Thomas A. Schweich

Missouri State Auditor

HIGHER EDUCATION

Crowder College

August 2013

Report No. 2013-083

http://auditor.mo.gov

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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 deposit 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.

*****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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Crowder College
Table of Contents

THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon
and
Board of Trustees of Crowder College
and
Dr. Kent A. Farnsworth, President
Crowder College
Neosho, Missouri

We have audited certain operations of Crowder College in fulfillment of our duties under Chapter 29, RSMo. The college engaged Mense, Churchwell & Mense, P.C., Certified Public Accountants (CPAs), to audit the college's financial statements for the year ended June 30, 2011. The college engaged Davis, Lynn & Moots, P.C., Certified Public Accountants (CPAs) to audit the college's financial statements for the year ended June 30, 2012. To minimize duplication of effort, we reviewed the report and substantiating working papers of the CPA firm for the year ended June 30, 2011, since the year ended June 30, 2012, audit had not been completed at the time we started our audit. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2011 and 2012. The objectives of our audit were to:

1. Evaluate the college's internal controls over significant management and financial functions.

2. Evaluate the college's compliance with certain legal provisions.

3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

4. Evaluate selected records and activities of the Crowder College Foundation.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the college, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the college's management and was not subjected to the procedures applied in our audit of the college.

For the areas audited, we identified (1) deficiencies in internal control, (2) noncompliance with legal provisions, (3) the need for improvement in management practices and procedures, and (4) weaknesses with the procedures of the college's foundation. The accompanying Management Advisory Report presents our findings arising from our audit of Crowder College.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor:	Harry J. Otto, CPA
Director of Audits:	John Luetkmeyer, CPA
Audit Manager:	Donna Christian, CPA, CGFM
In-Charge Auditor:	Ted Fugitt, CPA
Audit Staff:	David Olson
	Joshua Allen, CPA, CFE

1. Bookstore Controls and Procedures

Accountability over bookstore receipts is not adequate, and controls related to the bookstore inventory and return or sale of unused books need improvement. Additionally the software system used by the bookstore does not provide an adequate audit trail and duties are not adequately segregated.

The college operates a bookstore on the main campus in Neosho and also operates smaller bookstores on each of its three satellite campuses in Cassville, Nevada, and Webb City. Bookstore receipts total more than $3 million annually.

1.1 Financial monitoring

An independent review of detailed bookstore financial information is not performed, and controls are not in place to ensure total sales reported by the bookstore reconciles to the amount recorded in the college's accounting records.

The financial statements generated from the college's accounting system and used by college administrators to monitor bookstore activity are not complete and accurate. The monthly budget to actual financial statement generated from the accounting system and provided to the College President, Chief Financial Officer (CFO) and the Board of Trustees does not contain detail financial information related to bookstore operations, but reflects only a single total for bookstore sales revenue and a total for bookstore expenditures. Detailed financial information such as the cost of goods sold, profit margin, or a detailed listing of bookstore expenditures is not generated and provided to college administrators for review.

Additionally, the college financial statement reported bookstore sales revenue for the year ended June 30, 2012, as $2.5 million while the sales reports maintained internally by the bookstore manager reported total sales of $3.2 million. The reports maintained by the bookstore manager represent an accumulation of the computerized daily sales reports from the cash registers. These reports are used to prepare monthly sales tax returns submitted to the Missouri Department of Revenue. According to the CFO, the sales revenue reported on the college's financial statement had been reduced for sales tax payments, textbook buybacks, and other credits to student accounts. However, after considering these adjustments, sales revenue on the college's financial statement exceeded the amount reported on the bookstore manager's sales spreadsheet by $312,150. The CFO stated that the financial statement prepared from the college's accounting system and the spreadsheets prepared by the bookstore manager are not reconciled. After audit fieldwork ended the CFO made additional attempts to reconcile these two records and indicated that he is now able to more closely reconcile the two sales amounts.

Further, the bookstore expenditures total reported on the college's financial statement prepared for the year ended June 30, 2012, did not include some expenses associated with the bookstore. For example, utility costs and some fringe benefits for bookstore employees were not included. As a result, the amount of bookstore expenditures was understated.

College management needs complete, accurate, detailed financial information to maintain proper oversight of bookstore operations.

1.2 Inventory controls

Controls over bookstore inventory totaling more than $900,000 are not adequate.

- Bookstore personnel do not document a comparison between perpetual inventory records and physical inventories. The bookstore manager indicated physical inventories are conducted in March and September, before books are ordered for the upcoming semester, and also at the end of the fiscal year, in June, for inclusion on the college's balance sheet. However, no documentation is maintained of the difference between perpetual inventory records and the physical counts. As a result, there is no documented analysis by management of any loss or shrinkage in inventory or other differences between physical inventory counts and perpetual inventory records.

  Documentation of differences between perpetual inventory records and physical counts should be maintained to ensure inventory shrinkage, including the possibility of theft, is properly analyzed. The amount of inventory shrinkage could be compared to a benchmark, such as the national average for similar retail operations.

- The value of books purchased from students is not reconciled to the amounts credited against student accounts. Twice a year the bookstore buys used textbooks back from students and gives the students credit on their individual student accounts that can be used for the next semester or the student can access the funds on their school identification card/debit card. Annual credits to student accounts for textbooks purchased from students total approximately $580,000.

  To ensure credits issued to student accounts are proper and to reduce the risk of theft of textbook inventory, the value of used textbooks purchased from students should be compared to the total credits posted to student accounts.

1.3 Book returns

The college has not established adequate segregation of duties regarding the billing for and receipt of monies related to textbooks returned/resold to vendors. During the 2 years ended June 30, 2012, the bookstore manager sent invoices totaling approximately $480,000 to vendors for the return of books, and also received refund checks and credit memos associated with these invoices.

Additionally, the numerical sequence of invoices was not accounted for properly. There were 447 invoice numbers used during the 2 years ended June 30, 2012; however, documentation of only 420 invoices could be located. The bookstore manager believes the computer system may not be tracking the numbers associated with incomplete invoices; however, the exact reason for the missing invoice numbers could not be determined.

Differences between the amount of refunds or credit memos received from the vendors and the amounts invoiced were not always investigated and adequately documented. For example, we reviewed four return invoices totaling approximately $49,000 for which the college received refund checks totaling only approximately $34,000. No documentation to support the $15,000 difference was available. The bookstore manager stated some invoices were inaccurate and showed more books than actual were returned to the vendor.

