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CITIZENS SUMMARY

Findings in the audit of Fox C-6 School District

Background	The Fox C-6 School District was selected for an audit in part due to a written audit request by the Fox C-6 Board of Education (Board), in addition to phone calls received outlining concerns, and news articles detailing questionable practices by former Superintendent Dr. Dianne Critchlow.
Superintendent and Administrator Salaries	For the 2012-2013 and 2013-2014 school years, the Board did not approve the salary schedules that pertained to the superintendent position and were used to calculate and support the amount of compensation paid to Dr. Critchlow. The amount paid to Dr. Critchlow for the 2012-2013 school year exceeded the contract amount. Dr. Critchlow was issued 4 contracts for the 2013-2014 school year, with only the first being discussed and approved by the Board; however, her compensation agreed to subsequent contracts. Salary schedules were not always followed and changes to base amounts were not always approved, resulting in unsupported additional compensation to administrators. The district had no documentation to explain reasons for applying some mid-year salary increases retroactively to the beginning of the school year. The Board did not approve the internal promotion of a teacher to principal of the Bridges Program (later retitled to Director of At-Risk Services), and the district could not provide documentation for using a different pay schedule than was historically used for this program's administrator, resulting in substantially higher compensation. This individual was also compensated based on having a specialist degree before obtaining that degree. Another former administrator received promotions and position changes that were not approved by the Board. He also received longevity pay without the required length of administrator service and incorrectly received back pay.
Credit Card Purchases and Reimbursements	We reviewed the district's credit card purchases for the 2011-2012, 2012-2013, and 2013-2014 school years. For the 3 credit cards assigned to Dr. Critchlow and her administrative assistant, the audit identified concerns with 36 percent (\$96,743 of \$268,935) of expenditures reviewed. We also reviewed the July 2013 credit cards usage for 3 assistant superintendents and identified concerns with 77 percent (\$3,394 of \$4,383) of the expenditures reviewed. Most of the credit card purchases with problems were in violation of the district's credit card policy. District personnel did not perform adequate reviews of Dr. Critchlow's monthly credit card statements and supporting documents. Dr. Critchlow frequently used the Professional Development Committee (PDC) budget line items to expense credit card purchases including meals, travel, and equipment totaling approximately \$20,000. District personnel used credit cards to purchase items that exceeded district policy, and numerous purchases did not seem reasonable and/or to provide a benefit to the school district. The district was unable to provide supporting documentation for several gift and gift card purchases. We identified numerous purchases totaling \$8,877, without adequate supporting documentation, and in some cases no documentation beyond the credit card statement. In addition, questionable and improper reimbursements to the Superintendent and her husband totaled \$4,214. The Superintendent approved all her husband's reimbursements, which is inappropriate due to their relationship.

District Financing	The district did not obtain independent financial advice for all general obligation (GO) bond sales, and sold GO bonds using a negotiated sale rather than a competitive bid process. In addition, the Board did not competitively select an underwriter for any of the bonds or lease participation certificates issued. The district did not seek reimbursement of underwriter and bond issuance costs, totaling approximately \$113,000, eligible for reimbursement from a state program. The district may incur approximately \$5.6 million additional interest costs due to selling bonds at a premium.
Scholarships	The school district did not have policies or procedures regarding scholarship handling and record-keeping requirements. In addition, procedures and records pertaining to some scholarships were not adequate. We identified problems with the scholarships administered by the Superintendent's office.
Accounting Controls and Procedures	The district does not have a listing of approved petty cash funds, the funds are not maintained on an imprest basis, and there is no review or approval by district personnel of petty cash expenses. We noted similar problems with the district's change funds. Accounting controls for athletic event fees and concession sales need improvement. Receipting and depositing procedures over collections are not sufficient, transmittal procedures do not provide accountability, and the district has not adequately segregated receiving, recording, and depositing duties. Electronic facsimile signatures are not adequately safeguarded to prevent misuse and are not used in compliance with district policy.
District Policies and Procedures	The Board did not adequately monitor for conflicts of interest or self-dealings pertaining to former Superintendent Critchlow and her family members. The district does not have adequate procedures in place for monitoring cafeteria accounts collection activity and does not have policies or procedures to resolve balances remaining on accounts of students that have graduated or left the district. The district employs student workers, but does not have a formal policy that establishes rates of pay. Some student workers, including Dr. Critchlow's sons, were paid at rates higher than those informally set by the district, and numerous student worker timesheets were incomplete and had no supervisor approval. The district does not always maintain students' signed Internet, email and computer use agreement forms and some schools are not using the most current form. The district does not adequately approve any deviations from the approved fee schedule for renting district facilities. Dr. Critchlow's contract provided her with a district-owned vehicle to be used in carrying out her duties as Superintendent. However, there was no log or other accounting of the use of this vehicle, and the district did not report any value of the usage of this vehicle as compensation.
Disbursements and Contracts	The district does not always follow its bidding policy when obtaining goods or services. The district has not established policies for the selection of vendors providing professional services.
Attendance	The district's attendance system does not limit the time period during which changes can be made and there is no review by district officials to ensure changes made to current school year attendance records are appropriate.

Capital Assets and Fuel Usage	Records and policies to account for district property are not adequate. District policies document procedures for property located at the school buildings; however, other district buildings and departments, facilities, vehicles, and equipment are excluded. As a result, some district assets are not accounted for and capital asset records are not complete. Also, the district does not reconcile fuel logs to fuel billings.
Audit	The district does not have an internal audit function. In addition, the Board has not requested proposals for services for the district's annual independent financial audit and continues to rehire the former employer of the district's Director of Accounting.

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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