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Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the Springfield R-XII School District

Health Benefit Trust Fund Financial Condition	The district's self-funded medical plan fund is in poor financial condition because the district did not adequately fund and monitor the plan's operating costs. Total estimated liabilities exceeded total assets by approximately \$3.3 million, a significant decrease since its fiscal year 2009 ending reserve balance of \$4,473,490.
Accounting Controls over Cash Receipts and Change Funds	Improvements are needed in the district's handling of meal, student activity, athletic event, and concession receipts. The district does not adequately segregate accounting duties; maintain sufficient records of monies received; properly secure and promptly transmit and deposit receipts; or collect unpaid student and athletic event fees. In addition, the district provides cash advances for meal expenses on travel, but does not adequately track or account for these amounts. Due to the numerous control weaknesses, there is less assurance monies have been handled and accounted for properly.
Bond and Lease Financing, Projects, and Long-term Planning	The district sold bonds and certificates through a negotiated sale, rather than a competitive sale and has used the same underwriter since 1991. In addition, the district's bond underwriter also acts as its financial advisor. The district overspent the 2006 bond proceeds by \$1.84 million. Change orders were not managed properly, procedures and records are not sufficient to ensure prevailing wages are paid, and the district lacked written comprehensive long-range plans for new construction, renovation, and space management.
Real Estate Transactions	Significant concerns were noted with the district's efforts to sell the old Hickory Hills School property. Despite the buyer's failure to make required payments and meet other contractual obligations, the district has entered into multiple agreements to extend the buyer's obligations to later dates. The latest agreement provides for the district to finance a significant portion of the purchase price. As of December 2011 the district has only received \$97,500 of the total \$4,450,000 purchase price. The district did not always obtain recent appraisals when appropriate and paid \$258,060 over the appraised value for land without documenting its reasons.
Procurement Procedures	Over two years, the district paid \$596,104 for legal services, but does not have a written agreement in place, and has used the same attorney for 25 years without periodically requesting proposals. The district did not follow its own procedures for evaluating and selecting engineering and surveying services. The district awarded certain contracts based, at least in part, upon donations given/promised by the contracted vendors. Some district bid specifications appeared to limit potential bidders unnecessarily.
Contracts	The district did not always enter into written contracts and did not adequately monitor some contracts. The district entered into several service contracts that cost the district a substantial amount each year without always performing cost analyses.

Fuel Use and Charter Bus Services	Controls and procedures over fuel use and purchases need improvement. In a 2 year period, the district spent more than \$500,000 on charter buses but lacks adequate policies and procedures for determining whether a district bus should be used instead.
District Compensation and Vehicle Allowances	The district lacks adequate policies and procedures regarding stipends and does not always enter into employment contracts when appropriate. The district does not document the basis for monthly vehicle allowances.
Payroll Controls, Procedures, and Records	Personnel records for some employees were not complete. Payroll duties are not adequately segregated, and the district lacked appropriate procedures to ensure amounts paid to the substitute services vendor are proper. The district has not established adequate policies and procedures regarding related employees.
Disbursements	The district needs to improve various disbursements policies and procedures, maintain adequate documentation, and pay invoices timely.
Accounting Controls and Procedures	The district needs to improve its control over signature stamps, facility rental procedures, and inventory duties. Some district policies are not adequate and complete.
Sunshine Law Issues	The district did not always comply with the Sunshine Law. The district held 31 closed meetings during the 2 years ended June 30, 2011, but did not follow all requirements and conducted business at retreats. Procedures and documentation related to Sunshine requests and fees need improvement.
School Safety	The district needs to improve its policies and procedures regarding background checks for volunteers, vendors, and contractors.
Internal Audit Function	The district does not currently have an internal audit function and did not follow up on many recommendations made by the former internal auditor.

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

American Recovery and Reinvestment Act 2009 (Federal Stimulus)	The district was awarded \$25,027,400 during the audit period, most of which was spent on salaries to retain jobs. More detail is contained in the Organization and Statistical Information section of 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.