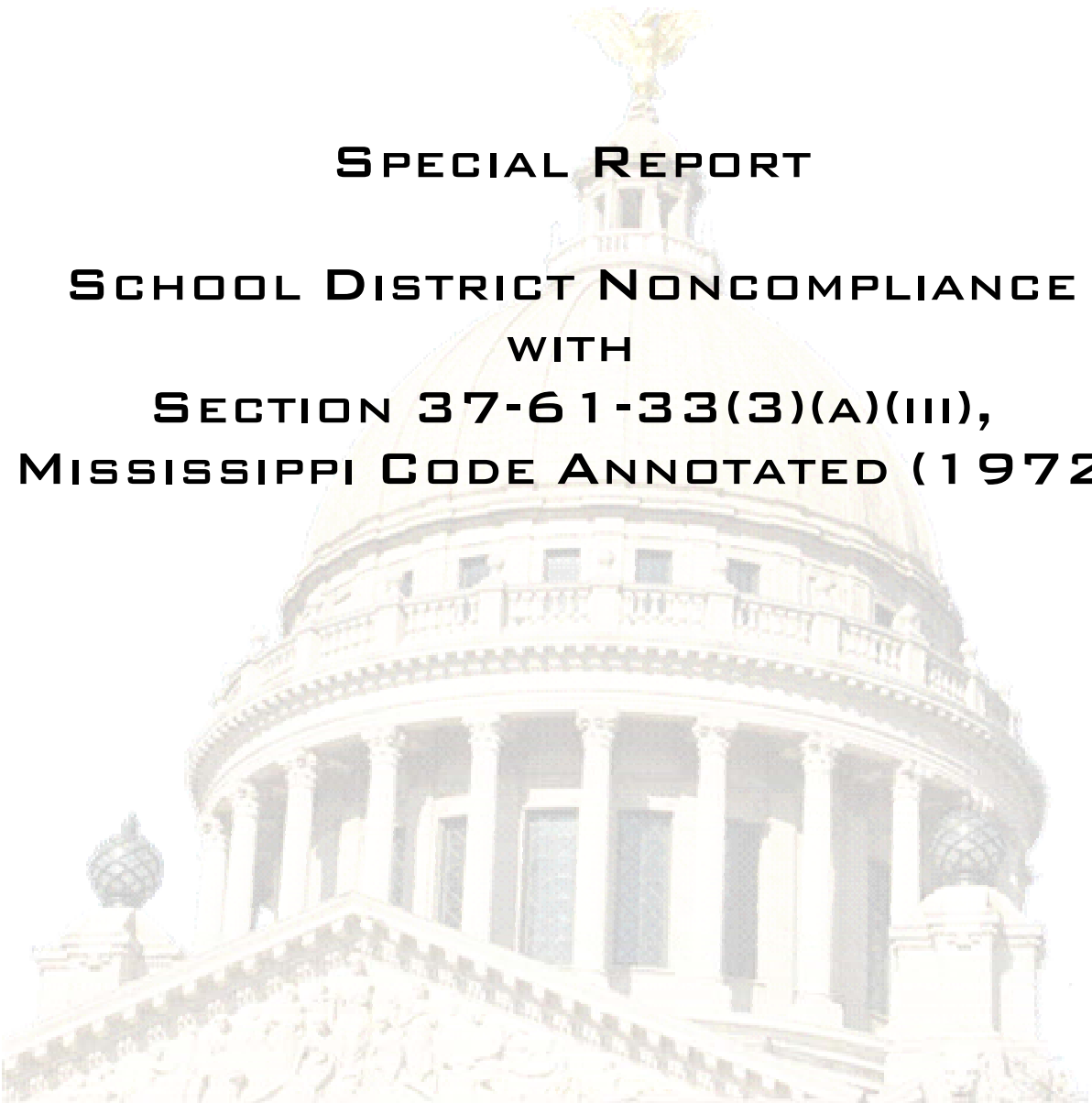




PHIL BRYANT
STATE AUDITOR



SPECIAL REPORT

SCHOOL DISTRICT NONCOMPLIANCE

WITH

SECTION 37-61-33(3)(A)(III),

MISSISSIPPI CODE ANNOTATED (1972)



