



CITIZENS SUMMARY

Findings in the audit of the St. Joseph School District

District Compensation	The St. Joseph School District's use of its existing salary schedules and stipend system has resulted in a confusing, inconsistently applied, and poorly documented system of compensation. Salary schedules were not complete or always properly approved, there were no salary schedules for some classes of employees, and the district did not have adequate documentation to support some employees' placement and advancement on respective salary schedules. The district failed to establish adequate policies and procedures regarding stipends, does not maintain adequate documentation of the stipend amounts paid to employees, and the School Board does not approve most stipends given to employees. Stipend payments totaled \$3.8 million for the 2013-2014 school year. In addition, some additional compensation appears questionable and unnecessary, and the district is not complying with its overtime policies.
Payroll Procedures, Records, and Policies	The district has not established adequate segregation of duties or supervision over payroll functions and some employees do not sufficiently review or maintain up-to-date time records. Documentation and reporting of post-retirement employment activities need improvement, the district does not have policies regarding related employees, and the School Board does not adequately safeguard electronic signatures. Also, personnel records are not complete, the district does not monitor personal use of a district vehicle, and the district does not have a policy regarding vacation leave payouts to retired employees.
Summer School Funding	The district inaccurately reported 2014 and 2013 summer school attendance to the Department of Elementary and Secondary Education, resulting in an overpayment of state aid totaling approximately \$3.5 million.
Financial Condition	The district reduced budgeted expenditures for the 2013-2014 school year due to reductions in state funding. In addition, the district's questionable expenditures and other financial obstacles could result in a decline of the district's financial condition.
Bonds	The district is not complying with the requirements of the Qualified Zone Academy program, is not reporting bond compliance as required, and sold \$31,870,000 of general obligation bonds in 2012 and 2013 through negotiated instead of competitive sales.
Procurement Procedures and Construction Projects	The district did not bid, obtain quotes or document sole source justification for several large purchases, has not established comprehensive policies for procuring professional services, and did not procure engineering services for projects in 2012 and 2014 as required by law. In addition, the district did not competitively bid the district's solar panel project, and does not maintain complete project files.
Contracts	The district does not always monitor contracts effectively, enter into written contracts timely or when appropriate, and did not obtain statutorily required affirmations from five service providers attesting to their participation in the E-Verify program and that they did not knowingly employ unauthorized aliens.
Disbursements	District officials do not present a list of bills paid to the Board for review and approval and made several questionable disbursements. In addition, the

	district does not have a written policy regarding its alternative certification program
Purchasing Cards	The district does not monitor or limit purchasing card monthly cycle limits and did not detect some inappropriate purchases.
Cell Phones, Tablets, and Internet Service	The district unnecessarily provided free Internet service to several individuals, did not adequately monitor cell phone use, and does not have a consistent policy regarding personal use of district electronic devices.
Capital Assets	The district does not maintain complete and accurate records of capital assets and does not perform periodic physical inventories. The district's independent CPA reported similar issues in its fiscal year 2013 audit.
Fuel Use and Controls	The district does not bid fuel purchased for district-operated vehicles and buses, does not periodically reconcile fuel purchased to fuel used, and does not periodically recalibrate fuel pumps.
Sunshine Law	The School Board did not always comply with the Sunshine Law and held numerous improper closed meetings.
Computer Controls	The district does not require employees to change their passwords on a periodic basis, does not periodically test its backup data, and has not developed a disaster recovery plan to ensure it can promptly restore computer operations in the event of a disaster or other disruptive event.
Restricted Funds	District officials could not locate original documents supporting donor gifts and related fund restrictions, and the district's business office does not maintain all restricted funds designated for scholarships.
School Stores	School personnel that supervise district middle and high school stores do not periodically reconcile inventory on hand to sales made, and do not reconcile daily sales records to deposits.
Internal Audit	The district's Internal Auditor did not report directly to the School Board, was not independent of all activities audited, and did not perform an annual risk assessment, or develop an annual audit plan. In addition, the Internal Auditor did not always perform follow-up work on recommendations or prepare written reports when this occurred.

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.

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