

**OFFICE OF CHIEF OF RESEARCH AND DEVELOPMENT**  
**Summary of State Board of Education Agenda Items**  
**May 12, 2016**

**OFFICE OF DISTRICT ACCREDITATION**

02. Action: Begin the Administrative Procedures Act Process to revise Appendix H of the *Mississippi Public School Accountability Standards* [Goals 1, 2, 3, and 4 – MBE Strategic Plan]

Background Information: On April 7, 2016, the Commission on School Accreditation approved the proposed revisions to Appendix H of the *Mississippi Public School Accountability Standards* presented by the Office of School Financial Services and the Office of Internal Accountability.

These revisions will remove the subjective nature of the terms minor, substantial, and serious violations as outlined in Appendix H. Serious violations are defined by the Office of the State Auditor and related to the District's annual financial audit as defined by Process Standard 4 of the *Mississippi Public School Accountability Standards*.

This item references Goals 1, 2, 3, and 4 of the *Mississippi Board of Education 2016-2020 Strategic Plan*.

Recommendation: Approval

Back-up material attached

APPENDIX H  
*Mississippi Public School Accountability Standards, 2015*

**CONSEQUENCES FOR NONCOMPLIANCE WITH FINANCIAL ACCOUNTABILITY  
REQUIREMENTS STANDARDS 4 AND 5**

The Office of Internal Accountability will ~~evaluate each violation of financial accountability requirements and review~~ the accreditation standards to determine if **there is a violation**. ~~the violation is considered to be (1) a minor accounting or audit violation, (2) a substantial accounting or audit violation, or (3) a serious financial accountability violation. Due to the variety of possible violations of financial accountability requirements ranging from minor accounting or audit violations to serious financial accountability violations,~~ The following consequences will be implemented for ~~verified deficiencies~~ with violations of the financial accountability requirements and accreditation standards.

**A. LETTER OF WARNING ISSUED FOR : MINOR ACCOUNTING OR AUDIT VIOLATION OF FINANCIAL ACCOUNTABILITY REQUIREMENTS**

If a ~~minor accounting or audit violation~~ of financial accountability requirements has been verified, then the Office of Internal Accountability will notify the Office of Accreditation. The Office of Accreditation will issue a letter of warning to the school district and place the letter of warning in the district file. Four (4) consecutive ~~minor~~ violations of the same process standard reported to the Office of Accreditation will result in a citation placed on the district's Accreditation Record Summary. (See Section B below.)

**B. CITATION OF NONCOMPLIANCE ON RECORD WITH NO IMMEDIATE ACTION TO DOWNGRADE THE ACCREDITATION STATUS**

When four (4) ~~consecutive minor accounting or audit~~ violations of the same process standard have been verified ~~or when a substantial accounting or audit violation has been verified~~, then the Office of Internal Accountability will notify the Office of Accreditation. A citation of noncompliance will be placed on the district's Accreditation Record Summary, and the Office of Accreditation will notify the district superintendent and school board chairperson of this action. No immediate action to downgrade the district's accreditation status will be recommended. The deficiencies will remain on record until the district has successfully demonstrated compliance with all financial accountability requirements and accreditation standards. If the deficiencies remain on record at the time annual accreditation statuses are assigned, the district's accreditation status will be downgraded, and the district will be required to develop a corrective action plan to address the deficiencies.

**C. CITATION OF NONCOMPLIANCE ON RECORD WITH A RECOMMENDATION TO IMMEDIATELY DOWNGRADE THE ACCREDITATION STATUS**

Any verified violations of financial accountability requirements that are considered to be ~~of a serious nature~~ **a serious financial condition as defined by the Office of the State Auditor**

will result in a recommendation to immediately downgrade the district's accreditation status. When the Office of Internal Accountability has determined that a verified violation of financial accountability requirements is of such serious nature that immediate action is warranted, the Office of Accreditation will be notified. The Office of Accreditation will note the citation of noncompliance on the district's Accreditation Record Summary and notify the district superintendent and school board chairperson of this action. The citation of noncompliance will be presented to the Commission on School Accreditation with a recommendation to immediately downgrade the district's accreditation status.

**Commission Takes Action to Immediately Downgrade the Status.** If the Commission takes action to immediately downgrade the accreditation status, the district will be required to develop a corrective action plan to address the deficiencies. The deficiencies will remain on record until the district has successfully demonstrated compliance with all financial accountability requirements and accreditation standards.

**Commission Does Not Take Action to Downgrade the Status.** If the Commission does not take immediate action to downgrade the accreditation status, the deficiencies will remain on the district's Accreditation Record Summary until the district has successfully demonstrated compliance with all financial accountability requirements and accreditation standards. If the deficiencies remain on record at the time annual accreditation statuses are assigned, the district's accreditation status will be downgraded, and the district will be required to develop a corrective action plan to address the deficiencies.



## **Accreditation Standards #4 and #5: January 2016**

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) (2 C.F.R. Part 200)~~
- 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~~ **Part 3, Ch. 32, Rule 32.1**)
- 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~~ **Part 3, Ch. 71, Rule 71.3**)
- 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}
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 following:
  - 5.1 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)}
  - 5.2 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~~ **Part 3, Ch. 48, Rule 48.4**)