

**OFFICE OF CHIEF SCHOOL PERFORMANCE OFFICER**  
**Summary of State Board of Education Agenda Items**  
**December 18-19, 2014**

**OFFICE OF ACCREDITATION**

07. Approval to revise Process Standards 4 and 5 of the *Mississippi Public School Accountability Standards, 2014*

(Has cleared the Administrative Procedures Act process with public comments)

On October 14, 2014, the Commission on School Accreditation approved the proposed revisions to Process Standards 4 and 5 of the *Mississippi Public School Accountability Standards, 2014*.

The Office of Internal Accountability and the Office of School Financial Services presented proposed revisions for Process Standards 4 and 5 to the Commission on School Accreditation for approval. The proposed revisions were to:

- 1) Provide clarification to existing language in Process Standards 4 and 5;
- 2) Revise language in process standards to have consistent terminology in the process standards, State Board of Education policies, and state statute;
- 3) Add new process standards based on newly adopted State Board of Education policies and/or state statute; and
- 4) Move a process standard that was not applicable to the financial accountability standards to another position within the document.

Definitions related to the financial accountability standards were also approved for the Glossary of the *Mississippi Public School Accountability Standards, 2014*.

Recommendation: Approval

Back-up material attached

## Description of Backup Material

### Revisions to Process Standards 4 and 5

#### *Mississippi Public School Accountability Standards, 2014*

The changes to Accountability Standards 4 & 5 was submitted and approved by the Commission on School Accreditation on October 14, 2014. Once approved the changes were then submitted to the Mississippi State Board of Education, on November 12<sup>th</sup>, for review and approval to begin APA process. The APA period of review and comment is November 14 – December 11, 2014. Three (3) comments have been received to-date.

- A. The recommended changes to Accountability Standards 4 & 5 was initiated by Donna Nester, Director of the Office of School Financial Services, to accomplish the following:
  - Provide clarification to existing language in Process Standards 4 and 5;
  - Revise language in process standards to have consistent terminology in the process standards, State Board of Education polices, and state statute;
  - Add new process standards based on newly adopted State Board of Education policies and/or state statute; and
  - Move a process standard that was not applicable to the financial accountability standards to another position within the document.
  
- B. The document, *Proposed revisions to Process Standards 4 and 5 of the Mississippi Public School Accountability Standards, 2014*, shows existing language in **BLACK**, changes and additions to the existing language in **RED**, and the rational for those changes in **BLUE**.
  
- C. The APA process period for response is November 14 – December 11, 2014. There have been three (3) responses to-date. One response from a Superintendent of a School District, the Business Manager of the same School District, and the 3<sup>rd</sup> response is affiliated with West Tallahatchie School District, position unknown.
  
- D. The APA comments bring into question the requirement of a final audit within 9-months from the end of the fiscal year and the potential issues that might arise for the district in meeting the deadline if auditors are delayed. The 2<sup>nd</sup> issue is the issuing of EEF cards to Special Education and Vocational teachers, the district in question does not issue EEF cards to these teachers and ask if there is any latitude with this requirement.

**Mississippi Department of Education**  
**Proposed revisions to Process Standards 4 and 5 of the**  
**Mississippi Public School Accountability Standards, 2014**  
**Approved by the Commission on School Accreditation October 14, 2014**  
**Approved by the State Board of Education November 12, 2014**

