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FOLLOW-UP REPORT ON AUDIT FINDINGS

St. Joseph School District

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St. Joseph School District

Follow-Up Report on Audit Findings

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NICOLE R. GALLOWAY, CPA
Missouri State Auditor

To the Board of Education
St. Joseph School District

We have conducted follow-up work on certain audit report findings contained in Report No. 2015-006, *St. Joseph School District* (rated as Poor), issued in February 2015, pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the school 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 indicates that it will not do so.

Our methodology included working with the school district, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. As part of the AFTER work conducted, we reviewed the district's action steps, which were developed in response to our audit report and are available on the district's website. We also met with school district officials, and reviewed documents provided to us. Those documents included Board of Education meeting minutes, compensation plans, compensatory balance reports, employee contracts and timesheets, summer school plans, budget documents, accounting system reports, bid and request for proposal documentation, expenditure reports, and the technology disaster recovery plan. This report is a summary of the results of this follow-up work, which was substantially completed during June 2015.

A handwritten signature in black ink that reads "Nicole R. Galloway".

Nicole R. Galloway, CPA
State Auditor

St. Joseph School District

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Status of Findings

1. District Compensation The St. Joseph School District's (district) use of its existing salary schedules and stipend system resulted in a confusing, inconsistently applied, and poorly documented system of compensation. In addition, the district had not performed cost analyses or studies to determine whether hiring additional employees might have been more cost effective than paying significant amounts of overtime to existing staff.
- 1.1 Salary schedules and employment contracts Salary schedules were not complete or always properly approved and there were no salary schedules for some classes of employees. In addition, the district did not have adequate documentation to support some employees' placement or advancement on respective salary schedules.
- District officials did not provide the Board all salary schedules for approval, and salary schedules provided to and approved by the Board were incomplete. In addition, there were no salary schedules supporting Parents as Teachers (PAT) educators' or summer school teachers' salaries. As a result, the Board only approved compensation for these employees in total through adoption of the district's annual budget for these programs. The district's placement or advancement of some employees on applicable district salary schedules was not always adequately documented, in accordance with policy, or approved by the Board. The Board did not review or approve certified teacher or administrator employment contracts. Some employment contracts did not include all employee compensation and district personnel did not prepare amendments for additional compensation provided to various employees. In addition, several employees were paid in excess of their contract.
- 1.2 Stipends Significant issues existed with district provided stipends. The district failed to establish adequate policies and procedures regarding all stipends, and adequate documentation of the stipend amounts paid to employees was not always retained. Most stipends were not approved by the Board, even if included in employment contracts, and documentation was not retained to justify that payments were actually for responsibilities performed outside normal contracted duties.
- We identified several concerns regarding the stipend approval process, documentation, and payments.
- The district provided numerous stipends that were not included in Board approved salary schedules or otherwise approved by the Board. In addition, in August 2013 the Superintendent approved additional travel allowances (beyond amounts already approved in the salary schedule) and night duty stipends totaling approximately \$250,000 to 54 employees. The district did not amend the employees' contracts to reflect the addition of and/or change in the already approved amount of



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their contracted travel allowance and night duty stipends. The Board retroactively approved these stipends in February 2014.

- Numerous stipend payment amounts did not agree to approved salary schedules or employee contracts.
- The district did not retain documentation for numerous employee stipends to justify payment for responsibilities performed outside an employee's normal contracted duties. In some instances the stipends appeared to be extra pay for something the employee was already doing or expected to do. In addition, current district officials were unable to determine why some "additional" stipends were ever provided to employees. These stipends totaled several thousands of dollars over some employees' base salaries.
- The district did not always contract for the number of days an employee is required to work, unnecessarily increasing the number of stipends. The district included stipends in each employee's contract, but the stipends were not always in Board approved salary schedules or otherwise approved by the Board.
- The district also did not have policies governing several other stipend payments made to district employees including those for obtaining certifications, attending meetings such as new teacher orientation, and participating in professional development opportunities. Criteria had not been established defining how this compensation is earned.

Recommendation

The School Board conduct a formal compensation study, revise salary schedules, and eliminate unnecessary stipends. In addition, the Board should provide additional oversight and approval regarding compensation decisions. The Board should also ensure that compensation amounts paid agree to authorized amounts.

