

By: Representatives Brown,  
Watson

To: Education

HOUSE BILL NO. 18

1 AN ACT TO AMEND SECTION 37-9-18, MISSISSIPPI CODE OF 1972, TO  
2 AUTHORIZE THE STATE SUPERINTENDENT OF PUBLIC EDUCATION TO APPOINT  
3 A FINANCIAL ADVISOR FOR SCHOOL DISTRICTS; AND FOR RELATED  
4 PURPOSES.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

6 **SECTION 1.** Section 37-9-18, Mississippi Code of 1972, is  
7 amended as follows:

8 37-9-18. (1) The superintendent of schools shall furnish to  
9 the school board a financial statement of receipts and  
10 disbursements, by funds, on or before the last working day of the  
11 following month covering the prior month. The school board shall  
12 be authorized to investigate and audit all financial records of  
13 the superintendent of schools at any and all times.

14 (2) The State Auditor, in his discretion, shall audit the  
15 financial records of school districts. The State Auditor shall  
16 give reasonable notice to school districts regarding the times  
17 during which he will perform such audits. In any fiscal year in  
18 which the State Auditor is not scheduled to perform an audit, the  
19 school board shall cause all the financial records of the  
20 superintendent of schools to be audited by a certified public  
21 accountant licensed to practice accounting in the State of  
22 Mississippi. If the school board so elects by resolution adopted  
23 each year, the audit shall be performed by the State Auditor.  
24 Contracts for the audit of public school districts shall be let by  
25 the school board in the manner prescribed by the State Auditor.  
26 The audit shall be conducted in accordance with generally accepted  
27 auditing standards and generally accepted accounting principles,  
28 and the report presented thereon shall be in accordance with

29 generally accepted accounting principles. If the auditor's  
30 opinion on the general purpose financial statements is a  
31 disclaimer, as that term is defined by generally accepted auditing  
32 standards, or if the State Auditor determines the existence of  
33 serious financial conditions in the district, the State Auditor  
34 shall immediately notify the State Board of Education. Upon  
35 receiving the notice, the State Superintendent of Public Education  
36 may appoint a financial advisor, and may direct the school  
37 district to immediately cease all expenditures until a financial  
38 advisor is appointed \* \* \*. The financial advisor shall be an  
39 agent of the State Board of Education and shall be a certified  
40 public accountant or a qualified business officer. Unless  
41 otherwise directed by the State Board of Education, the financial  
42 advisor shall \* \* \*:

43 (a) Approve or disapprove all expenditures and all  
44 financial obligations of the district;

45 (b) Ensure compliance with any statutes and State Board  
46 of Education rules or regulations concerning expenditures by  
47 school districts;

48 (c) Review salaries and the number of all district  
49 personnel and make recommendations to the local school board of  
50 any needed adjustments. Should such recommendations necessitate  
51 the reduction in local salary supplement, such recommended  
52 reductions shall be only to the extent which will result in the  
53 salaries being comparable to districts similarly situated, as  
54 determined by the State Board of Education. The local school  
55 board, in considering either a reduction in personnel or a  
56 reduction in local supplements, shall not be required to comply  
57 with the time limitations prescribed in Sections 37-9-15 and  
58 37-9-105 and, further, shall not be required to comply with  
59 Sections 37-19-11 and 37-19-7(1) in regard to reducing local  
60 supplements and the number of personnel;

61 (d) Work with the school district's business office to  
62 correct all inappropriate accounting procedures and/or uses of  
63 school district funds and to prepare the school district's budget  
64 for the next fiscal year; and

65 (e) Report frequently to the State Board of Education  
66 on the corrective actions being taken and the progress being made  
67 in the school district. The financial advisor shall serve until  
68 such time as corrective action and progress is being made in such  
69 school district as determined by the State Board of Education with  
70 the concurrence of the State Auditor, or until such time as an  
71 interim conservator is assigned to such district by the State  
72 Board of Education under Section 37-17-6. The school district  
73 shall be responsible for all expenses associated with the use of  
74 the financial advisor. If the audit report reflects a failure by  
75 the school district to meet accreditation standards, the State  
76 Board of Education shall proceed under Section 37-17-6.

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

88 (4) In the event the State Auditor does not perform the  
89 audit examination, then the audit report of the school district  
90 shall be reviewed by the State Auditor for compliance with  
91 applicable state laws before final payment is made on the audit by  
92 the school board. All financial records, books, vouchers,  
93 cancelled checks and other financial records required by law to be

94 kept and maintained in the case of municipalities shall be  
95 faithfully kept and maintained in the office of the superintendent  
96 of schools under the same provisions and penalties provided by law  
97 in the case of municipal officials.

98         **SECTION 2.** This act shall take effect and be in force from  
99 and after its passage.