- Process Standard 4**      The local school board obtains an annual financial audit of the school district, as conducted under the guidelines of the Office of the State Auditor, no later than nine months after the end of the district's fiscal year. {MS Code 7-7-211(e)} {SB Policy 1200} (A-133 Circular)
- 4.1      The most recent annual financial audit report of the school district, as conducted under the guidelines of the Office of the State Auditor, indicates a fixed asset system of accountability that provides verification of fixed assets and fixed assets records. {MS Code 37-17-6(18)}
  - 4.2      The most recent annual financial audit report of the school district, as conducted under the guidelines of the Office of the State Auditor, indicates no less than a zero fund balance (as defined by generally accepted accounting principles) for all funds of the school district. {MS Code 37-61-19}
  - 4.3      The most recent annual financial audit report of the school district, as conducted under the guidelines of the Office of the State Auditor, verifies the process for distributing Educational Enhancement Fund procurement cards to all eligible teachers. {MS Code 37-61-33(3)(iii)} (SB Policy 3400)
  - 4.4      The most recent annual financial audit report of the school district, as conducted under the guidelines of the Office of the State Auditor, indicates an unqualified opinion (as defined by generally accepted auditing standards) on the financial statements of the school district. {MS Code 37-9-18(2) and 37-61-29}
  - 4.5      The most recent annual financial audit report of the school district, as conducted under the guidelines of the Office of the State Auditor, verifies the local school board has received, reviewed and discussed, as reflected in official minutes of the regularly scheduled monthly meeting, the financial reports required by state law and/or the State Board of Education. {MS Code 37-9-18(1), 37-37-7(2)(e), 37-37-13} (SB Policy 6902)
  - 4.6      The most recent annual financial audit report of the school district, as conducted under the guidelines of the Office of the State Auditor, verifies the accuracy and timely compilation and reporting of all financial data, including the year-end data provided through the Financial Exchange Transfer System (FETS), required for submission to the MS Department of Education by the fifteenth day of October, each year, in accordance with state law and/or the State Board of Education. {MS Code 37-37-7(2)(e), 37-61-21(2), and 37-37-13}
  - 4.7      The most recent annual financial data of the school district, as submitted to the MS Department of Education, verifies a 7% fund balance of the district maintenance fund. {MS Code 37-61-8}
- Process Standard 5**      The most recent annual financial audit report of the school district, as conducted under the guidelines of the Office of the State Auditor, verifies that the local school board submits the annual budget to the levying authority and the prescribed budgetary information to the MS Department of Education by the fifteenth day of August, each year, in accordance with state law and/or the State Board of Education. {37-61-9(1-3)}
- 5.1      The most recent annual financial audit report of the school district, as conducted under the guidelines of the Office of the State Auditor, verifies that the local school board budgets and expends funds under the Public School Health Insurance Plan as required by state law and State Board policy. Failure to remit premiums, interest penalties, and/or late charges in a timely manner may result in withholding a school district's adequate education program funds. {MS Code 37-151-05} (SB Policy 4904)

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**GLOSSARY**

***ANNUAL FINANCIAL AUDIT REPORT***

The report issued at the close of each fiscal year by a private Certified Public Accountant (CPA) under the guidelines of the Office of the State Auditor, and approved by the Office of the State Auditor, bearing the official opinion on the financial statements and internal processes of the school district.

***FINANCIAL EXCHANGE TRANSFER SYSTEM (FETS)***

The system used to collect financial data from each district at the close of the fiscal year.

***GENERALLY ACCEPTED AUDITING STANDARDS***

The rules by which a Certified Public Accountant (CPA) must conduct himself while performing an audit of a company or government entity's financial statements. The American Institute of Certified Public Accountants establishes these guidelines.

***UNQUALIFIED OPINION***

An opinion is said to be unqualified when the auditor concludes that the financial statements give a true and fair view in accordance with the financial reporting framework used for the preparation and presentation of the financial statements. This type of report is issued by an auditor when the financial statements presented are free of material misstatements and are represented fairly in accordance with the Generally Accepted Accounting Principles (GAAP).

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(Existing language-marked in black ink; changes and additions-marked in red ink; rationale for change-marked in blue ink)

4. The school district operates with a uniform system of accounts as specified in state law and as prescribed by the State Auditor's Office. {MS Code 37-9-18, 37-37-1, 37-37-3, 37-17-6(17), 37-37-7, 37-37-13, 37-61-19 and 37-61-23}

4. The local school board obtains an annual financial audit of the school district, as conducted under the guidelines of the Office of the State Auditor, no later than nine months after the end of the district's fiscal year. {MS Code 7-7-211(e)} (SB Policy 1200) (A-133 Circular)

Rationale: Federal regulations already require this timeline. Updates the process standard to reflect the federal requirement and maintain a timely annual financial audit. Remove the language of uniform code, by statute all codes are mandated through the Financial Accounting Manual.

