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CITIZENS SUMMARY

Findings in the audit of the Lee's Summit R-VII School District

Procurement Procedures

The district did not competitively bid several purchases in accordance with district administrative procedure and state law, including travel services (\$29,172), installation of technology equipment (\$21,866), and printing (\$20,357), and did not always document in writing single feasible source justifications. District administrative procedures require competitive, advertised, sealed bids for construction of facilities costing \$15,000 and above and require bids for individual non-construction purchases projected to cost \$5,000 or more and quotes for non-construction purchases under \$5,000. The district does not always document the evaluation and selection of architectural/construction management services for non-bond issue projects as required by board policy and state law. The district has not periodically solicited proposals for some professional services and has used the same vendors for several years. The district has used the same auditor for 15 years, diversity initiative provider for 6 years, and primary legal counsel for 4 years without periodically soliciting proposals.

Written Agreements

The district does not have written agreements with the entities providing legal services or the communications audit, and district officials did not sign an education services contract for the 2012-2013 school year until March 28, 2013. The district pays \$25,000 to the Lee's Summit Economic Development Council for membership, but the council's website indicates maximum membership benefits are available for \$10,000, and it is unclear what additional benefits the district receives for the additional contribution. The district subsidizes a significant portion of the operating expenses of the Lee's Summit Educational Foundation, a legally separate not-for-profit corporation, and has not entered into a written agreement with the foundation. The foundation's employees, its Director, and Administrative Assistant are housed in the district's main administration building free of charge, and the district pays their salaries and fringe benefits and other foundation expenses even though they spend only 10 percent of their time working on district activities.

Disbursements

The district did not adequately monitor contract payments, and a contractor overcharged the district \$4,095 in the 2012-2013 school year. The contractor subsequently reimbursed the district. The district does not competitively bid significant changes to construction projects and does not always timely approve construction change orders. The district paid a \$25,340 change order for a paving project at Lee's Summit North High School that was not included in the vendor's original bid proposal, and the Board did not approve and district officials did not sign the change order until at least a week after the work was complete. The district paid a \$60,616 change order for carpet removal and replacement at Meadow Lane Elementary that was not included in the vendor's original bid proposal and approved by the Board. The district does not monitor purchasing card transaction limits, and limits for some individuals are excessive. The district has over 900 purchasing cards assigned to various personnel with monthly limits ranging from \$1,000 to \$600,000.

Vehicle Allowances

The district has historically paid a vehicle allowance to several employees who use their personal vehicles to conduct official business within the district, but, other than for the superintendent, the district does not include vehicle allowances in employee contracts, and the Board does not approve the allowances as additional compensation. The district has not performed an analysis to ensure the vehicle allowances meet the needs of these positions or are reasonable. Using the IRS-allowed mileage rate, the superintendent would need to travel over 26,000 business-related miles to earn the \$15,000 vehicle allowance he would have been paid for the year ended June 30, 2014. This number of miles is considerably more than the 4,284 business-related miles he drove his district-provided vehicle during calendar year 2012. The Board indicated in its response to our recommendation that it will no longer provide the superintendent with the vehicle allowance.

Land Purchase

The district purchased approximately 51 acres of land in December 2012 for \$775,000 to be used for the district's fourth middle school, but it did not obtain an independent appraisal, so it has less assurance it paid the fair value of the property.

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

*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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