



CITIZENS SUMMARY

Findings in the audit of the Department of Higher Education, Crowder College

Bookstore Controls and Procedures

The bookstore lacks adequate controls, and detailed bookstore financial information is not independently reviewed. The bookstore does not adequately document physical inventories, and the value of books purchased from students is not reconciled to the amounts credited to student accounts. The college does not adequately segregate duties regarding the billing for and receipt of monies related to textbooks returned/resold to vendors. Audit staff reviewed four return invoices totaling \$49,000 for which the college received refund checks totaling only \$34,000, with no documentation to support the \$15,000 difference. The bookstore software system does not maintain an adequate audit trail of all transaction numbers, and audit staff identified several unexplained discrepancies. The bookstore does not have written agreements with vendors establishing commissions earned when textbooks are resold by the vendor.

Cashier's Office Controls and Procedures

The main campus cashier's office needs to improve its controls over receipts and deposits. The cashier's office does not account for the numerical sequence of receipt numbers assigned by the computerized accounting system, does not adequately reconcile the main depository bank account, and does not reconcile the composition of receipts to the composition of deposits. The college could improve the segregation of duties within the cashier's office and should better control departmental deposit forms used to document the remittance of receipts to the cashier's office.

Satellite Campus Receipting and Depositing Controls and Procedures

Neither the satellite locations nor the main accounting office properly ensure monies collected at the satellite locations are deposited. Satellite locations do not always issue receipt slips, numerous receipt slips were missing or not retained, deposit reports were not always complete or accurate, and monies were not always deposited timely and intact.

Alliance for Business Controls and Procedures

The Alliance is a joint venture between Crowder College and Missouri Southern State University with Crowder College handling the accounting functions of the Alliance. The college has not adequately segregated duties related to billing clients and receiving payments, the Alliance employee does not record the receipt of payments, and the Alliance has not entered into a written agreement with an individual for training and consulting services on efficient manufacturing techniques provided to area businesses.

Procurement Policies and Expenditures

The college has not updated its procurement policy in years, and the existing policy does not adequately address all aspects of procurement. The college did not bid several purchases and did not solicit competitive proposals for several types of professional services, including grant consulting services totaling \$69,991, and security services totaling \$75,627. The college failed to include prevailing wage requirements in its request for proposals and paid a contractor \$6,186 more than the bid amount to construct a parking lot. The college has not established policies concerning procurement cards, processed some payments without the payment request forms required by college policy, and lacks a comprehensive policy related to food purchases.

The college allows students to pay with personal credit cards, but does not charge a convenience fee to offset related costs to the college. In the two years ended June 30, 2012, the college paid approximately \$82,000 in credit card fees.

Salary Procedures	Salaries of some employees do not agree to college salary schedules, and the college does not always document extra duty compensation (overload payments) in written agreements. The college paid \$259,105 and \$230,479 in overload payments for the spring and fall 2012 semesters, respectively, and a department chairperson approved his own overload salary agreement for \$2,400 for the summer semester of 2012.
Vehicle Usage and Fuel Logs	The college has 68 vehicles, trailers, and all-terrain vehicles but does not maintain documentation of trip purpose and vehicle mileage, making it difficult to determine if all college vehicles are being utilized. In addition, the college uses fuel cards but does not record mileage when fueling, and fuel used is not reconciled to fuel purchased.
Information Security	The college has not developed an adequate formal disaster recovery plan to ensure the college can promptly restore computer operations in the event of a disaster. The college did not perform background checks prior to employing some information technology employees.
Closed Meeting Minutes	The college did not prepare minutes for closed session meetings of the Board of Trustees, as required by state law.
Foundation Subsidization	The college subsidizes certain operating expenses of its foundation, which may violate the Missouri Constitution. The college's Director of Development and Grants performs work for both the college and the foundation but is paid entirely with college funds, the college provides office space to the foundation, and the foundation is a named insured on the college's property and general liability insurance coverage.

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

American Recovery and Reinvestment Act (Federal Stimulus)	Crowder College was awarded \$4,910,566 in Federal Stimulus funds, \$2,640,929 of which had been received and expended as of June 30, 2012. Details of these awards are contained within the audit report.
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*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.