To safeguard against possible loss, theft, or misuse of funds and provide adequate oversight, the college accounting department should receive refund checks/credit memos and procedures should be put in place to account for all invoice numbers and to investigate and document the reasons for the differences between amounts invoiced and amounts received.

1.4 Bookstore software

The software system used by the bookstore does not provide an adequate audit trail of all transaction numbers and several unexplained discrepancies were identified in transaction amounts.

All of the bookstore locations operate the same computerized accounting software system, a system specifically made for college bookstores. The bookstore has been using this particular computerized software system for approximately 7 years. The software is used for the cash register system, perpetual inventory, and invoicing vendors for returned books and also has a book buyback feature. The software provider went out of business in 2012, leaving the bookstore without technical support for the program.

Transaction numbers

The numerical sequence of transaction numbers assigned by the bookstore computerized accounting system is not accounted for properly.

Bookstore transactions are assigned a sequential number, but one numerical sequence is used among all the campuses for receipt transactions rather than a unique sequence at each individual bookstore. Personnel of the main campus bookstore or the accounting department do not ensure all transaction numbers are accounted for when bookstore receipts are deposited. We attempted to account for the numerical sequence of 921 bookstore transactions for a 2 day period and noted 109 missing transaction numbers, or 11.8 percent of the transactions reviewed. Prior to our inquiry the bookstore manager had not attempted to account for receipt numbers and an audit trail of missing transactions could not be located on the computer system.

To ensure all monies received are properly recorded and deposited and reduce the risk of loss, theft, or misuse of funds, the college should ensure adequate controls are put in place that allow for the accountability of the numerical sequence of all transaction numbers.

Transaction discrepancies

Several discrepancies were noted within the cash register system function of the software, some of which could not be explained by the bookstore manager.

We compared six cash register close out tapes, known as z-tapes, (which represented each of the main campus bookstore's three cash registers, over a 2 day period) to daily sales amounts generated from the same software system, and noted differences for three of the six reviewed. While these differences were generally less than $5 each, this indicates errors within the system which the bookstore manager was aware of, but could not explain and the software provider is no longer available to provide support.

In addition to the six z-tapes we reviewed, the bookstore manager indicated there were three additional z-tapes from satellite bookstores over the 2 day test period which also had system errors related to them. While the amounts noted in our limited review represent small dollar amounts they raise questions about the overall reliability of the computer system as well as concern about oversight of accounting functions.

A reliable accounting and financial reporting system for the bookstore that has adequate technical support would help ensure efficient operation of an auxiliary operation that is a significant revenue source of the college.

1.5 Commissions

According to the bookstore manager the bookstore does not have written agreements with vendors that establish the amount of commissions earned when textbooks are occasionally resold by the vendor.

Written agreements are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Section 432.070, RSMo, requires contracts for political subdivisions be in writing.

1.6 Segregation of duties

Duties related to purchasing, receiving, sales, physical inventories, and accounts receivable are not adequately segregated. The bookstore manager is ultimately responsible for all of these duties without adequate oversight by college administrators or personnel in the accounting department. Additionally, as noted above, numerous significant weaknesses exist in the bookstores computer system, inventory control, and financial monitoring that further justify the need for the college to implement substantial changes in bookstore operations.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. The current procedures do not provide for independent checks and balances. If duties cannot be adequately segregated, adequate oversight procedures should be put into place.

Recommendations

The Board of Trustees:

1.1 Ensure detailed financial information of bookstore operations is prepared, reviewed by independent management personnel and reconciled to the college's accounting system.

1.2 Ensure differences between perpetual inventory records and physical counts are properly investigated and adequate documentation is maintained; and reconcile the value of textbooks purchased from students to credits issued to student accounts.

1.3 Adequately segregate the duties of preparing bookstore return invoices from receiving refund checks, establish procedures to account for the numerical sequence of invoice numbers, and investigate and maintain documentation to support differences between amounts invoiced and amounts received for book returns.

1.4 Implement a reliable bookstore computerized accounting system that includes technical support and ensures transactions are accounted for properly.

1.5 Enter into written contracts with vendors that establish the amount of commissions earned when textbooks are resold by the vendor.

1.6 Adequately segregate bookstore duties related to purchasing, receiving, sales, physical inventories, and accounts receivable. If this is not possible, at a minimum, college administrators should perform and document adequate oversight procedures.

Auditee's Response

The College is pleased that during the State Auditor's review, your office found there to be no questions of impropriety or misappropriation of funds. The Board of Trustees greatly appreciates the auditor's recommendations and is confident that they will assist us in improving internal controls. Crowder College will begin immediately to implement your recommendations as indicated below to help strengthen internal business practices.

1.1 *The Vice President (VP) of Finance and the President review the net income of the Bookstore prior to the Board of Trustees' meeting each month. The College will review procedures in place to determine if the preparation and review of detailed bookstore records should be better documented. In addition, analytics will be performed periodically by the VP of Finance office to check for reasonableness. Examples would include cost of goods sold, actual-to-perpetual inventory reconciliation, and book buyback amounts.*

1.2 *Bookstore personnel have examined discrepancies in inventory counts in the past, but have not kept adequate documentation of these reviews. In the future, actual-to-perpetual differences will be documented and retained, a dollar amount will be applied to the differences, and an analysis of the reasonableness of differences will be performed. This procedure has already been implemented during our annual inventory count for the year-end.*

A method of reconciling and documenting textbook credits to student records will be established and reviewed periodically by College personnel independent of the transactions.