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

January 14, 2005

Honorable Jack Gordon, Chairman of the Senate Appropriations Committee
Honorable Mike Chaney, Chairman of the Senate Education Committee
Honorable Johnny W. Stringer, Chairman of the House Appropriations Committee
Honorable Randy Pierce, Chairman of the House Education Committee

Dear Gentlemen:

As required by Section 37-9-18(3), Mississippi Code Annotated (1972), it is my duty to report to you on school districts' of the State of Mississippi compliance or noncompliance with the requirements of Section 37-61-33(3)(a)(iii), Mississippi Code Annotated (1972). This letter is a summary of my report.

Section 37-61-33(3)(a)(iii) requires that:

- Classroom supply funds shall not be expended for administrative purposes.
- Local school districts shall allocate classroom supply funds equally among all classroom teachers (any employee of the school board of a school district who is required by law to obtain a teacher's license from the State Department of Education and who is assigned to an instructional area of work as defined by the department, but shall not include a federally funded teacher) in the school district, and
- Classroom teachers be involved in the development of a spending plan that addresses individual classroom needs and supports the overall goals of the school regarding supplies, instructional materials, equipment, computers or computer software and the plan should be submitted in writing to the school principal for approval.

The Office of the State Auditor has developed and prescribed audit procedures to test for instances of school districts' noncompliance with Section 37-61-33(3)(a)(iii) starting with school districts' Fiscal Year 2003. This report covers Fiscal Year 2003 and later school district audits released during the period of December 1, 2003, through December 31, 2004. During this time period 116 Fiscal Year 2003 audits were released, 98 prepared by Certified Public Accountants and 18 prepared by the Office of the State Auditor, and two Fiscal Year 2004 audits were released, both prepared by Certified Public Accountants.

Of the reports released during this time period, 13 had instances of noncompliance with Section 37-61-33(3)(a)(iii) noted in their audit reports. Of these 13 reports, ten were Fiscal Year 2003 audits prepared by Certified Public Accountants, two were Fiscal Year 2003 audits prepared by the Office of the State Auditor and one was a Fiscal Year 2004 audit prepared by Certified Public Accountants.

The school district's with instances of noncompliance noted are as follows:

Amite County School District – Fiscal Year 2003
Biloxi Public School District – Fiscal Year 2003
Forrest County Agricultural High School – Fiscal Year 2004
Greenville Public Schools – Fiscal Year 2003
Hollandale School District – Fiscal Year 2003
Humphreys County School District – Fiscal Year 2003
Laurel School District – Fiscal Year 2003
Leake County School District – Fiscal Year 2003
North Panola School District – Fiscal Year 2003
Pearl River County School District – Fiscal Year 2003
Quitman County School District – Fiscal Year 2003
Tate County School District – Fiscal Year 2003
Webster County School District – Fiscal Year 2003

The report identifies each school district Fiscal Year 2003 and Fiscal Year 2004 audit report released during the period of December 1, 2003, through December 31, 2004. The report includes the school district's name, the fiscal year of the audit report, whether the audit report was prepared by Certified Public Accounts or the Office of the State Auditor, whether test work disclosed noncompliance with Section 37-61-33(3)(a)(iii), the amount of classroom supply funds the school district brought forward from the prior fiscal year, and information about instances of noncompliance noted during the audit.

If I or any member of my staff may be of further assistance, please do not hesitate to contact us.

Sincerely,



Phil Bryant
State Auditor

BACKGROUND

Section 37-9-18(3), Mississippi Code Annotated (1972), requires the Office of the State Auditor to report to Chairmen of the Education and Appropriations Committees of the House of Representatives and Senate on school districts' of the State of Mississippi compliance or noncompliance with the requirements of Section 37-61-33(3)(a)(iii), Mississippi Code Annotated (1972).

