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FOLLOW-UP REPORT ON AUDIT FINDINGS

Francis Howell R-III School District

Report No. 2026-059

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Francis Howell R-III School District
Follow-Up Report on Audit Findings
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*Includes selected findings

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Board of Education
Francis Howell R-III School District

We have conducted follow-up work on certain audit report findings contained in Report No. 2024-105, *Francis Howell R-III School District* (rated as Poor), issued in December 2024. The objectives of the follow-up were to:

1. Identify audit report findings for which follow up is considered necessary, and inform the district about the follow-up review on those findings.

2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:

    - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
    - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
    - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
    - Not Implemented: Auditee has not implemented the recommendation and has no specific plans to implement the recommendation.

As part of the work conducted, we reviewed documentation provided by district personnel to verify the status of implementation for the recommendations. Documentation provided by the district included updated policies; construction project documents including bids, request for proposals, and tracking reports; attendance reports; safety drill logs; cash audits; and other pertinent records. This report is a summary of the results of this follow-up work, which was substantially completed during October 2025.

We also conducted an investigation of the July 2025 termination of the Superintendent in accordance with Section 29.221, RSMo. The results of our investigation are presented in our *Investigative Summary, Francis Howell School District Superintendent*, issued in June 2026.

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State Auditor

Francis Howell R-III School District
Follow-Up Report on Audit Findings
Status of Findings

1. Proposition S

The district did not plan, procure, or develop bond-financed Proposition S (Prop S) projects transparently, which contributed to uninformed Board decisions and public dissatisfaction. The district publicized unrealistic construction costs and project projections, and actual costs exceeded estimates, with the new Francis Howell North High School (FHN) costing $164.7 million, leaving fewer projects completed than promised to voters.

1.1 Construction costs

District officials were not transparent with the Board or the public about cost estimates for the new FHN. In 2019, the district publicized a significantly underestimated initial estimate of $86.35 million in Prop S marketing materials, even though higher estimates were available as early as 2018. Even after district officials became aware of project scope changes and higher costs, they withheld this information from the Board and the public for almost a year. During this time, the Board approved $38 million in bid packages without knowing the full project cost. When the final guaranteed maximum price of over $164 million was presented in November 2021, it was nearly double the amount communicated in Prop S marketing materials.

While district officials were not transparent with the Board or the public, the Board also did not ensure various committees and design teams related to Prop S provided periodic cost updates on projects during the initial construction phases or maintained meeting minutes, and the Board did not request additional information early in the FHN project. The lack of timely updates and oversight limited transparency, reduced the Board's ability to make informed decisions, and contributed to the elimination of 71 originally planned Prop S projects, totaling at least $56.18 million.

Recommendation

The Board of Education ensure full transparency for all existing and future capital projects, including establishing policies and procedures to require detailed updates of project progress and costs and to ensure meeting minutes are taken by all committees. In addition, the Board should ensure it has received all the information necessary to fully evaluate the project before approving capital project bids and contracts.

Status

In Progress

The Executive Director of Facilities and Operations (EDFO) now provides weekly/bi-weekly reports to the Superintendent's cabinet on bond-funded and other capital projects. In addition, the district is revising Board Regulation 3330 to require such reports.

Pertinent information from the cabinet reports is shared with the Board weekly. Information provided to the Board is also available to the public as part of the Board meeting agendas posted to the district website. Additionally, the EDFO has started providing a quarterly construction progress presentation during open Board meetings in February, May, August, and November. We reviewed the weekly construction updates for the weeks ended June 13, 2025, and July 11, 2025, and the quarterly construction progress presentation for August 2025 and observed slides showing the status of construction projects throughout the district. Slides included the timing of each project for milestones such as bidding, Board approval, construction start, and completion dates. In addition, the Board now requires minutes to be taken by committees.

1.2 Project manager and architect selection

District officials improperly limited competition for Prop S project management services by requiring firms to hire a former district employee as project manager, even though this condition was not included in the original request for qualifications. This requirement excluded the highest-ranked firm from consideration and led to the selection of a lower-scoring firm owned by the former employee's brother. The lack of documentation explaining the change in recommendation, along with the individual's unique eligibility, created at least the appearance of bias and a potential conflict of interest.

We also noted similar concerns with architectural services. Rather than soliciting qualifications as required, the district continued using the firm that had developed its 2018 Comprehensive Facilities Master Plan, amending its existing contract to cover new Prop S work. This decision was made primarily based on the firm's prior relationship with the district.

Recommendation

The Board of Education ensure the selection process is equitable and transparent and qualification requests do not unfairly limit eligible candidates. In addition, the Board should periodically request and evaluate qualifications for architectural services.