1.3 *There are two types of invoices prepared by the Bookstore. One is designed to adjust inventory. For example, a coffee cup for resale breaks. The Bookstore creates an "invoice" to remove the cup from inventory. The second type of invoice example would be billing a school or vendor for textbooks sold. In order to account for all invoices, the Bookstore will begin sending a copy of all invoices created, in sequential order, to the Cashier's Office and the Director of Budgeting. Payments will then be received by the Cashier's Office who will match up and clear the outstanding invoice. Invoices designed to correct inventory will be kept to verify the sequence. This will allow the Cashier's Office to periodically review which invoices are outstanding and initiate follow up or collections as appropriate.*

1.4 *The College has engaged technical support for the bookstore software. A past employee of the software vendor has been retained to help program the changes recommended by this audit. Some changes have already occurred such as creating a new code to properly denote book buybacks from book refunds in the students' accounts. Completely replacing the bookstore software and moving to a new company is a substantial expenditure that is not considered necessary as long as the existing software can do what the College needs it to do. The College will undertake efforts to improve the reconciliation of bookstore software to the accounting software.*

1.5 *Even though no evidence of impropriety exists, we agree with your recommendation and records of commission contracts will be requested and retained from vendors.*

1.6 *The College Chief Financial Officer (CFO) and President presently monitor bookstore activity through review of the financial statements on a monthly basis. Those reviews will be better documented moving forward. Increasing personnel is not economically feasible for a college and bookstore of our size. In light of the three person staff in the bookstore, the College will work to better oversee the bookstore with management personnel, the Cashier's Office and the Director of Budgeting.*

2. Cashier's Office Controls and Procedures

Control weaknesses exist related to accounting for receipts and deposits in the cashier's office of the main campus. This office processed transactions totaling approximately $11.9 million during the year ended June 30, 2012.

2.1 Receipt numbers

The cashier's office on the main campus in Neosho does not account for the numerical sequence of receipt numbers assigned by the computerized accounting system.

The computerized accounting system sequentially assigns a receipt number for all monies received through the cashier's office; however, receipt numbers can be deleted without an audit trail and receipt information can be edited after the receipt slip has been printed. In addition, the cashier's office was not aware that edited receipt information remained in the system and could be accessed. As a result, the cashier's office has not established procedures to review edited receipt information to investigate the propriety of changes.

We reviewed the numerical sequence of receipts recorded in the system from January 1 through June 20, 2012, and determined 153 receipt numbers were missing and 73 receipts had been edited. The college was unable to provide any documentation or explanation for the 153 missing receipt numbers or the reason why the receipt information needed to be edited. Of the 73 edited receipts, one receipt amount was reduced by $330 and the method of payment (cash or check) appeared to be edited for several other receipts.

To ensure all monies received are properly recorded and deposited and reduce the risk of loss, theft, or misuse of funds, the college should work with the computer software vendor to ensure adequate controls are in place to allow the college to account for the numerical sequence of receipt numbers and prevent editing receipt information after the receipt is printed.

2.2 Bank reconciliations

The college does not adequately reconcile the main depository bank account, and we identified a significant difference between the bank and book balances.
The college maintains a bank account for the deposit of all monies received, including credit card deposits. Credit card statements and bank statements are not properly compared to identify differences between credit card deposits and credit card receipts. As a result, significant differences between the bank account balance and the book balance are not identified during monthly bank reconciliations.

For example, the February 2012 bank reconciliation prepared by the college showed an unidentified difference of $25,274. According to the Director of Accounting, the unreconciled amount varies each month and is due to credit card transactions for which she lacks the sufficient detailed information needed to further reconcile the balances. Our review of the February 2012 bank reconciliation identified items such as credit card refunds and disbursements that were not properly included on the bank reconciliation. After adjusting for these corrections, the reconciled bank balance totaled $579,507 while the college's book balance was $549,664 or a difference of $29,843.

Approximately $10 million is deposited into this account annually, and without adequate and accurate bank reconciliations and credit card reconciliations the college cannot ensure receipts and disbursements are accounted for properly.

2.3 Reconciliation of receipts to deposits

The cashier's office does not reconcile the composition of receipts to the composition of deposits.

The college allows individuals to cash personal checks or receive cash for credit card transactions up to $10 per day for students and $20 per day for employees, and allows employees to cash paychecks at the cashier's office. The computerized accounting system does not document when these cash disbursement transactions occur. As a result, the difference between the composition of receipts and the composition of deposits is not explained and documented. For example, on December 19, 2011, a deposit for $9,465 included $50 more in credit card receipts and $50 less in cash receipts than recorded. The difference appears to be caused by individuals receiving cash for a credit card transaction, but it is not adequately documented by the cashier's office.

To ensure all receipts are accounted for properly and deposited intact, the composition of receipts should be reconciled to the composition of the bank deposits, and when cash is disbursed to students and employees, these disbursement transactions should be documented and included in the reconciliation of receipts to deposits.

2.4 Segregation of duties

The college could improve the segregation of duties within the cashier's office. The Accounts Receivable Manager, who is the supervisor of the cashier's office, makes adjustments to student accounts and also occasionally receives payments. Further, employees in the cashier's office who receive payments also have the ability to make adjustments to student accounts, such as reducing application fees, and posting scholarships and other non-monetary transactions.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory or independent reviews of the records should be performed and documented.

2.5 Deposit forms

The college does not adequately control departmental deposit forms used by college departments to document the remittance of receipts to the cashier's office for deposit.

Various college departments collect some student fees or other payments and subsequently remit these monies to the main campus cashier's office along with a departmental deposit form documenting the deposit date, amount, revenue classification, and signature of the depositor. These forms are not pre-numbered to provide accountability over the remittance of monies to the cashier's office.

To ensure all receipts are properly transmitted and deposited, these forms should be pre-numbered and the numerical sequence accounted for properly.

Recommendations

The Board of Trustees:

2.1 Work with the computer software vendor to ensure adequate controls are in place to account for the numerical sequence of receipt numbers assigned by the college's computerized accounting system, including deleted receipts, and prevent the editing of receipt transaction information after the receipt slip has been printed.

2.2 Ensure bank reconciliations are properly performed.

2.3 Ensure the composition of receipts is reconciled to the composition of the bank deposits.

2.4 Segregate accounting duties in the cashier's office to the extent possible. If proper segregation of duties cannot be achieved, an independent review of the work performed is necessary.

2.5 Ensure departmental deposit forms are pre-numbered and the numerical sequence is accounted for properly.

Auditee's Response

2.1 The College shares this concern which is reflective of a shortcoming in the computer management system used by the college. For example, when a credit card payment is automatically received by the system it creates a receipt without any student identifier. When the Cashier's Office matches the payment with the appropriate student and enters the student information, a new receipt is created that replaces the initial receipt. Only deep within the database is the original receipt even noted.

It appears that the newest release of the Accounts Receivable module from the College's vendor will correct this matter and allow for a clean audit trail. In addition, the College's Head Cashier has agreed to serve on the vendor's advisory committee for this module. The College will work to strengthen the inherent control weaknesses caused by the software program.