Section 37-9-18(3) reads as follows:

When conducting an audit of a public school district, the Auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii) relating to classroom supply funds. The audit must include a report of all classroom supply funds carried over from previous years. Based upon the audit report, the State Auditor shall compile a report on the compliance or noncompliance by all school districts with the requirements of Section 37-61-33(3)(a)(iii), which report must be submitted to the Chairmen of the Education and Appropriations Committees of the House of Representatives and Senate.

The Office of the State Auditor has developed and prescribed audit procedures to test compliance with the requirements of Section 37-61-33(3)(a)(iii).

Section 37-61-33(3)(a)(iii) states that until July 1, 2005, this section shall read as follows:

The revenue generated from nine and sixty-one one-hundredths percent (9.61%) that exceeds Fifteen Million Nine Hundred Thousand Dollars (\$15,900,000.00), for classroom supplies, instructional materials and equipment, including computers and computer software, to be distributed to all school districts in the proportion that the average daily attendance of each school district bears to the average daily attendance of all school districts within the state. Classroom supply funds shall not be expended for administrative purposes. Local school districts shall allocate classroom supply funds equally among all classroom teachers in the school district. For purposes of this subparagraph, "teacher" means any employee of the school board of a school district who is required by law to obtain a teacher's license from the State Department of Education and who is assigned to an instructional area of work as defined by the department, but shall not include a federally funded teacher. Two (2) or more teachers may agree to pool their classroom supply funds for the benefit of a school within the district. It is the intent of the Legislature that all classroom teachers shall be involved in the development of a spending plan that addresses individual classroom needs and supports the overall goals of the school regarding supplies, instructional materials, equipment, computers or computer software under the provisions of this subparagraph, including the type, quantity and quality of such supplies, materials and equipment. This plan shall be submitted in writing to the school principal for approval. Classroom supply funds allocated under this subparagraph shall supplement, not replace, other local and state funds available for the same purposes. School districts need not fully expend the funds received under this subparagraph in the year in which they are received, but such funds may be carried forward for expenditure in any succeeding school year. The State Board of Education shall develop and promulgate rules and regulations for the administration of this subparagraph consistent with the above criteria, with particular emphasis on allowing the individual teachers to expend funds as they deem appropriate. The revenue generated from the percentage under this subparagraph that does not exceed Fifteen Million Nine Hundred Thousand Dollars (\$15,900,000.00) shall be appropriated to the State Department of Education for the support of educational programs authorized by law.

Section 37-61-33(3)(a)(iii) states that from and after July 1, 2005, this section reads as follows:

Nine and sixty-one one-hundredths percent (9.61%) for classroom supplies, instructional materials and equipment, including computers and computer software, to be distributed to all school districts in the proportion that the average daily attendance of each school district bears to the average daily attendance of all school districts within the state. Classroom supply funds shall not be expended for administrative purposes. Local school districts shall allocate classroom supply funds equally among all classroom teachers in the school district. For purposes of this subparagraph, "teacher" means any employee of the school board of a school district who is required by law to obtain a teacher's license from the State Department of Education and who is assigned to an instructional area of work as defined by the department, but shall not include a federally funded teacher. Two (2) or more teachers may agree to pool their classroom supply funds for the benefit of a school within the district. It is the intent of the Legislature that all classroom teachers shall be involved in the development of a spending plan that addresses individual classroom needs and supports the overall goals of the school regarding supplies, instructional materials, equipment, computers or computer software under the provisions of this subparagraph, including the type, quantity and quality of such supplies, materials and equipment. This plan shall be submitted in writing to the school principal for approval. Classroom supply funds allocated under this subparagraph shall supplement, not replace, other local and state funds available for the same purposes. School districts need not fully expend the funds received under this subparagraph in the year in which they are received, but such funds may be carried forward for expenditure in any succeeding school year. The State Board of Education shall develop and promulgate rules and regulations for the administration of this subparagraph consistent with the above criteria, with particular emphasis on allowing the individual teachers to expend funds as they deem appropriate.