Status

Implemented

District officials indicated the Purchasing Manager now oversees the procurement process. We reviewed the updated job description for the Purchasing Manager and noted it includes provisions requiring the manager to oversee informal and formal bid processes including evaluation, negotiations, and recommendations to the Board. The Board requested qualifications for architectural services in May 2024, and approved a firm recommended by district personnel after the Board reviewed qualification and interview documents.

The district used both the "design, bid, build" method and cooperative purchasing for current projects. We reviewed procurement documents for 1 construction project conducted under the design, bid, build model and 1 construction project conducted using a cooperative purchasing process and noted no issues.

2. Safety Drills

District schools did not consistently conduct or document required safety drills, and oversight was limited. A review of 2022-2023 safety drill records for 22 schools showed missing, improperly timed, or undocumented intruder, fire, tornado, and earthquake drills, and safety audits did not initially detect these issues. In addition, Board regulations, district guidelines, and drill forms were inconsistent.

Recommendation

The Board of Education ensure safety drills are conducted as required and appropriately documented and ensure policies, regulations, and guidelines are consistent and appropriately communicated.

Status

In Progress

We reviewed the 2024-2025 school year safety drill records for all 23 schools. Out of the records reviewed, 16 schools had missing drills and/or errors including counting planned intruder drills as surprise drills and conducting 2 drills in 1 semester instead of 1 per semester for tornado, earthquake, and fire drills.

The district conducted safety audits for all 23 schools for the 2024-2025 school year and engaged a firm to conduct a third-party assessment over safety and security. The Board is currently reviewing the assessment recommendations and is in the process of implementing changes. The district hired a Director of Safety and Security, effective July 1, 2025, whose job description includes ensuring regular safety drills occur to prepare all staff and students for emergencies. The district also began tracking safety drills electronically for increased visibility and accountability for the 2025-2026 school year. In addition, the Board has updated Board Regulation 5240 and Board Policy 5240 for consistency, and district personnel indicated the district no longer uses the Emergency Drill Guidelines document.

3. Attendance

The district did not have sufficient procedures to limit access to attendance records. In addition, attendance coding and training procedures needed improvement.

3.1 Attendance system

The district's attendance system allowed changes to student records for extended periods without adequate review, and some users had more system access than necessary. Certain personnel could edit attendance until data was submitted to the Department of Elementary and Secondary Education (DESE), but changes were not routinely reviewed. While the system could generate reports of attendance changes, these reports were only run upon request. In addition, upper level administrators, including the Superintendent, had edit access beyond what was required for their limited review responsibilities.

Recommendation

The Board of Education implement additional controls and procedures over attendance data, including restricting the time period when changes can be made without authorization, reviewing available reports, and limiting user access rights to only what is necessary to perform job duties.

Status

Implemented

All attendance changes must now be requested and approved by the Director of Student Services before being changed. The district's administrative assistants and supervising administrators meet monthly to review attendance changes. District personnel indicated they will be recommending changing these to weekly meetings. Additionally, district personnel indicated attendance system permissions for directors and above were changed to read-only access.

3.2 Attendance hours

The district improperly showed some students as attending school because the "COL" code, used for college campus visits, was incorrectly programmed, resulting in excess state funding. Time coded for college visits was counted as instructional attendance, overstating high school attendance by 3,075 hours over 2 school years, resulting in approximately $11,500 in excess funding. DESE guidelines state college visits should be considered absences. The district's annual review of attendance codes did not detect this error.

Recommendation

The Board of Education correct attendance records and coding for any attendance improperly reported, and periodically review attendance coding to ensure compliance with district and DESE attendance guidelines.

Status

Implemented

The district corrected the programming in the attendance system, so the "COL" code no longer counts students as present. We reviewed attendance code reports for all high schools for the 2024-2025 school year and noted all attendance coded as "COL" was marked as an excused absence. The district also conducted attendance manual trainings for all personnel with edit access in the attendance system, and indicated a review of attendance codes will occur annually.

5. Accounting and Cash Handling Controls and Procedures

District oversight of accounting and cash handling procedures at school buildings needed improvement.

5.1 Cash handling policies and procedures

The district did not provide sufficient guidance to schools on receipting, and cash handling procedures were inconsistent. Some school personnel maintained their own procedures while others indicated cash handling processes were communicated from previous employees. As a result, schools used varied or informal procedures, creating inconsistencies and control weaknesses.

Recommendation

The Board of Education ensure district procedures are consistent, formally documented, and communicated to all employees responsible for cash handling.