2.2 The College has already changed this process. The credit card processor is now reporting each individual credit card transaction so that reconciliation can be done at the individual transaction level rather than the batch level. The CFO will monitor this until properly reconciled.

2.3 We acknowledge and appreciate that all audit tests of deposits performed by the State Auditor's Office were found to be deposited correctly. The reason for the difference in composition of the deposits and receipts results from check cashing that occurs in the Cashier's Office. The visiting auditor reports that this is a common occurrence in college cashier's offices and had no problem with the practice of cashing checks; many of which are college-issued. The College will implement a procedure by which a reconciling slip will be placed with the deposit that notates the dollar amount of checks that were cashed, thus reconciling the difference between the receipts cash and the deposit cash.

2.4 The Cashier's Office attempts always to have one of the two cashiers in the office, including staggering lunch breaks so that the Head Cashier does not have to work the window. However, with only three in the office, it does occasionally occur that the Head Cashier will process a student payment. In order to be more involved because of the inherent problem of a small staff, the CFO will periodically review the work of the Cashier's Office. In addition, although not a specific recommendation, the two cashiers *who take student payments are no longer able to make adjustments to student accounts.*

2.5 *The College recognizes and understands the concerns addressed by this recommendation. The complexity of the College and the decentralization of some departments make this a challenging endeavor. However, the College will work with all departments to establish better deposit controls.*

3. Satellite Campus Receipting and Depositing Controls and Procedures

Weaknesses exist in receipting, depositing, and cash handling procedures at college satellite locations.

Crowder College has satellite campuses in Webb City, Cassville, and Nevada. The college also has sites, although not officially considered campuses, in Mt. Vernon and Monett. These satellite locations collect monies for various things such as books, class fees, tuition, and supplies. These satellite locations collected approximately $667,000 and $548,000 for the years ended June 30, 2012 and 2011, respectively.

Monies received at satellite locations are deposited by personnel of these campuses into a local bank. A deposit report listing receipts included in the deposit, along with copies of the receipt slips, is forwarded to the main campus accounting office for posting to the college's accounting system. Our audit found numerous weaknesses in the receipting and depositing process.

- Satellite locations did not issue receipt slips for some monies received, and some receipt slips issued were not dated or issued in numerical sequence. Multiple receipt books with varying sequences are used simultaneously and new receipt books do not always begin in numerical sequence with the previously used receipt book. We also observed numerous undated receipt slips issued, including large cash receipts for $727 and $430.

- Numerous receipt slips were missing or not retained by some satellite locations. For example, the Cassville campus destroyed receipt books prior to January 27, 2012, and other satellite locations were missing numerous individual receipts as well as complete receipt books.

- Satellite locations submitted deposit reports to the accounting office that were not always complete or accurate, and copies of receipt slips were not always included with the reports. For example, a deposit report from the Cassville campus totaling $1,679 was manually changed to $1,579 with no documentation to explain the change.

- Satellite locations did not always deposit monies received timely and intact. For example, a deposit made by the Cassville campus on January 27, 2012, for $1,549, ($1,019 of which was cash) included monies received 8 days prior to the deposit. Additionally, $3,429 (including $2,605 cash) deposited by the Nevada location on January 17, 2012, included receipts dating back to January 5, 2012; however, three other deposits were made between these dates.

Because of the lack of receipt records and the poor receipting procedures at satellite locations, the college cannot demonstrate that monies received were accounted for properly. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, receipt slips should be issued in numerical order for all monies received which include the date issued, and the receipt books should be retained to ensure the validity of transactions and provide an audit trail. Depositing receipts timely and intact is necessary to properly safeguard receipts. Additionally, reconciling receipt slip amounts to deposits helps ensure all receipts are accounted for properly.

Recommendations

The Board of Trustees implement procedures at satellite locations requiring receipt slips to be issued for all monies received and personnel to reconcile the composition of receipt slips to the composition of deposits, and ensure monies collected by satellite locations are deposited timely and intact.

Auditee's Response

The CFO will prepare a uniform deposit template to be used by all satellite locations to ensure consistent reporting of deposits. Renewed efforts will be made to require deposits to be made daily and to ensure that the pre-numbered, sequential deposit books given to them are used in the proper order.

4. Alliance for Business Controls and Procedures

Control weaknesses exist in receipting, depositing, and cash handling procedures related to the Alliance for Business (Alliance).

The Alliance is a joint venture between Crowder College and Missouri Southern State University to provide a large range of training, assessment, and consulting services to local businesses located in the nine county area served by the college. Accounting functions of the Alliance are handled by Crowder College. The Alliance received and transmitted to the college $79,634 and $322,602 for the years ended June 30, 2011 and 2012, respectively.

4.1 Segregation of duties

The college has not adequately segregated duties related to billing clients and receiving payments, and invoices sent to clients are not pre-numbered. An Alliance employee bills clients for services provided and receives payments from the clients. Further, invoices sent to clients are not filed with the cashier's office, where payment is recorded in the college's accounting system.

Properly segregating the duties of billing clients from receiving payments helps ensure all transactions are accounted for properly and assets are adequately safeguarded. To ensure all invoices are accounted for properly, these forms should be pre-numbered and should be filed with the cashier's office.

4.2 Receipt record

The Alliance employee does not record the receipt of payments. A record of the receipt is prepared by the main campus accounting office after it has been forwarded by the Alliance along with a departmental deposit form.

To adequately account for all monies received by the Alliance, official pre-numbered receipt slips should be recorded at the time of receipt.

4.3 Written agreement

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. Payments to the consultant totaled approximately $38,000 during the 2 years ended June 30, 2012.

A formal agreement is necessary to ensure the college and the consultant are aware of their duties and responsibilities and to provide protection to both parties.

Recommendations

The Board of Trustees require the Alliance for Business:

4.1 Properly segregate the duties of preparing client billings from receiving payments and ensure invoices are pre-numbered.

4.2 Issue pre-numbered receipt slips at the time of receipt.

4.3 Enter into a written agreement with the Alliance consultant.

Auditee's Response

4.1 The Alliance will send copies of all pre-numbered invoices to the Cashier's Office. The Cashier's Office will match up deposits when received. A periodic review of open invoices will allow the Head Cashier to follow up on outstanding invoices. In addition, a periodic review by the Associate Vice President (VP) of Academic Affairs, matching the invoices held by the Cashier's Office with the past and current jobs performed by the Alliance, will verify the completeness of the invoices in the Cashier's possession.