- 4.1 The board of education has implemented a fixed asset system of accountability that complies with the standards established by the State Auditor's Office for the verification of fixed assets and the auditing of fixed assets records. {MS Code 37-17-6(17)}

- 4.1 The most recent annual financial audit report of the school district, as conducted under the guidelines of the Office of the State Auditor, indicates a fixed asset system of accountability that provides verification of fixed assets and fixed assets records. {MS Code 37-17-6(18)}

Rationale: Provide consistent language on process standards. Clarify that the annual financial audit provides the verification of compliance. Align the process standard with the proper MS Code section.

- 4.2 The financial accounting data and the corresponding annual audit report as submitted to the Mississippi Department of Education reflect no less than a zero fund balance (as defined by generally accepted accounting principles) for all funds of the school district. {MS Code 37-61-19}

- 4.2 The most recent annual financial audit report of the school district, as conducted under the guidelines of the Office of the State Auditor, indicates no less than a zero fund balance (as defined by generally accepted accounting principles) for all funds of the school district. {MS Code 37-61-19}

Rationale: Provide consistent language on process standards. Clarify that the annual financial audit provides the verification of compliance.

- 4.3 The most recent annual audit report of the school district, as conducted under the guidelines of the State Auditor's Office, verifies a 7% fund balance for the district maintenance fund. {MS Code 37-61-19}

- 4.3 The most recent annual financial audit report of the school district, as conducted under the guidelines of the Office of the State Auditor, verifies the process for distributing Educational Enhancement Fund procurement cards to all eligible teachers. {MS Code 37-61-33(3)(iii)} (SB Policy 3400)

Rationale: The existing standard cannot be verified through the audit process. It will be verified through the annual MDE-FETS process. Relocate standard below as 4.7. New standard is relocated and revised from standard 5.1 and provides consistent language on process standards. Clarify that the annual financial audit

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provides the verification of compliance. Align the process standard with the revised MS Code, now requiring the use of procurement cards.

- 4.4 The most recent annual **financial** audit report of the school district, as conducted under the guidelines of the **State Auditor's Office Office of the State Auditor**, indicates ~~that the auditor has issued~~ an unqualified opinion (as defined by generally accepted auditing standards) on the ~~general purpose~~ financial statements of the school district. {MS Code 37-9-18(2), ~~37-37-1~~, and ~~37-61-23 37-61-29~~}

Rationale: Provide consistent language on process standards. Clarify that the auditor's opinion shall refer to the financial statements in whole. Align the process standard with the proper MS Code section.

- 4.5 The most recent annual audit report of the school district, as conducted under the guidelines of the State Auditor's Office, verifies the accuracy, validity, and timely reporting of all student data submitted to the MDE, including, but not limited to, the electronic transmission of student enrollment, attendance, transportation, absenteeism, graduation, dropouts, and any other student data and administrative functions as deemed necessary. {MS Code 37-37-7(2)(b)(c)(d) and 37-37-13}

- 4.5 The most recent annual financial audit report of the school district, as conducted under the guidelines of the Office of the State Auditor, verifies the local school board has received, reviewed and discussed, as reflected in official minutes of the regularly scheduled monthly meeting, the financial reports required by state law and/or the State Board of Education. {MS Code 37-9-18(1), 37-37-7(2)(e), 37-37-13} {SB Policy 6902}

Rationale: Existing standard is not a financial process standard and will be relocated to another section of the standards. The new language aligns with the new MS Code and State Board policy.

- 4.6 The most recent annual audit report of the school district, as conducted under the guidelines of the State Auditor's Office, verifies the accuracy and timely reporting of all reports, other than student data, required for submission to the MDE in accordance with state law and/or State Board of Education policies. {MS Code 37-37-7(2)(e) and 37-37-13}

- 4.6 The most recent annual financial audit report of the school district, as conducted under the guidelines of the Office of the State Auditor, verifies the accuracy and timely compilation and reporting of all financial data, including the year-end data provided through the Financial Exchange Transfer System (FETS), required for submission to the MS Department of Education by the fifteenth day of October, each year, in accordance with state law and/or the State Board of Education. {MS Code 37-37-7(2)(e), 37-61-21(2), and 37-37-13}

Rationale: Provide consistent language on process standards. Clarify that the year-end data reporting process is part of the process standard. Clarify that the annual financial audit provides the verification of compliance. Clarify that the school district should verify compliance with the MS Department of Education. Align the process standard with the proper MS Code section.