RESULTS

The following list identifies each school district Fiscal Year 2003 and Fiscal Year 2004 audit report released during the period of December 1, 2003, through December 31, 2004. The report includes the school district's name, the fiscal year of the audit report, whether the audit report was prepared by Certified Public Accounts or the Office of the State Auditor, whether test work disclosed instances of noncompliance with Section 37-61-33(3)(a)(iii), the amount of classroom supply funds the school district brought forward from the prior fiscal year, and information about instances of noncompliance noted during the audit.

**SCHOOL DISTRICT NONCOMPLIANCE WITH SECTION 37-61-33(3)(a)(iii)
AND CLASSROOM SUPPLY FUNDS BROUGHT FORWARD FROM PREVIOUS YEAR
FISCAL YEAR 2003 AND 2004 AUDITS
RELEASED DECEMBER 1, 2003 THROUGH DECEMBER 31, 2004**

| School District Name | Noncompliance With Section 37-61-33(3)(a)(iii) Noted | Note Reference Number | Classroom Supply Funds Brought Forward |
|--|---|--------------------------------------|---|
| <u>CPA Fiscal Year 2003 Audits:</u> | | | |
| Amite County School District | Yes | Note 1 | \$ 0 |
| Attala County School District | No | | 12,664 |
| Baldwyn Public School District | No | | 14,764 |
| Bay St. Louis-Waveland School District | No | | 10,501 |
| Benoit School District | No | | 9,206 |
| Booneville School District | No | | 12,002 |
| Brookhaven School District | No | | 28,279 |
| Calhoun County School District | No | | 2,989 |
| Canton Public School District | No | | 129,823 |
| Chickasaw County School District | No | | 3,790 |
| Choctaw County School District | No | | 50,827 |
| Clay County School District | No | | 4,272 |
| Clinton Public School District | No | | 903 |
| Coffeeville School District | No | | 27,525 |
| Copiah County School District | No | | 56,994 |
| Corinth School District | No | | 3,146 |
| Covington County School District | No | | 8,040 |
| DeSoto County School District | No | | 718,995 |
| Drew School District | No | | 714 |
| East Jasper School District | No | | 36,705 |
| Enterprise School District | No | | 3,542 |
| Forest Municipal School District | No | | 25,580 |
| Forrest County Agricultural High School | No | | 184 |
| Forrest County School District | No | | 12,115 |
| Franklin County School District | No | | 6,242 |
| George County School District | No | | 6,984 |
| Greene County School District | No | | 24,160 |
| Greenville Public Schools | Yes | Note 2 | 27,181 |
| Gulfport School District | No | | 33,052 |
| Hancock County School District | No | | 19,909 |
| Hollandale School District | Yes | Note 3 | 45,993 |
| Houston School District | No | | 12,263 |
| Humphreys County School District | Yes | Note 4 | 15,913 |
| Jackson County School District | No | | 89,402 |
| Jefferson Davis County School District | No | | 30,345 |
| Kosciusko School District | No | | 6,401 |
| Lafayette County School District | No | | 27,525 |
| Lamar County School District | No | | 38,987 |

**SCHOOL DISTRICT NONCOMPLIANCE WITH SECTION 37-61-33(3)(a)(iii)
AND CLASSROOM SUPPLY FUNDS BROUGHT FORWARD FROM PREVIOUS YEAR
FISCAL YEAR 2003 AND 2004 AUDITS
RELEASED DECEMBER 1, 2003 THROUGH DECEMBER 31, 2004**