4.2 The College plans to require that all payments for services by the Alliance be made to the Cashier's Office. This will mean that the Alliance will not to have to handle payments. The sequential receipting would then be handled by the Cashier's Office, which will have pre-numbered deposit slips.

4.3 *The College will implement contracts for part-time trainers that are similar to our adjunct teacher contracts. These contracts will list the requirements and duties for each training project.*

5. Procurement Policies and Expenditures

The college's procurement policy does not provide adequate guidance to employees, the policy is not always followed and many purchases are not bid. In addition, improvements need to be made with regard to procurement card procedures, payment processing, and food purchases.

5.1 Procurement policy

The college's procurement policy has not been updated in many years and does not adequately address all aspects of procurement. The policy does not address how bids are to be solicited or when sealed bids are to be used, or distinguish the handling of professional service from other purchases. Our audit identified several examples of poor procurement procedures.

Lack of bidding

The college did not bid several purchases.

- Travel arrangements for college sponsored trips are made exclusively through a local travel agency. College personnel indicated the college does not bid the travel expenditures or do any price comparisons because it prefers to use local vendors when possible. The college paid approximately $70,000 to the travel agent for travel costs related to trips to France and Costa Rica during the 2 years ended June 30, 2012.

- The college has not solicited bids for electrical services in more than 5 years, but has continued to use the same individual. Approximately $37,000 was paid to the electrical contractor during the 2 years ended June 30, 2012.

- The college contracted with an individual to provide construction labor for the remodel of the college bookstore which led to additional on-campus projects. The college did not solicit bids for the remodel of the bookstore or additional construction services totaling approximately $17,000.

- The college did not solicit bids for a copy machine costing $5,577. College personnel indicated the vendor was selected because the vendor services other machines on campus.

A comprehensive procurement policy addressing how bids are to be solicited would provide a more effective framework for economic management of college resources. Competitive bidding not only ensures the college is complying with its policies, but also helps ensure the Board has made every effort to receive the best and lowest bid, ensures all parties are given an equal opportunity to participate in college business and provides for economic management of college resources. Documentation of bids should always be retained as evidence the established purchasing procedures are being followed and to support decisions made. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice where applicable, a copy of all bids received, a summary of the basis and justification for awarding the bid, and documentation of all discussions with vendors.

Professional services

The college did not solicit competitive proposals for several types of professional services.

- The college paid a grant consultant $69,991 during the 2 years ended June 30, 2012, without soliciting proposals. College personnel indicated the vendor was chosen based on the vendor's previous success with grant awards.

- During the 2 years ended June 30, 2012, the college paid a security company $75,627 to supplement college security personnel during weekends and holiday periods without soliciting proposals. The contract with the vendor has been in place since 2005.

- Proposals have not been solicited since 2006 for legal services. Amounts paid to the firm totaled $53,309 during the 2 years ended June 30, 2012.

A more comprehensive procurement policy addressing the solicitation and consideration of proposals for professional services would provide a more effective framework for economic management of college resources. While professional services, such as consultants and attorneys, may not be subject to standard bidding procedures, the college should solicit proposals for professional services to the extent practicable. Soliciting proposals and subjecting such services to a competitive selection process does not preclude the college from selecting the vendor or individual best suited to provide the service required. Such practices help provide a range of possible choices and allow the college to make a better-informed decision to ensure necessary services are obtained after taking expertise, experience, and cost into consideration.

5.2 Prevailing wage requirements

The college did not include prevailing wage requirements in its request for proposals, and as a result, paid a contractor $6,186 more than the bid amount to construct a parking lot. According to bid documentation a company bid $55,103 to construct a parking lot at the Nevada campus; however, the college paid the contractor $61,289. College personnel indicated the amount paid was greater than the accepted bid price because the vendor was not aware of the requirement to pay prevailing wages, and the college failed to include this requirement in the bid specifications.

It is not clear from the bid documentation whether or not contractors included prevailing wage requirements in their bid calculations. As a result, there is no assurance the lowest and best bidder was awarded the contract. To ensure all bidders are on a level playing field the requests for proposals should include all applicable specifications, including prevailing wage requirements.

5.3 Procurement cards

The college has not established policies concerning procurement cards. During the 2 years ended June 30, 2012, procurement card purchases totaled approximately $540,000.

Procurement cards are official VISA and MasterCard credit cards designed to provide a more convenient procurement method than the purchase order system. The college has issued approximately 65 procurement cards to employees with monthly credit limits ranging from $500 to $17,000. College personnel indicated informal guidelines are provided to some, but not all card holders. To adequately control the use of procurement cards, college policies should provide guidance concerning the issuance, handling, usage, and reconciliation procedures for college issued purchase cards.

5.4 Payment processing

The college processed some payments without the payment request forms required by college policy.

College policy requires payment request forms to accompany invoices submitted for payment. The form documents supervisory approvals, coding information, and description information, and requires the requestor to indicate if the purchase was bid or an explanation of why bids were not obtained. The Accounting/Finance Department and Physical Plant Department submitted invoices that were processed without the use of payment request forms. While supervisors documented supervisory approval and coding information directly on the invoice, documentation regarding the bidding process was not included.

To ensure all payments are processed in accordance with college policy, payment request forms should be used as required.

5.5 Food purchases

The college does not have a comprehensive policy related to food purchases and does not adequately track the cost of food purchases.

While the college often purchases food for employee luncheons, department meetings, and other employee or Board of Trustee events, the only food policies maintained by the college relate to employee travel. Additionally, the college is unable to determine total food costs, because food purchases are posted to a variety of financial statement accounts, such as "travel" and "other". Some purchases are posted to inappropriate accounts. For example, a $118 food purchase from a fast food restaurant was posted to "office supplies." We searched the accounting records for disbursements related to food purchases and identified approximately $42,000 spent during the year ended June 30, 2012.

To ensure food purchases are properly monitored, the college should ensure food purchases can be tracked in total and expenditures are accurately identified in the college's accounting system. In addition, a comprehensive policy regarding food purchases would also help to further control or reduce expenditures in this area.

5.6 Credit card convenience fees

The college allows student accounts to be paid with personal credit cards; however, credit card users are not charged a convenience fee to offset the related costs to the college. Currently, credit card fees are absorbed by the college. The college paid approximately $82,000 in related credit card fees during the 2 years ended June 30, 2012.