- 4.7 The most recent annual financial data of the school district, as submitted to the MS Department of Education, verifies a 7% fund balance of the district maintenance fund. {MS Code 37-61-8}

Rationale: Clarify that the data is not verified by the annual financial audit. Align the standard with the proper MS Code section. (Note: We will seek to amend this code section during the 2015 legislative session.)

**Mississippi Department of Education**  
**Proposed revisions to Process Standards 4 and 5 of the**  
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**Approved by the Commission on School Accreditation October 14, 2014**

5. The local school board budgets funds as follows:

5. **The most recent annual financial audit report of the school district, as conducted under the guidelines of the Office of the State Auditor, verifies that the local school board submits the annual budget to the levying authority and the prescribed budgetary information to the MS Department of Education by the fifteenth day of August, each year, in accordance with state law and/or the State Board of Education. {37-61-9(1-3)}**

Rationale: Establish a standard that clarifies that the annual financial audit provides the verification of compliance. Clarify that the school district should verify compliance with the MS Department of Education. Provide consistent language on process standards and align the process standard with the proper MS Code section.

- 5.1 Funds available for classroom supplies, materials, and equipment from the Education Enhancement Fund (Fund #2440) are allocated in compliance with Section 37-61-33, Mississippi Code of 1972, as amended, and SB Policy 3400.

Rationale: Relocate and revise existing process standard 5.1 to standard 4.3.

- 5.2 The local school board budgets and expends funds under the Public School Health Insurance Plan as required by state law and State Board policy. Failure to remit premiums, interest penalties, and/or late charges in a timely manner may result in withholding a school district's adequate education program funds. {MS Code 37-151-95} (SB Policy 4904)

- 5.1 **The most recent annual financial audit report of the school district, as conducted under the guidelines of the Office of the State Auditor, verifies that the local school board budgets and expends funds under the Public School Health Insurance Plan as required by state law and State Board policy. Failure to remit premiums, interest penalties, and/or late charges in a timely manner may result in withholding a school district's adequate education program funds. {MS Code 37-151-95} (SB Policy 4904)**

Rationale: Relocate and revise existing process standard 5.2 as standard 5.1.

## **GLOSSARY**

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The report issued at the close of each fiscal year by a private CPA under the guidelines of the Office of the State Auditor, and approved by the Office of the State Auditor, bearing the official opinion on the financial statements and internal processes of the school district.

### ***FINANCIAL EXCHANGE TRANSFER SYSTEM (FETS)***

The system used to collect financial data from each district at the close of the fiscal year.

### ***GENERALLY ACCEPTED AUDITING STANDARDS***

The rules by which a Certified Public Account (CPA) must conduct himself while performing an audit of a company or government entity's financial statements. The American Institute of Certified Public Accountants establishes these guidelines.

### ***UNQUALIFIED OPINION***

An opinion is said to be unqualified when the auditor concludes that the financial statements give a true and fair view in accordance with the financial reporting framework used for the preparation and presentation of the financial statements. This type of report is issued by an auditor when the financial statements presented are free of material misstatements and are represented fairly in accordance with the Generally Accepted Accounting Principles (GAAP).



