

By: Senator(s) Chaney

To: Education

SENATE BILL NO. 2013  
(As Sent to Governor)

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 shall direct the school district to immediately cease all  
37 expenditures until a financial advisor is appointed by the state  
38 superintendent. However, if the disclaimer is a result of  
39 conditions caused by Hurricane Katrina 2005 and applies to fiscal  
40 years 2005 and/or 2006, then the Superintendent of Education may  
41 appoint a financial advisor, and may direct the school district to  
42 immediately cease all expenditures until a financial advisor is  
43 appointed. The financial advisor shall be an agent of the State  
44 Board of Education and shall be a certified public accountant or a  
45 qualified business officer. The financial advisor shall, with the  
46 approval of the State Board of Education:

47 (a) Approve or disapprove all expenditures and all  
48 financial obligations of the district;

49 (b) Ensure compliance with any statutes and State Board  
50 of Education rules or regulations concerning expenditures by  
51 school districts;

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

62 37-9-105 and, further, shall not be required to comply with  
63 Sections 37-19-11 and 37-19-7(1) in regard to reducing local  
64 supplements and the number of personnel;

65 (d) Work with the school district's business office to  
66 correct all inappropriate accounting procedures and/or uses of  
67 school district funds and to prepare the school district's budget  
68 for the next fiscal year; and

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

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

92 (4) In the event the State Auditor does not perform the  
93 audit examination, then the audit report of the school district  
94 shall be reviewed by the State Auditor for compliance with

95 applicable state laws before final payment is made on the audit by  
96 the school board. All financial records, books, vouchers,  
97 cancelled checks and other financial records required by law to be  
98 kept and maintained in the case of municipalities shall be  
99 faithfully kept and maintained in the office of the superintendent  
100 of schools under the same provisions and penalties provided by law  
101 in the case of municipal officials.

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