| School District Name | Noncompliance With Section 37-61-33(3)(a)(iii) Noted | Note Reference Number | Classroom Supply Funds Brought Forward |
|---|---|--------------------------------------|---|
| Laurel School District | Yes | Note 5 | 0 |
| Lawrence County School District | No | | 0 |
| Leake County School District | Yes | Note 6 | 11,981 |
| Lee County School District | No | | 195,061 |
| Leflore County School District | No | | 162,661 |
| Leland School District | No | | 20,321 |
| Lincoln County School District | No | | 20,533 |
| Long Beach School District | No | | 0 |
| Louisville Municipal School District | No | | 4,959 |
| Lowndes County School District | No | | 11,660 |
| Marion County School District | No | | 65,302 |
| McComb Separate School District | No | | 2,440 |
| Meridian Public School District | No | | 79,961 |
| Monroe County School District | No | | 39,165 |
| Montgomery County School District | No | | 16,453 |
| Natchez-Adams School District | No | | 52,667 |
| Nettleton School District | No | | 0 |
| New Albany Public School District | No | | 13,480 |
| Newton County School District | No | | 732 |
| Newton Municipal School District | No | | 16,240 |
| North Bolivar School District | No | | 4,278 |
| North Panola School District | Yes | Note 7 | 40,294 |
| North Pike Consolidated School District | No | | 0 |
| North Tippah Consolidated School District | No | | 17,016 |
| Ocean Springs School District | No | | 61,777 |
| Okolona Mun. Sep. School District | No | | 486 |
| Oktibbeha County School District | No | | 82,518 |
| Oxford School District | No | | 36,522 |
| Pascagoula Mun. Sep. School District | No | | 131,810 |
| Pass Christian Public School District | No | | 25,044 |
| Pearl River County School District | Yes | Note 8 | 0 |
| Petal School District | No | | 3,900 |
| Picayune School District | No | | 52,841 |
| Pontotoc City School District | No | | 0 |
| Pontotoc County School District | No | | 22,451 |
| Poplarville Spec. Mun. Sep. School District | No | | 1,884 |
| Quitman County School District | Yes | Note 9 | 213,913 |
| Quitman Consolidated School District | No | | 81,039 |
| Rankin County School District | No | | 0 |
| Richton School District | No | | 8,610 |
| Senatobia Municipal School District | No | | 16,018 |

**SCHOOL DISTRICT NONCOMPLIANCE WITH SECTION 37-61-33(3)(a)(iii)
AND CLASSROOM SUPPLY FUNDS BROUGHT FORWARD FROM PREVIOUS YEAR
FISCAL YEAR 2003 AND 2004 AUDITS
RELEASED DECEMBER 1, 2003 THROUGH DECEMBER 31, 2004**

| School District Name | Noncompliance With Section 37-61-33(3)(a)(iii) Noted | Note Reference Number | Classroom Supply Funds Brought Forward |
|--|---|--------------------------------------|---|
| Shaw School District | No | | 0 |
| Simpson County School District | No | | 26,195 |
| South Delta School District | No | | 8,885 |
| South Pike School District | No | | 13,929 |
| South Tippah School District | No | | 70,729 |
| Stone County School District | No | | 0 |
| Tishomingo Co. Spec. Mun. Sep. School District | No | | 40,392 |
| Tunica County School District | No | | 7,342 |
| Union County School District | No | | 33,266 |
| Union Public School District | No | | 3,440 |
| Vicksburg-Warren School District | No | | 147,663 |
| Walthall County School District | No | | 128,640 |
| Water Valley School District | No | | 8,210 |
| Wayne County School District | No | | 132,823 |
| Webster County School District | Yes | Note 10 | 17,512 |
| West Jasper Consolidated School District | No | | 7,380 |
| Wilkinson County School District | No | | 6,797 |
| Winona Public School District | No | | 5,548 |
| Yazoo County School District | No | | 41,546 |
| <u>OSA Fiscal Year 2003 Audits:</u> | | | |
| Aberdeen School District | No | | \$ 43,855 |
| Amory School District | No | | 23,243 |
| Benton County School District | No | | 1,657 |
| Biloxi Public School District | Yes | Note 11 | 29,089 |
| Coahoma County School District | No | | 8,238 |
| Grenada School District | No | | 0 |
| Hattiesburg Public School District | No | | 10,397 |
| Hazlehurst City School District | No | | 35,912 |
| Holly Springs School District | No | | 55,675 |
| Holmes County School District | No | | 106,465 |
| Itawamba County School District | No | | 0 |
| Madison County School District | No | | 0 |
| Mound Bayou Public Schools | No | | 0 |
| Neshoba County School District | No | | 135,820 |
| Pearl Public School District | No | | 47,151 |
| Perry County School District | No | | 9,494 |
| Philadelphia Public School District | No | | 16,968 |
| Tate County School District | Yes | Note 12 | 28,130 |