According to college personnel, accepting credit cards as a method of payment is worth absorbing the related fees since the college receives the payments and does not have to try to collect later through debt collections. In addition, college personnel indicated it was the decision of the college not to burden students with additional fees.

Considering the costs of credit card fees paid by the college, the college should reconsider if absorbing these costs outweighs the benefits of not charging credit card convenience fees.

Recommendations

The Board of Trustees:

5.1 Revise college procurement policies to include adequate guidance on the method of soliciting bids, including when sealed bids are to be used, the solicitation and consideration of proposals for professional services, and required bidding documentation.

5.2 Ensure requests for proposals include all specifications, such as prevailing wage requirements.

5.3 Establish policies to provide guidance concerning the issuance, handling, usage, and reconciliation procedures for college issued procurement cards.

5.4 Ensure payment request forms are prepared for all payments processed.

5.5 Monitor the cost of and develop a comprehensive policy regarding food purchases.

5.6 Reconsider the decision to absorb credit card fees.

Auditee's Response

5.1 The College appreciates this recommendation and is undertaking a review of all policies and procedures related to billing and procurement this year, including the dollar amounts that items must be bid and advertised for bids.

The College would like to clarify a few of the items related to vendors:

1) *The amount paid to the travel agent included the cost of flight tickets, accommodations, transportation, etc. The travel agent only charged the College a small, per-ticket fee for the booking. Neosho only has one travel agent and the rates charged are minimal. The actual charges to the college for services would not exceed our bidding minimum.*

2) *From 2004-2006 a different grant-writing firm was paid $17,320 and did not write one successful grant. In November 2009, a grant-writing consultant was brought back in to discuss before College Council what they could do. The grant consultant was then selected based upon qualifications. They were contracted on a contingency basis. Since 2010 the College has received $964,000 in Title III grants and the consultant has received nothing if grants are not obtained.*

3) *The security company used allows the College to provide part-time security at satellite locations without having the added costs of employee benefits. A periodic calculation is done to make sure that this arrangement is in the best interest of the College. Going forward, the rates charged by the company will be periodically bid.*

4) *The board will implement a policy in accordance with Missouri statutes to seek bids for legal services as required.*

5.2 The College issues many requests for proposals and it was determined that one failed to mention the prevailing wage requirement. The College will continue to make sure that all future solicitations include the prevailing wage language.

5.3 The College will review and update, where necessary, policies for the use of procurement cards. The College will periodically ask its external auditors to perform certain agreed upon procedures to the *procurement practices being followed to verify the implementation and integrity of stated procedures.*

5.4 *The College will continue to use its required payment request forms and feels that controls over the accounts payable process are strong. Some departments (example: Maintenance) send through invoices directly for payment after the purchase has taken place. This is due to the time sensitive nature of the items the department needs. For example, when a sewer line backs up in the residence halls, it must be repaired immediately. In these instances, all invoices are approved by the department head and the appropriate VP before a check is issued. If questions arise as to why a product was ordered or a vendor used, the matter is dealt with immediately because all invoices are reviewed.*

5.5 *The College is a cost-conscious institution that monitors the cost-benefit value of all purchasing. Food purchases cover a wide variety of college-related activities: professional development (on campus or traveling), fund raising, entertaining, recruiting, etc. The College has modest per-diem rates in place to insure that individual food purchases are reasonable. Department heads and vice-presidents monitor their budgets to make sure food costs are controlled. The College will continue to evaluate the benefits of all food purchases.*

5.6 *The College has reviewed this decision on several occasions in the past. The Auditor's Office is in agreement that the amount of credit card fees absorbed by the College on the students' behalves is a relatively low percentage compared to some institutions. The College considers it a prudent cost of business as the College gets 100%, immediate receipt of payments made on credit cards. If it were a deterrent to pay with a credit card, the College believes it would spend more in collections and/or bad debts than what it costs to process the credit card payment. The College will continue to monitor this. The Board of Trustees believes that absorbing the fees is a benefit to the students and college alike.*

6. Salary Procedures

Salaries of some employees do not agree to salary schedules and adequate documentation and authorization are not always maintained for overload salary payments.

6.1 Salary schedule

Some employee salaries do not agree to college salary schedules. The college has three different salary schedules which are updated each fiscal year for classified staff, professional, and faculty. We reviewed the authorization and supporting documentation for the salaries of eight college employees and noted the amount paid to two employees was approximately

2 percent more than amounts shown on the applicable salary schedule. The Director of Human Resources indicated raises are sometimes given to employees at a certain percentage of their current pay and this will not always correspond to the applicable salary schedule; however, variances from the salary schedule were not documented in employee personnel files.

To ensure salary amounts paid to employees are accurate, adequate documentation should be maintained to document reasons why salaries or pay rates for some employees do not agree with the approved salary schedules.

6.2 Overload pay

The college does not always document extra duty compensation in written agreements. Faculty and other professional employees sometimes receive additional compensation, referred to by the college as overload pay, for extra duties which primarily include teaching courses beyond their normal workload. While the college had written agreements for overload salary payments for the summer semester, there were no agreements for overload pay during the fall and spring semesters. Overload payments to Crowder faculty and employees who accepted extra duties totaled $259,105 and $230,479 for the spring and fall 2012 semesters, respectively. In addition, overload salary agreements are not always properly approved by supervisors. For example, a department chairperson approved his own overload salary agreement for the summer semester of 2012 for $2,400.

Written agreements should exist for all overload work assignments documenting the amount of compensation for the additional duties, and should be approved by an appropriate supervisory authority.

Recommendations

The Board of Trustees:

6.1 Ensure adequate documentation to support employee authorized compensation is maintained.

6.2 Ensure written agreements documenting the amount of agreed upon extra duty pay are maintained and approved by an appropriate supervisor.

Auditee's Response

6.1 The College maintains contracts for all full-time and part-time salaried staff. In addition, the College issues contracts to all adjunct faculty. Overloads, extra-duty stipends, and other additional compensation are approved by supervisors prior to being processed by Human Resources (HR) and/or the appropriate VPs' office. Then the additional amount is reported to the payroll office. In some cases this has been handled by email and documentation has not been kept in the file.

The College, working through the HR Department, will audit this and complete documentation. In addition, procedures will be established to determine how the proper documentation should be prepared and placed in the employees' files.

