



# CITIZENS SUMMARY

## Findings in the audit of the St. Louis Public Schools - Procurement, Hiring, and Budgetary Practices

Financial Planning and Budget Process	The district's long term financial plan is out of date and incomplete, and does not show clear evidence of planning for future years. Additionally, continued deficit spending will result in the unassigned general operating fund balances falling below the Board's own benchmark if not addressed. If the district continues deficit spending at the rate currently projected, the unassigned operating fund balances will fall below 30 percent of expenditures in fiscal year 2027 and below 20 percent in fiscal year 2028. In fiscal year 2030, if not addressed, the current rate of deficit spending will result in fund balances at or below 3 percent, which the Department of Elementary and Secondary Education defines as a financially stressed district. The Board does not receive budget information in sufficient time to properly evaluate the information prior to approving the annual proposed budget, does not monitor the budget during the year, and does not always amend the budget as required. As a result, actual expenditures exceeded the budgeted amounts in several prior years. Public district budget documents were inaccurate and some monthly financial statement information was not accessible to the public.
Disbursements	District personnel purchased items that were questionable, unreasonable, and/or did not provide an educational benefit; and district controls were insufficient to prevent such purchases. A review of 27 judgmentally selected transactions, totaling \$17,040, from the period June 6, 2023, through August 5, 2024, identified 17 credit card transactions (63 percent), totaling \$12,436, that were questionable and/or unreasonable. Questionable purchases included unsupported travel and meals, unnecessary gifts, and other purchases that did not have an apparent educational purpose. Additionally, district personnel did not review credit limits for reasonableness, reimbursed employees for moving expenses that were not adequately supported, and did not always pay the district's credit card bill timely, resulting in late fees of \$1,106.
Procurement	District procurement procedures and practices did not comply with Board policy and state law. The district bypassed the required sealed bid process by classifying 3 purchases, totaling \$266,780, as emergencies or sole source procurements when they did not qualify as such. The Board approved a \$115,000 emergency contract with a transportation consultant that did not meet the requirements for an emergency purchase. The Board authorized an emergency purchase of asphalt repairs and the replacement of a retaining wall at 2 elementary schools that did not meet the requirements for an emergency purchase. The Board extended an agreement with a sports technology company for athletics livestreaming without competitive procurement. The district did not competitively select some vendors as required by district policies and state law. For 14 of the applicable 17 vendors reviewed, the district did not retain adequate supporting documentation or obtain quotes, Board approval, and contracts when required.

Payroll and Personnel Records	The district paid approximately \$3.5 million in attendance incentives to employees in violation of the Missouri Constitution during the 2 years ended June 30, 2024. The former Superintendent approved cabinet member salaries in excess of the district salary schedule without Board approval, and gave pay raises to cabinet members with no support to justify the increase, some of which were retroactive. A review of the salaries of 10 cabinet members, identified 6 cabinet members to whom the former Superintendent offered and authorized salaries that exceeded the maximum salary allowed on Board-approved salary schedules. District personnel are not comparing employees' payroll entries with approved salary schedules, and as a result, other salaries also exceeded salary schedule amounts. Twenty-two of the 30 employees' annual salaries reviewed (73 percent) did not agree with the Board-approved salary schedules. Of the 22 employees, 21 exceeded the salary schedule by \$1,446 to \$45,189. District personnel files did not have records of some employee background checks, and employment records for several employees were otherwise incomplete. In addition, the district did not properly store and maintain personnel records.
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Policies	The Board did not have sufficient policies over district travel prior to the 2024-2025 school year, and even after it implemented additional policies and procedures, the Board did not always ensure compliance with the new policies. Prior to July 8, 2024, the district had no guidance or policies for the use of purchasing cards for travel. The district implemented purchasing card guidelines, effective July 8, 2024, that prohibit cardholders from using purchasing cards for travel-related purchases. However, from July 8, 2024, through August 5, 2024, the audit identified 72 purchasing card transactions totaling \$24,401 for airfare, rail, rental car, lodging, and travel agent fees. In addition, the audit noted additional travel-related transactions included on purchasing card statements from September 2024 through March 2025. The district's guidelines for meals purchased do not reflect current practices for student meals. Accounts payable department personnel did not maintain a travel log as required by the Travel Policy (effective Spring 2017). According to district personnel, the district has not maintained the travel log since at least 2020. The Board did not ensure district personnel followed established travel policies. District and Board policies and Board regulations are inconsistent, some appear duplicative, and many are outdated.
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In the areas audited, the overall performance of this entity was **Poor**.\*

\*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 St. Louis Public Schools - Procurement, Hiring, and Budgetary Practices

Financial Planning and Budget Process	<p>The Board of Education:</p> <ol style="list-style-type: none"><li>1.1 Maintain a long-term financial plan that includes the district's strategy for reversing its practice of unsustainable deficit spending before fund balances reach critically low levels and ensure it is reviewed and updated at least annually.</li><li>1.2 Ensure budget information is sufficiently evaluated prior to passing the budget, and develop procedures to ensure budget amounts are not exceeded including obtaining and reviewing detailed reports to adequately monitor actual amounts compared to budgeted amounts. The Board should timely amend the budget, as needed.</li><li>1.3 Ensure budget documents are accurate and financial information is accessible to the public.</li></ol>
Disbursements	<p>The Board of Education:</p> <ol style="list-style-type: none"><li>2.1 Ensure all disbursements are a necessary and prudent use of district funds. In addition, the Board should ensure supporting documentation is retained in compliance with established guidance and policies, and ensure sales tax is not included on district purchases.</li><li>2.2 Ensure all expense reimbursements are in accordance with employment contracts and reimbursement amounts are accurately calculated.</li><li>2.3 Establish a policy to periodically review and adjust credit card limits to reasonable amounts based on need and periodically evaluate the need for each card issued.</li><li>2.4 Implement procedures to ensure bills are paid timely.</li></ol>
Procurement	<p>The Board of Education ensure district personnel procure goods and services in accordance with Board and district policies and state law, and maintain documentation to support procurement decisions to demonstrate compliance with policies and statute.</p>
Payroll and Personnel Records	<p>The Board of Education:</p> <ol style="list-style-type: none"><li>4.1 Ensure future employee incentives comply with the Missouri Constitution.</li><li>4.2 Ensure all payments to employees are accurate and paid in accordance with Board-approved salary schedules. In addition, ensure all salary schedules are kept up to date.</li></ol>

- 4.3 Ensure background checks are performed and retained; ensure employment records are retained and maintained in a secure manner that protects them from unauthorized access and environmental risks, in accordance with state law; and ensure employment records are complete for all employees. Additionally, ensure the district is in compliance with Board policy for storage of personnel records.

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Policies

The Board of Education:

- 5.1 Update the Purchasing Card Guidelines and Procedures Manual and Travel Card Guidelines and Procedures Manual to specify exceptions for using certain purchasing cards for travel-related expenditures and using travel cards for meals for students while traveling. In addition, the Board should ensure employees are complying with district travel policies by maintaining a travel log and ensuring travel authorization forms are completed, approved, and retained according to policy.
- 5.2 Ensure policies, regulations, and guidelines are consistent, updated, and appropriately communicated.