

OFFICE OF THE CHIEF ACCOUNTABILITY OFFICER
Summary of State Board of Education Agenda Item
January 15, 2026

OFFICE OF ACCREDITATION
OFFICE OF INTERNAL AUDIT

02. Action: Approval of a temporary rule and to begin the Administrative Procedures Act (APA) process: To revise Miss. Admin. Code 7-24: *Mississippi Public School Accountability Standards, 2025*, specifically Appendix H, in accordance with Miss. Code Ann. § 37-17-6 [Goals 1, 2, 3, 4, 5, and 6 – MBE Strategic Plan]

Background Information: In accordance with Miss. Code Ann. § 7-7-211(e), Miss. Admin. Code 7- 3: 10.1, State Board Policy Chapter 10, Rule 10.1., 2 C.F.R. Part 200 and Process Standard 4 of the *Mississippi Public School Accountability Standards, 2025*, local school boards are mandated to obtain 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.

The proposed revisions to Appendix H of the *Mississippi Public School Accountability Standards, 2025*, will help differentiate the penalties for districts that have outstanding audits from those districts that fail to meet the March 31 deadline for the submission to the Office of the State Auditor.

The temporary rule and final action are necessary to implement the policy revisions immediately upon its filing with the Secretary of State in accordance with Miss. Code Ann. § 25-43-3.113(2)(b)(iv). The rule may become effective immediately upon its filing or on any subsequent date earlier than that established by subsection (1) of this section if the agency establishes such an effective date and finds the earlier effective date is necessary because of imminent peril to the public health, safety or welfare. See, also, Miss. Code Ann. § 25-43-3.108.

The Commission on School Accreditation met in a special-called meeting January 14, 2026, and voted unanimously to approve a temporary rule and begin the APA process to revise Appendix H of the *Mississippi Public School Accountability Standards, 2025*.

This item references Goals 1, 2, 3, 4, 5, and 6 of the *Mississippi Board of Education Strategic Plan*.

Recommendation: Approval

Back-up material attached

CONSEQUENCES FOR NONCOMPLIANCE WITH FINANCIAL ACCOUNTABILITY REQUIREMENTS STANDARDS 4 AND 5

The ~~Office of Internal Accountability~~ Bureau of Internal Audit will review the accreditation standards to determine if there is a violation. The following consequences will be implemented for violations of the financial accountability requirements and accreditation standards.

A. LETTER OF WARNING: MINOR ACCOUNTING OR AUDIT VIOLATION

If a violation of financial accountability requirements has been verified, then the ~~Office of Internal Accountability~~ Bureau of Internal Audit shall notify the Office of Accreditation. The Office of Accreditation shall issue a letter of warning to the school district and place the letter of warning in the district file. ~~Four (4) consecutive 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.~~

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

~~When four (4) Effective with the March 31, 2026 deadline for the FY2025 annual financial audits, when two (2) consecutive violations of the same process standard have been verified, then the~~ ~~Office of Internal Accountability~~ ~~will~~ Bureau of Internal Audit shall notify the Office of Accreditation. A citation of noncompliance ~~will~~ shall be placed on the district's Accreditation Record Summary, and the Office of Accreditation ~~will~~ shall 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~~ shall 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~~ may be downgraded, and the district ~~will~~ may be required to develop a corrective action plan to address the deficiencies.

Refer to Section D below for additional information regarding late and/or outstanding audits.

Note: Districts that missed the March 31, 2023 deadline for FY2022 audits, ~~will be~~ were held harmless for the SY22-23 violation. Any previous violations on record for failure to meet the deadlines established by the Office of the State Auditor ~~will continue~~ continued to apply and accumulate toward the district's cumulative record until cleared by the Office of the State Auditor.

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

Any verified violations of financial accountability requirements considered to be a serious financial condition as defined by the Office of the State Auditor ~~and/or the Bureau of Internal Audit shall~~ ~~will~~ result in a recommendation to immediately downgrade the district's accreditation status. When the ~~Office of Internal Accountability~~ ~~Bureau of Internal Audit~~ 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~~ shall be notified. The Office of Accreditation ~~will~~ shall 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~~ shall be presented to the Commission on School Accreditation with a recommendation to immediately downgrade the district's accreditation status ~~in accordance with Accreditation Policies 2.5 and 2.8.~~ Examples of serious financial conditions may include, but are not limited to, having:

- a negative fund balance;
- less than 7% fund balance of the district maintenance fund;
- an adverse or disclaimer of opinion; and/or
- one (1) or more outstanding audits.

Refer to Section D below for additional information regarding late and/or outstanding audits.

D. OUTSTANDING AUDITS

Effective with the March 31, 2026 deadline for the FY2025 annual financial audits, the Bureau of Internal Audit shall notify the Office of Accreditation of all late or outstanding audits in the first year to the Office of Accreditation. Districts that fail to submit their audit within the federally required nine-month period will be identified as high-risk, which will trigger enhanced monitoring and may include the imposition of special conditions under federal requirements.

Consistent with Accreditation Policies 2.5 and 2.8, if a district's financial audit remains outstanding 24 months after the March 31 deadlines, thereby constituting two outstanding audits, the Bureau of Internal Audit shall notify the Office of Accreditation and request that the citation be placed in the district's Accreditation Record Summary. The citation for having outstanding financial audits shall result in the district's accreditation status being immediately downgraded to either PROBATION or WITHDRAWN. (See Accreditation Policies 2.5.1, 2.5.2, 2.8.1, and 2.8.2).

Note: Any outstanding audits on record with the Office of the State Auditor and the Bureau of Internal Audit as of March 31, 2026, will count toward the 24 months referenced above.

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