6.2 *This will be addressed with the procedures explained in 6.1.*

7. Vehicle Usage and Fuel Logs

The college does not maintain mileage logs for some vehicles, and has not established adequate monitoring procedures over fuel purchases.

The college has a total of 68 vehicles, trailers, and all-terrain vehicles. Documentation of trip purpose and vehicle mileage is not maintained by several areas of college operation. For example, transport training, security, and the Alliance for Business operations do not track vehicle usage. As a result, it is not clear if all college vehicles are being utilized. In addition, college personnel purchase fuel with 64 fuel cards from three different vendors; however, mileage is not recorded when fueling vehicles, and the fuel used is not reviewed or reconciled to fuel purchases to determine if the amount of fuel used is reasonable. The college purchased fuel totaling approximately $102,000 and $79,000 for the years ended June 30, 2012 and 2011, respectively.

Mileage logs are necessary to document the appropriate use of vehicles, support fuel charges, and ensure vehicles are being utilized. Procedures for reviewing fuel used and reconciling use to fuel purchases are necessary to ensure the reasonableness and propriety of fuel use and disbursements. The failure to account for fuel use could result in theft and misuse going undetected.

Recommendation

The Board of Trustees require usage logs be maintained for all college-owned vehicles, periodically reconcile fuel purchased to amounts used, investigate any significant discrepancies, and dispose of any unused vehicles.

Auditee's Response

The college acknowledges that it has an exceptionally large list of vehicles for an institution of its size, largely because of its truck driver training program and college farm. (Eleven tractor-trailer rigs, twenty trailers, and 5 ATVs.) The College has already implemented the mileage tracking and analytics on usage. The College will also periodically evaluate the use and value of each vehicle.

8. Information Security

The college has not developed an adequate formal disaster recovery plan or performed background checks for all employees with access to sensitive information.

8.1 Disaster recovery plan

An adequate disaster recovery plan has not been developed to help ensure the college can promptly restore computer operations in the event of a natural disaster or other major disruptive event. The current disaster recovery plan provides some basic information, such as names and numbers of key contact people, but does not include procedures for implementing or activating disaster recovery. For example, the plan does not include a prioritized list of critical systems or detailed procedures for restoring these systems, and does not identify or specify responsibilities for carrying out the disaster recovery plan.

A comprehensive written disaster recovery plan should include plans for a variety of disaster situations and specify detailed recovery actions required to reestablish critical computer and network operations. In the case of a disaster or other disruptive event, such documentation can reduce confusion and provide a framework for the uninterrupted continuance of operations. Once an adequate disaster recovery plan has been developed and approved, the plan should be periodically tested and reviewed.

8.2 Background checks

Some current information technology employees did not receive background checks prior to employment. According to accepted standards[1], background checks should be performed for new employees and periodically for current employees dependent on the sensitivity and/or criticality of the job function. Without performing appropriate background investigations, there is an increased risk of exposing sensitive information to an employee with a criminal background.

Recommendations

The Board of Trustees:

8.1 Develop a comprehensive disaster recovery plan, and periodically test and evaluate the plan.

8.2 Identify sensitive employee positions and perform periodic background checks for these employees.

Auditee's Response

8.1 The College Information Technology Department has a disaster recovery plan that indicates all important contact persons (including company, phone number and email address), critical software information, and backup strategies. The College also keeps backups in the College Federal Emergency Management Assistance (FEMA) shelter, in off-site storage and will soon be adding a redundancy at the McDonald County Campus. The College also periodically tests and evaluates the plan each time a server has to be formatted and brought online. The College will work to continuously improve our plan by adding additional contact

[1] COBIT 5 Enabling Processes, AP007 Manage Human Resources. © 2012 ISACA. All rights reserved. Used with permission.

information on key personnel and by searching best practices of other institutions.

8.2 *The College has discussed this previously and the College and Board of Trustees will review existing policies and/or procedures to determine who merits periodic checks and what should be put in place to perform periodic background checks on these personnel.*

9. Closed Meeting Minutes

Minutes are not prepared for closed session meetings of the Board of Trustees. Ten closed session meetings were held by the Board during the 2 years ended June 30, 2012, and open session meeting minutes indicated no decisions were made during the closed sessions.

Section 610.020, RSMo, requires governmental bodies to prepare and maintain minutes of open and closed meetings, and specifies details that must be recorded.

Recommendation

The Board of Trustees ensure minutes are prepared and retained for all closed meetings.

Auditee's Response

The Board of Trustees will fully comply with Missouri law to insure that minutes are prepared and retained for all closed meetings.

10. Foundation Subsidization

The college subsidizes certain operating expenses of its foundation which may violate the Missouri Constitution.

The Crowder College Foundation, Inc., established in 1965, is a not-for-profit 501(c)(3) tax exempt organization. The foundation encourages and supports giving for the benefit of Crowder College. The foundation acts as the principal organization through which private gifts are made and administered for the benefit of the college.

The college's Director of Development and Grants performs work for both the foundation and the college, but is paid entirely with college funds. Neither the college nor the foundation maintain records to track whether time worked is related to the foundation or to college matters. For the year ended June 30, 2012 , the Director's salary was approximately $70,000.

Additionally, the college provides office space on campus to the foundation, and the foundation is also a named insured on the college's property and general liability insurance coverage.

The practice of subsidizing the foundation with college funds may constitute the granting or lending of public funds to a private entity which is prohibited by Article III, Section 38(a) and Article III, Section 39(1) Missouri Constitution.

Recommendation

The Board of Trustees discontinue the practice of subsidizing operations and activities of the foundation.

Auditee's Response

The Crowder College Foundation was created by the Board of Trustees in 1965 solely to benefit the college and the students it serves. The role of the Crowder College Foundation is to support Crowder in carrying out its mission, and without exception, this is what it has done. The Foundation has received over $5,000,000 in donations and pledges over the last five years. Case law interpreting Article VI, Section 25 of the Missouri Constitution holds that there is no violation of the prohibition to grant public funds to a private entity, in this case a 501(c)(3) organization, when public funds are spent for public purposes. As such, any funds expended by the College in support of the Foundation are for public purposes specifically related to college programs and activities. It is for this reason that the College affirms its belief that College support of the Foundation is legal and within the parameters of the Missouri Constitution.