**Revisions to Process Standards 4 and 5  
of the *Mississippi Public School  
Accountability Standards, 2014***

**APA COMMENTS**

**November 14 – December 11, 2014**

### APA Comments Summary Chart

Accountability Standards	Narrative of Rule	Topic	Comments		
			Supporting	Concerns	Total
4, 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 5, 5.1, 5.2	<p>The proposed revisions to Process Standards 4 and 5 will provide clarification to existing language in Process Standards 4 and 5;</p> <ul style="list-style-type: none"> <li>• revise language in process standards to have consistent terminology in the process standards, State Board of Education policies, and state statute;</li> <li>• add new process standards based on newly adopted State Board of Education policies and/or state statute; and</li> <li>• move a process standard that was not applicable to the financial accountability standards to another position within the document. Definitions related to the financial accountability standards were also approved for the Glossary of the <i>Mississippi Public School Accountability Standards, 2014</i>.</li> </ul>			3	
	<b>TOTAL COMMENTS</b>			<b>3</b>	<b>3</b>

**Revisions to Process Standards 4 and 5 of the  
Mississippi Public School Accountability Standards, 2014**

**APA Comments Summary Chart**

<b>Role</b>	<b>Number of Commenters</b>
Superintendents/Conservators	1
Assistant Superintendents	
District School Board Members	
Teachers	
Librarians/Media Specialists	
Business Managers	1
Federal Programs Directors	
Curriculum Directors	
Special Education Directors	
Principals	
Assistant Principals	
Vocational School Directors	
Other District Personnel	
Instructional Specialists/Academic Coaches	
Advocacy Groups	
MDE Offices	
Citizens (Parents)	
Unknown	1
State Organizations	
<b>TOTAL</b>	<b>3</b>

Two (2) school districts were represented through the APA comments received.

**Revisions to Process  
Standards 4 and 5 of the  
*Mississippi Public School  
Accountability Standards,  
2014***

**APA COMMENTS**

**November 14 – December 11, 2014**

**From:** Karen L. Tutor  
**To:** Accountability  
**Subject:** Process Standards 4 and 5  
**Date:** Friday, November 21, 2014 8:24:26 AM

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My business manager is concerned about the timeline in the Standards:

I have reviewed the revisions for Standards 4 and 5. Item # 4 is of some concern to me. As the Business Manager I am aware that a final audit is required nine months from the end of the fiscal year. However, from 14 years of experience, this puts the school district in the middle having very little control of the situation. There have been times in our past where auditors did not get to us in a timely manner. They often ran into problems with another audit or some have (in my opinion) scheduled more audits than they could complete on time. That being said, we as a district would be stuck between having no control over the auditors work and the State holding our feet to the deadline. I totally understand the need for a deadline but I hope you see how the school district could be caught in the middle.

Thank you for the opportunity to express our concerns, Karen

Karen L. Tutor  
Superintendent  
Pontotoc City School District  
140 Education Drive  
Pontotoc, MS 38863  
Phone 662-489-3336  
Fax 662-489-7932

**From:** [Charles Gales](#)  
**To:** [Accountability](#)  
**Subject:** EEF Card Access  
**Date:** Saturday, November 22, 2014 11:11:26 AM

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The West Tallahatchie School District DOES NOT issue EEF cards to Special Education and Vocational Teachers.

Is this an acceptable/legal act in accordance with the intent of law(s) regarding support for teachers who are licensed/certified by the State of MS or does ANY school district have the latitude to reconfigure the law?

**From:** Beverly Anderson <[banderson@pontotoc.k12.ms.us](mailto:banderson@pontotoc.k12.ms.us)>  
**Date:** November 19, 2014 at 11:57:37 AM CST  
**To:** "PVanderford@mde.k12.ms.us" <[PVanderford@mde.k12.ms.us](mailto:PVanderford@mde.k12.ms.us)>  
**Subject:** APA Process to Revise Process Standards 4 and 5

Mr. Vanderford:

I have reviewed the revisions for Standards 4 and 5. Item # 4 is of some concern to me. As the Business Manager I am aware that a final audit is required nine months from the end of the fiscal year. However, from 14 years of experience, this puts the school district in the middle having very little control of the situation. There have been times in our past where auditors did not get to us in a timely manner. They often ran into problems with another audit or some have (in my opinion) scheduled more audits than they could complete on time. That being said, we as a district would be stuck between having no control over the auditors work and the State holding our feet to the deadline. I totally understand the need for a deadline but I hope you see how the school district could be caught in the middle.

Thanks for this opportunity to reply,

Beverly Anderson  
Pontotoc City School  
Business Manager