



CITIZENS SUMMARY

Findings in the audit of the Ash Grove R-IV School District

Accounting Controls over Cash Receipts and Change Funds

The district needs to improve its handling of receipts and change funds, a large portion of which are received in cash. The district has not adequately segregated duties. Staff do not properly record all monies received, timely transmit or deposit monies collected, indicate the composition of receipts and maintain copies of receipt slips, and sometimes use monies on hand to pay expenses without obtaining adequate documentation. In addition, the district does not maintain inventory records for concession items. Monies are not always kept in a secured location; auditors found \$462 in cash student activity fees in unlocked desk drawers and file cabinets in classrooms and \$3,256 in cash in an office closet to which all employees have access. The district does not account for tokens and meal cards or reconcile tokens and meal cards to the monies collected. Each school maintains various change funds, but the district does not include any of this money in its accounting records.

District Compensation

The district lacks adequate procedures for approving employment contracts and does not prepare employment contracts or separately approve salary schedules for tenured teachers. The district gives the Superintendent an annual in-district mileage allowance of \$1,500, but has not documented the basis for this additional compensation and did not report it as taxable income. The district did not report on W-2 forms additional compensation paid to the Superintendent for driving a bus to athletic events, additional compensation paid to employees for working the gate at athletic events, additional compensation paid to 3 teachers for awards, and the value of commuting miles for the maintenance/bus mechanic. The district paid \$51,000 in step-ladder payments to 43 teachers but lacks adequate policies and procedures to administer the program properly.

Payroll Procedures, Records, and Policies

The district has not established adequate segregation of duties or supervision over payroll functions. Some employees do not prepare timesheets, timecards, and leave requests, and some employees have been allowed to carry negative leave balances. No review of time and leave records prepared by the district bookkeeper is performed, and the district bookkeeper did not properly track hours worked by retired employees. The district does not maintain a list of related employees and Board members, and it lacks adequate policies and procedures regarding the hiring, supervising, and tracking of related employees.

Bond Refinancing, Procurement Procedures, and Construction Projects

The district sold general obligation bonds through a negotiated rather than a competitive sale and did not select the bond underwriter competitively. The district did not always follow its own bidding policy, and has not established policies for the selection of some vendors providing professional services. The Board did not evaluate three construction management firms before contracting with a company for a project begun in 2012 and does not properly monitor construction projects.

Disbursements	The district does not adequately segregate accounting duties over disbursements, and the list of bills approved by the Board each month is incomplete. The district paid \$10,610 to a local hardware business owned by Board President Renshaw for purchases made without soliciting bids. The administrative office made numerous disbursements totaling \$19,259 from a petty cash bank account which the School Board did not know existed, and the district lacks a formal purchase order policy. The district vendor list contained numerous errors; the district lacks formal policies for employee reimbursements, local meal purchases, and gifts/awards; and the district did not always enter into written contracts or effectively monitor contracts.
Budget Monitoring and Accounting Records and Controls	The district does not maintain complete and accurate information in its accounting system, and the Board does not adequately monitor budget to actual receipts and disbursements. The Secretary to the School Board is able to post adjustments to the accounting system without independent approval, and electronic signatures of the School Board President and Treasurer are not adequately safeguarded.
Attendance Reporting and Computer Controls	The district's attendance system does not adequately track some changes or limit the time frame for making changes. Changes are not reviewed, and audit staff found some inaccuracies. The district has not adequately restricted access to computer systems and has not established security controls to shut down computers after a period of inactivity and detect or prevent incorrect login attempts.
School Board Procedures and Minutes	The School Board reorganized its two elementary schools without thoroughly performing or documenting a cost-benefit analysis and did not track actual costs/benefits. The School Board did not always comply with the Sunshine Law and did not always maintain complete and accurate minutes. District policies are not complete, accurate, up to date, or adequately communicated to district employees.
Capital Assets and Fuel Usage	The district does not maintain a detailed record of district property and has not performed inventories of capital assets held outside of classrooms. The capital asset listings did not include 12 pieces of equipment valued at \$56,000, and do not include all necessary information. The district does not maintain fuel and mileage logs and does not reconcile fuel purchased to fuel used.

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.

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