Crowder College
Organization and Statistical Information

Crowder College, located in Neosho, Missouri, was established in 1963 as the Community College District of Newton-McDonald Counties. The college is named for General Enoch Crowder, a prominent Missourian. The college commenced operations in the remaining buildings from Camp Crowder, a camp built as part of the build-up to World War II. Leaders of the two-county area envisioned the potential for creating a junior college from the remains of the camp, and through their work, Crowder College became a reality. In the fall of 1964, the college began operation with 378 students. Today, the college enrolls over 5,000 college credit students and several thousand others annually in industrial training, family literacy programs, and continuing education.

In addition to the main campus in Neosho, Crowder operates three instruction centers in the surrounding towns of Cassville, Nevada, and Webb City. Crowder College also offers classes in various towns throughout the nine county service area including Carthage, Greenfield, Lamar, Pineville, Anderson, Monett, and Mt. Vernon. The college's nine county service area includes the counties of Newton, McDonald, Barry, Lawrence, Jasper, Barton, Dade, Cedar, and Vernon.

In the fall of 2012, the college's combined fall student enrollment for all campuses totaled 5,590. The college employed 460 full-time, part-time and student employees, including 6 executives, 15 other administration, 170 staff, 220 faculty and 49 student employees as of June 30, 2012.

The college is governed by a six member Board of Trustees. Board members are elected in the April general election in odd-numbered years, with each term running for 6 years. The Board functions as the legislative and policy-making body of the district, charged with the oversight and control of the college. The Board is responsible for defining the purpose of the college, developing and adopting the mission statement, appointing the president of the college, and approving all personnel and financial dealings. Board of Trustees meetings are held the fourth Thursday of each month in the Student Center and are open the public.

Board of Trustees

Name	Position	Term Ends
Andy Wood	President	2013
Rick Butler	Vice President	2017
Vickie Barnes	Treasurer	2013
Al Chapman Ph.D.	Secretary	2015
Diane Andris	Board Member	2015
James B. Tatum	Board Member	2017

Executive Officers

The direction of daily operations is the responsibility of the administrative employees who serve under the leadership of the college president. These employees and their annual compensation as of June 30, 2012, were as follows:

Name	Position	Compensation
Dr. Alan Marble	President	$145,673 (1)
Dr. Jim Cummins	Vice President of Finance	$105,000
Dr. Glen Coltharp	Vice President of Academic Affairs	$105,000
Dr. Nicole Striegle	Vice President of Student Affairs	$105,000
Amy Rand	Associate Vice President of Academic Affairs	$74,027
Ken Rhuems	Associate Vice President of Careers and Technical Education	$80,707

(1) Includes $133,673 salary, $6,000 housing allowance, $3,000 automobile allowance, and $3,000 annuity.

American Recovery and Reinvestment Act 2009 (Federal Stimulus)

According to college personnel, the college was awarded stimulus funding from the American Recovery and Reinvestment Act of 2009, as follows:

A $83,481 Recovery Act: Scholarships for Disadvantaged Students grant was awarded by the U.S. Department of Health and Human Services for scholarships to eligible students. As of June 30, 2012, $83,481 was received and expended by the college related to this grant. According to college personnel funds from this grant were spent on student scholarships. No jobs were created with this funding. The college does not anticipate any additional funds to continue this program.

A $3,576,760 Recovery Act: High Growth and Emerging Industries grant was awarded by the Department of Labor. As of June 30, 2012, $1,614,314 was received and expended by the college for personnel and equipment related to the development of training programs. Ten positions have been created with the funding. The college estimates it will be able to retain nine of these positions once the grant funds are expended. The exact number of grant funded positions to be retained by the college will be determined at a later date. These positions will be funded by college general revenues at the end of the grant.

A $191,182 grant was awarded from the U.S. Fish and Wildlife Service for the construction of a solar water heating system at the nearby Neosho National Fish Hatchery. As of June 30, 2012, $78,925 was received and expended by the college related to this grant. As a result of this funding 1.08 jobs were created. The college is unsure if these jobs will be retained at the end of the grant and has no plans to fund this program after grant funds are expended.

A $758,112 Recovery Act: Community Development Block Grant was awarded by the U.S. Department of Housing and Urban Development and passed through the Missouri Department of Economic Development and Newton County. As of June 30, 2012, $758,112 had been expended. These funds were used for training programs and equipment that included health care training, wastewater training, transport training, collision repair training, and pilots training. Three jobs were created with this funding. The college estimated that two of these jobs will be retained. The programs and positions funded will continue to be funded by the college upon the conclusion of the grant.

A $301,031 Recovery Act: State Energy Sector Partnership and Training grant was awarded by the U.S. Department of Labor and passed through the Missouri Department of Economic Development - The Curators of the University of Missouri for the development of curricula needed for sustainable energy and energy efficiency education and training programs. As of June 30, 2012, $106,097 was received and expended by the college related to this grant. As a result of this funding, 1.44 jobs were created. College personnel are unsure how many jobs will be retained after the funds are completely expended. College personnel also stated that the programs will likely be funded by the college once the grant funds are expended.

Financial information and an organization chart follow:

Appendix A

Crowder College
Revenues, Expenses, and Changes in Net Assets

		Year Ended June 30, 2012
OPERATING REVENUES		
Student tuition and fees (net scholarship allowances)	$	4,167,314
Federal grants and contracts		28,383,394
State and local grants and contracts		2,015,458
Auxiliary services revenues		3,881,342
Other operating revenues		2,882,445
Total Operating Revenues		41,329,953
OPERATING EXPENSES		
Compensation and benefits		19,122,288
Supplies and other services		8,913,921
Utilities		656,206
Depreciation		1,754,437
Scholarships and fellowships		10,340,563
Other operating expenses		1,014,520
Total Operating Expenses		41,801,935
Operating Loss		(471,982)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations		2,941,114
County property tax revenue		3,110,102
Gifts and donations		332,390
Investment income		13,565
Interest on debt related to property and equipment		(263,929)
Customized training		829,754
Other nonoperating revenues		0
Total Non-Operating Revenues (Expenses)		6,962,996
Increase in net assets		6,491,014
NET ASSETS, Beginning of Year		41,730,673
NET ASSETS, End of Year	$	48,221,687

Source: Crowder College's audited financial statements. The financial statements of the foundation are not included.

Appendix B

Crowder College
Organizaton Chart
June 30, 2012