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# CITIZENS SUMMARY

## Findings in the audit of the Kingston K-14 School District

Payroll Controls and Employee Stipends	District controls and procedures over payroll and employee stipends need improvement. The district has not adequately segregated payroll duties and no one performs an independent or supervisory review of detailed payroll records. The district did not always ensure pay rates were accurate and adequately supported with at least 1 employee receiving more pay than authorized and others receiving salaries that could not be supported. The district paid \$500 stipends, totaling \$68,500, to all full-time employees that were not allowable by district policies, were insufficiently supported, and unreasonable. The Board also violated the Missouri Constitution by paying retroactive extra-duty stipends for 13 employees totaling \$2,600.
General Obligation Bonds	The district issued General Obligation bonds using a negotiated sale rather than a competitive sale process, did not solicit proposals for underwriting services, and received financial advisory services from the underwriter. Bonds totaling \$3.35 million for the construction of a new high school gymnasium and other repairs and improvements to existing facilities were sold in a private sale without advertisement and the district's bond underwriter received fees for the bond issuance totaling approximately \$44,000.
Receipting and Depositing Procedures	District staff did not always prepare transmittal forms for student activity receipts in accordance with district procedures, or promptly record and deposit receipts for student activities and district operations. For the year ended June 30, 2023, the district collected approximately \$140,000 in student activity receipts. The failure to timely record, transmit, and deposit money and properly perform and document verification procedures increases the risk of loss, theft, or misuse of funds. District personnel do not issue tickets to attendees and/or keep a tally sheet for athletic and school event attendance. Without some method of determining attendance, there is no way for district personnel to reconcile collections to deposits and ensure all receipts are deposited. The district collected approximately \$5,800 in admissions fees for athletic and school events for the 2022-2023 school year.
Expenditure Procedures	The Board did not review and approve some expenditures. A test of 40 expenditures totaling approximately \$1 million found 2 expenditures for which Board approval was not documented and the expenditures were not included in the monthly check listing provided to the Board for review. A review of the district's 17 active Walmart purchasing cards found 5 were held by former employees, although no activity was recorded on the cards for the year ended June 30, 2023. The district does not have written policies on employer-provided gifts and spent \$3,625 in November 2022 on \$25 gift cards for each of the 145 district employees that may not have been a prudent, reasonable, or necessary use of district funds.
Budgets	The district did not prepare complete and timely annual district budgets for the fiscal years ended June 30, 2023, and 2024. For both budget years, in June, the Board adopted the actual revenues and expenditures from the prior year as the budgeted revenues and expenditures for the current fiscal year.

The adopted budgets lacked many of the required elements for a complete budget, such as beginning and estimated ending fund balances, actual revenues and expenditures for the preceding two fiscal years, debt balances, and a budget message.

Sunshine Law	The Board did not always comply with the Sunshine Law or sufficiently document discussions to demonstrate Sunshine Law compliance. The Board did not document, in open meeting minutes, the specific reasons or sections of law allowing the meetings to be closed for any of the 27 closed meetings held from July 1, 2022, to December 31, 2023. Additionally, the notices and agendas for 2 of the meetings did not include the specific section of law allowing the closed meeting, but only indicated the meeting would be closed for personnel and student issues. The Board discussed and voted on some items in closed meetings that were not allowable under the Sunshine Law. Some closed meeting minutes did not include sufficient detail to ensure topics discussed were allowable and included little or no description of the topics discussed.
Attendance Data Changes	The Board has not developed procedures to limit the time period when attendance changes can be made, and district officials independent of the attendance entry and change process do not review changes made to attendance records.

In the areas audited, the overall performance of this entity was **Fair**.\*

\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.



## Recommendations in the audit of the Kingston K-14 School District

Payroll Controls and Employee Stipends	<p>The Board of Education:</p> <ol style="list-style-type: none"><li>1.1 Segregate payroll duties or ensure documented supervisory reviews of detailed payroll records are performed.</li><li>1.2 Provide additional oversight and approval regarding compensation decisions and ensure all payments to employees are accurate and have adequate supporting documentation.</li><li>1.3 Reconsider the necessity of stipends for all employees and if such stipends are continued, maintain documentation to justify the determination and reasonableness of the amounts paid.</li><li>1.4 Comply with the Missouri Constitution and maintain documentation justifying the propriety of retroactive stipend adjustments or prohibit such adjustments in the future.</li></ol>
General Obligation Bonds	<p>The Board of Education consider open competition in future bonds sales, discontinue using an underwriter who also acts in a dual capacity as financial advisor, and procure underwriter services and financial advisor services through a competitive process.</p>
Receipting and Depositing Procedures	<p>The Board of Education:</p> <ol style="list-style-type: none"><li>3.1 Ensure receipts are promptly recorded and deposited and transmittal forms are properly completed and verified.</li><li>3.2 Ensure receipts deposited for all events are reconciled to paid attendance.</li></ol>
Expenditure Procedures	<p>The Board of Education:</p> <ol style="list-style-type: none"><li>4.1 Develop procedures to ensure all expenditures are reviewed and approved by the Board, and the approval is documented.</li><li>4.2 Account for active purchasing cards, cancel any cards that are determined unnecessary, and ensure terminated employees return cards as required by Board policy.</li><li>4.3 Ensure all expenditures are a necessary and prudent use of district funds. In addition, the Board should establish policies regarding gift purchases, if such purchases are considered necessary.</li></ol>
Budgets	<p>The Board of Education develop procedures for the timely adoption of complete budgets that reflect realistic estimates for the ensuing year's activities.</p>

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Sunshine Law	The Board of Education ensure specific reasons for closing a meeting are documented in the open minutes and only topics allowed by state law are discussed in closed meetings. In addition, the Board should ensure meeting minutes are complete, accurate, and sufficiently detailed.
Attendance Data Changes	The Board of Education implement additional controls and procedures to ensure student attendance data is accurately recorded and reported, including restricting the time frame during which changes can be made. The Board should also require documentation of changes made to attendance data be reviewed for accuracy by independent or supervisory personnel.