**SCHOOL DISTRICT NONCOMPLIANCE WITH SECTION 37-61-33(3)(a)(iii)
AND CLASSROOM SUPPLY FUNDS BROUGHT FORWARD FROM PREVIOUS YEAR
FISCAL YEAR 2003 AND 2004 AUDITS
RELEASED DECEMBER 1, 2003 THROUGH DECEMBER 31, 2004**

| School District Name | Noncompliance With Section 37-61-33(3)(a)(iii) Noted | Note Reference Number | Classroom Supply Funds Brought Forward |
|---|---|--------------------------------------|---|
| CPA Fiscal Year 2004 Audits: | | | |
| Forrest County Agricultural High School | Yes | Note 13 | \$ 605 |
| Kosciusko School District | No | | 1,094 |

The following are the instances of noncompliance with Section 37-61-33(3)(a)(iii) noted during the audit of school districts released during this reporting period.

NOTE 1: AMITE COUNTY SCHOOL DISTRICT – FISCAL YEAR 2003

Finding

As reported in the prior year’s audit report and per Section 37-61-33(3)(iii) of the Miss. Code Ann. (1972), the school district’s principals and vocational director are not complying with proper record keeping for educational enhancement funds in order for teachers to purchase instructional supplies for classrooms. In our test of the educational enhancement funds for classroom supplies, only one school’s principal could produce records of carryover funds, copies of spending plans, purchases and carryover to the future year.

Recommendation

We recommend the school district comply with Section 37-61-33(3)(a)(iii) of the Miss. Code Ann. (1972) and with the State Education Board Policy regarding Enhancement Funds for classroom supplies. We recommend that all principals and the vocational director assume the responsibility for keeping adequate records for each teacher’s yearly allocation, expenditures, spending plan, if applicable, and carryover to future years.

School District’s Response

The district is now complying with the state board policy regarding EEF for classroom supplies.

NOTE 2: GREENVILLE PUBLIC SCHOOLS – FISCAL YEAR 2003

Finding

Two teachers paid with federal funds were given an allotment for classroom supplies under Section 37-61-33(3)(iii), Miss. Code Ann. (1972). The allotment should go to non-federal teachers.

Recommendation

The District's business office should coordinate with the federal program coordinator as to which teachers are paid from federal funds.

School District's Response

We will try to coordinate our effort better in the future. The classroom supply money is allocated early in the year. Sometimes teachers move from a district position to a federal position after the semester starts.

NOTE 3: HOLLANDALE SCHOOL DISTRICT – FISCAL YEAR 2003

Finding

The district allowed a federally funded teacher to expend educational enhancement funds to purchase instructional supplies totaling \$696.44.

Recommendation

The district should comply with Section 37-61-33(3)(a)(iii), and insure that educational enhancement funds for instructional supplies are not allocated to and expended by federally funded teachers.

School District's Response

The district will comply with Section 37-61-33(3)(a)(iii), to ensure that educational enhancement funds for instructional supplies are not allocated to and expended by federally funded teachers.

NOTE 4: HUMPHREYS COUNTY SCHOOL DISTRICT – FISCAL YEAR 2003

Finding

The district allowed a federally funded teacher to expend educational enhancement funds to purchase instructional supplies totaling \$827.59.

Recommendation

The district should comply with Section 37-61-33(3)(a)(iii), and insure that educational enhancement funds for instructional supplies are not allocated to and expended by federally funded teachers.

School District's Response

The district will comply and insure that education enhancement funds are not used by federally funded teachers.

NOTE 5: LAUREL SCHOOL DISTRICT – FISCAL YEAR 2003

Finding

The School District does not have spending plans for Enhancement Funds.

Recommendation

The School District should comply with 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), which requires information on each teacher's allocation, expenditures and balances are to be maintained.