Status

In Progress

District finance office personnel held workshop trainings on cash handling procedures for administrative assistants to address the concerns. We reviewed attendance records for the July 2025 Finance Workshop and noted those attending included administrative/executive assistants from school buildings and the central office. District personnel indicated, in the future, they will provide a routine communication to all administrative assistants about cash handling procedures. Finance personnel again held meetings with all school principals and administrative assistants in October 2025 to discuss cash handling policies and procedures.

5.2 Segregation of duties

District officials did not adequately segregate duties or perform documented supervisory or independent reviews of accounting records. At the schools visited, administrative assistants received and recorded money, prepared deposits, and secured funds without independent review beyond a comparison of deposit slips to bank records. None of the administrative assistants counted receipts in front of another staff member as required.

Recommendation

The Board of Education adequately segregate accounting duties or ensure documented supervisory or independent reviews of detailed accounting records are performed.

Status

In Progress

In December 2024, the district engaged an accounting firm to review its finance procedures. The assessment included several recommendations for segregation of duties, including a physical count and signature from employees when remitting funds and training for new building administrative assistants. District personnel indicated they are reviewing the firm's recommendations and will adjust current procedures accordingly. The district now requires a supervisory review of deposits prior to sending to the bank. The review includes comparing receipt slips to deposit amounts and ensuring required signatures designating the receipts were counted are present. However, the supervisory review process is not documented in policy or regulations.

5.3 Receipts and deposits

School administrative assistants did not consistently issue receipt slips or maintain receipt logs, and supporting documentation was often missing. Deposit practices varied across schools and did not follow the requirement for daily deposits, with some deposits held for weeks or until funds reached certain amounts. At one school, receipts awaiting courier pickup were left in unsecured areas, which did not align with district policy and the Business Operations Manual.

Recommendation

The Board of Education ensure money is properly receipted, supported, transmitted, and deposited timely. Also, the Board should ensure money is properly secured.

Status

In Progress

As previously noted, the district engaged a third-party review of finance procedures. The assessment included recommendations for receipting, including tracking athletic game ticket sales for reconciliation and implementing a procedure to reconcile preschool and childcare receipts to the general ledger. District personnel indicated they are reviewing the recommendations and will adjust current procedures accordingly. In addition, as noted in section 5.1, the district finance office personnel held workshop trainings to communicate cash handling procedures to administrative assistants, including depositing procedures and the secure handling of money.

5.4 School building funds

District officials were not aware of all money maintained at school buildings. Four schools maintained petty cash funds of $200 to $500, and 2 high schools reported change or reserve funds totaling approximately $2,000 and $3,800. One school also had approximately $1,100 in its vault but school personnel were not aware of its origin. The finance department did not have records of these funds, and district policies did not address oversight of money maintained at schools.

Recommendation

The Board of Education establish procedures to identify and track funds maintained at school buildings.

Status

Implemented

District personnel indicated schools no longer maintain petty cash funds. In addition, district personnel established procedures to conduct periodic cash audits at the various schools. Personnel conducted an audit, in April 2025, of cash maintained at all schools and now include this information on the district balance sheet. We reviewed the audit documentation and noted no issues. Additionally, we reviewed the district's audit schedule for cash in schools, which indicates all schools will be audited during the 2025-2026 school year.

6.1 Payroll and Personnel Procedures - Leave policy

District policies and regulations did not reflect the maximum vacation leave senior level administrators could carry over from year to year. Instead, the 150% carryover limit was documented only in an informal human resources document with no evidence of Board approval. District regulations addressed vacation leave carryover for most employees but did not specify limits for chief, director, or manager-level staff.

Recommendation

The Board of Education establish formal annual leave schedules for senior administration employees.

Status

Implemented

The district updated Board Regulation 4330SU, effective June 2025, and employment contracts for senior administrators, effective for the 2026-2027 school year, to include the 150% carryover limit. We reviewed the revised regulation and draft versions of director employment contracts and noted the 150% carryover limit was included.

6.2 Payroll and Personnel Procedures - Commuting miles

The district did not properly report commuting mileage as a taxable fringe benefit for employees commuting with district-owned vehicles and did not require mileage logs. As a result, the district lacked adequate records to ensure personal and commuting mileage was accurately reported.

Recommendation

The Board of Education comply with IRS guidelines for reporting fringe benefits related to personal and commuting mileage and require logs to provide supporting documentation for vehicle usage.

Status

Implemented

The district now requires employees maintain a vehicle usage log and submit the log monthly to the payroll department for processing. We reviewed the 2025 master mileage log and noted it included the number of days for each time period and the taxable benefit for each employee.