

By: Senator(s) Chaney

To: Education

SENATE BILL NO. 2013

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.