School District's Response

The school district will begin keeping teacher-spending plans on file.

NOTE 6: LEAKE COUNTY SCHOOL DISTRICT – FISCAL YEAR 2003

Finding

The district did not comply with Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds. It was noted that 10 federally funded teachers were allocated \$525 each of Education Enhancement funds (total allocated to federally funded teachers was \$5,250).

Recommendation

The district should comply with Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), which states that Education Enhancement funds should not be allocated to federally funded teachers. We recommend the district refund the EEF classroom supplementary so that the appropriate teachers will get their appropriate allocation.

School District's Response

The district will comply with Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), for allocating future amounts of Education Enhancement funds.

NOTE 7: NORTH PANOLA SCHOOL DISTRICT – FISCAL YEAR 2003

Finding

One school, North Panola High School, did not maintain a carryover schedule of unspent classroom funds that each teacher had available.

Recommendation

We recommend that the district comply with Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supplies. The principal should maintain a list of all teachers, the amount allocated to each teacher, the carry forward amount for each teacher, a copy of the spending plans and copies of all requisitions and purchase requests submitted by the teachers.

School District's Response

The district will comply with Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972) by maintain a list of all teachers, the amount allocated to each teacher, the carry forward amount for each teacher, a copy of any spending plan used, and copies of all requisitions and purchase requests submitted by the teachers. The principal of this school will be made aware of his responsibility.

NOTE 8: PEARL RIVER COUNTY SCHOOL DISTRICT – FISCAL YEAR 2003

Finding

We noted that Education Enhancement Funds totaling \$4,102 were allocated to and used by teachers whose salary was funded with federal funds.

Recommendation

As required by Section 37-61-33, we recommend that Education Enhancement Funds not be allocated to federally funded teachers.

School District's Response

The District agrees and will comply with this recommendation.

Finding

In our test of Education Enhancement Funds, we noted twenty-two teachers had overspent their allocated funds.

Recommendation

We recommend that each teacher's allocation be monitored to ensure that amounts allocated are not overspent.

School District's Response

The District agrees and will comply with this recommendation.

NOTE 9: QUITMAN COUNTY SCHOOL DISTRICT – FISCAL YEAR 2003

Finding

The principals did not provide documentation as to the amount of carryover funds each teacher had available.

Recommendation

We recommend the district comply with Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supplies. Each school principal should maintain a list of all teachers, the amount allocated to

each teacher, the carry forward amount for each teacher, a copy of the spending plan and copies of all requisitions and purchase requests submitted by the teachers.

School District's Response

Principals of each school will be informed of their responsibilities regarding Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972).

NOTE 10: WEBSTER COUNTY SCHOOL DISTRICT – FISCAL YEAR 2003

Finding

The district did not comply with Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds. It was noted that one federally funded teacher was allocated a portion of Education Enhancement funds.

Recommendation

The district should comply with Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), which states that Education Enhancement funds should not be allocated to federally funded teachers. We recommend the district refund the EEF classroom supply money so that the appropriate teachers will get their appropriate allocation.

School District's Response

The district will comply with Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), for allocating future amounts of Education Enhancement funds.

NOTE 11: BILOXI PUBLIC SCHOOL DISTRICT – FISCAL YEAR 2003

Finding

The allocation of the Educational Enhancement Funds (EEF) - Instructional Materials and Classroom Supply Funds was not evenly distributed among all non-federally funded teachers. The district's allocation method was different at each school.

Recommendation

The district should comply with Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), and allocate instructional materials and supply funds equally among all non-federally funded teachers.

School District's Response

The accountant is currently recalculating the amount each teacher should have received and believes that only a small amount of additional funding will be redistributed once the calculation is complete. Additionally, any amounts previously granted to and expended by federally funded teachers will be transferred to the district maintenance fund. In the future, the district will insure that each teacher qualified to receive this funding gets the proper and equal amount.

Finding

The district reclassified \$39,207 of District Maintenance Fund expenditures to the Educational Enhancement Fund (EEF) - Instructional Material and Classroom Supply Fund without providing supporting documentation, such as invoices, to support the reclassifications. Recommendation

Recommendation

The district should comply with Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), which states the funds shall be expended in the manner provided by law exclusively for classroom instructional purposes. The District Maintenance Fund should repay \$39,207 to the EEF - Instructional Material and Classroom Supply Fund.

School District's Response

Due to inadequate record retention and supporting documentation for this journal entry, the district cannot verify these funds were used exclusively for classroom instructional purposes as provided by the requirements of state law. The district, upon learning of this discrepancy, has transferred this amount to the EEF fund from the district maintenance fund.

NOTE 12: TATE COUNTY SCHOOL DISTRICT – FISCAL YEAR 2003

Finding

The following areas of noncompliance were noted during test work performed on operating transfers and a review of individual balances in the general activity funds during the fiscal year:

- A. The district transferred \$69,040 of the Education Enhancement Funds (EEF) Classroom Supplies and Instruction Materials Funds directly to the local schools' general activity funds to cover expenditures for the instructional program. The district had no authority to transfer these funds.
- B. Balances totaling \$21,760 were listed in the general activity accounts at the local schools. This balance was the total remaining Education Enhancement Funds (EEF) unspent at the close of the fiscal year that was still available at the local schools.
- C. Controls were not in place to insure that any Education Enhancement Funds (EEF) classroom supplies allocations unspent by the teachers at the close of the fiscal year were reallocated among all teachers during the following fiscal year. At the end of the fiscal year 2001-2002, the district had an available balance of \$28,130 that should have been reallocated in the current fiscal year, since the teachers did not have properly approved spending plans on file.

The district did provide documentation to support the expenditures that were made. These expenditures were for instructional purposes and were accounted for as prescribed by the Mississippi Department of Education and in the *Financial Accounting Manual for Mississippi Public School Districts* and were not covered under other state or federal programs.

Recommendation

The district should comply with Section 37-61-33(3)(a)(iv), Miss. Code Ann. (1972), which requires that the district use the funds for classroom supplies, instructional materials and equipment. The district should consider the reclassification of expenditures to the proper fund, instead of recording them as operating transfers. The district should also require any Education Enhancement Funds (EEF) remaining at the local schools be properly accounted in the designated fund. In addition, if a teacher has a balance remaining at the close of the fiscal year, those funds should be reallocated among all allowable district teachers during the following fiscal year, unless an approved spending plan is placed on file.

Item A was also a finding in the fiscal year 2001-2002 audit report.

School District's Response

The district made changes in the administration of EEF Classroom supply funds. Effective July 1, 2003, these funds were administered through the central office's payable department in compliance with Section 37-61-33(3)(a)(iv), Miss. Code Ann. (1972). The district will redistribute EEF Supply monies not reserved under an approved spending plan.

NOTE 13: FORREST COUNTY AGRICULTURAL HIGH SCHOOL – FISCAL YEAR 2004

Finding

Teacher spending plans were not prepared for teachers receiving Educational Enhancement Funds for classroom supplies, required by section 37-61-33, MS Code Ann. (1972).

Recommendation

All teachers receiving Educational Enhancement Funds for classroom supplies should complete a spending plan and submit it to the principal for approval.

School District's Response

The school principal will maintain a list of all teachers, the amount allocated to each teacher, and the carry forward amount for each teacher, and a copy of each purchase request submitted, by the teacher. Information on each teacher allocation, expenditure and balance will be maintained by the principal's office.

Finding

Educational Enhancement Funds for classroom supplies were not expended in accordance with MS Code Section 37-61-33 Ann. (1972).

Physical education teacher spent classroom supply money on stationery for the basketball team. This expenditure is not in compliance with the code section.

Recommendation

All teachers receiving Educational Enhancement Funds for classroom supplies should complete a spending plan and submit it to the principal for approval. This would help eliminate inappropriate spending.

School District's Response

The school principal will approve all EEF purchase requests submitted by the teachers, and a copy maintained on file in the principal's office. This will help to insure compliance with the code section, and eliminate inappropriate spending.