Status

In Progress

The Board issued a request for proposal for a compensation study in April 2015 and selected a vendor in May 2015. The study will be conducted between May and September 2015 and results presented to the Board in October 2015. In January 2015, the Board adopted a salary schedule for the 2015-2016 school year that incorporated all previous administrator stipends into the base salary amounts. The only additional compensation now available for administrators is for graduate degrees. The district also developed administrator contracts rather than continuing to use teacher contracts for the various administrative positions. Additional compensation for teachers and other staff was included in salary schedules approved by the Board.



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Three Board members reviewed all of the 2015-2016 administrative contracts in April 2015 and the Board President signed all administrative contracts. These Board members also reviewed selected teacher contracts and compared the salaries to a summary spreadsheet of all teachers' compensation to ensure the compensation listed in the teacher contracts agreed to approved compensation schedules. These reviews were documented. The Board Policy Committee also reviewed the Board policy for Certified and Classified Staff Contracts and Compensation Plans in March 2015.

1.3 Additional compensation

The school district used a variety of methods for providing additional compensation, including allowances, stipends, and other contracted payments to various district employees. Some compensation appeared questionable and unnecessary.

- The district had not documented the basis for the Superintendent's monthly vehicle allowance or employee travel stipends.
- The district's final contract with a former Superintendent included a provision for the district to provide medical insurance for life after he retired on December 31, 2005.
- In May 2013, the district paid \$99,734 to the Public Schools Retirement System of Missouri to purchase 2 years additional employment credit on behalf of another former Superintendent as an incentive for her to retire effective June 30, 2013.
- An employee under contract through June 30, 2013, continued to receive compensation from the district while on medical leave after exhausting all leave balances in February 2013.
- The district continued to provide "in lieu of health insurance" stipends to several employees.

Recommendation

The School Board review vehicle allowances and travel stipends and set amounts to reasonably reflect the actual expenses incurred by employees. In addition, the Board should consider eliminating unnecessary additional compensation payments.

Status

In Progress

No travel stipends were included in 2015-2016 compensation plans for administrators. The previous travel stipends were included in the base salaries for administrative staff and no additional compensation will be provided for travel. The Interim Superintendent does not receive a vehicle allowance. District officials indicated certified non-administrative staff will be reimbursed for mileage at the Internal Revenue Service approved



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reimbursement rate. We reviewed the 2015-2016 compensation plans and noted there is only a travel salary schedule for coordinators, early childhood teachers, traveling certified staff, family involvement staff, and Reserve Officer's Training Corps instructors. "In lieu of health insurance" payments were also incorporated into the applicable employees' salaries and will no longer be offered as a stipend. In September 2015, the Board voted to discontinue paying for a former Superintendent's health insurance. The Board indicated it will consider eliminating unnecessary additional compensation payments in the future as applicable.

1.4 Overtime payouts

The district paid overtime to Maintenance Department employees when not required by the Fair Labor Standards Act of 1938 or Board policy. In addition, the district has not reviewed staffing and workloads for positions that incur frequent overtime payments to determine whether workloads need to be adjusted or whether more full- or part-time personnel should be hired. For the year ended June 30, 2014, the district paid approximately \$472,000 in overtime.

Recommendation

The School Board ensure compliance with the district overtime policy. In addition, the Board should review staffing and workloads to identify ways to reduce overtime and areas where additional personnel may be needed.

Status

In Progress

District personnel indicated the Chief Financial Officer and Business Office personnel are analyzing overtime by department and are working to set overtime limits by department and inform supervisors about the amount of overtime being used. The district is also considering implementing a new electronic time clock system. District officials indicated this change will help ensure compliance with district overtime policies. The district is also considering requiring a two-signature system for overtime approval to help ensure compliance.

2.1 Payroll, Procedures, Records, and Policies - Payroll procedures

The district had not established adequate segregation of duties or supervision over the payroll functions. In addition, various district personnel did not perform sufficient reviews of or maintain up-to-date time records.

- Payroll duties were not always adequately segregated. During the personnel budgeting process, prior to the start of each new school year, the Business Office was short staffed and granted the Human Resources Department system access to both establish new employees and enter their pay amounts.

Non-exempt employees prepared timesheets and leave requests; however, these documents were not always signed by the employees or



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their supervisor to document approval of time worked, overtime earned, and leave used.

- The district did not maintain up-to-date compensatory time accrual records for employees. The Controller indicated compensatory time records were updated and paid out prior to the fiscal year end as appropriate, but due to staffing constraints the Payroll Department was unable to keep records up to date.

Recommendation

The School Board segregate payroll duties to the extent possible and implement appropriate reviews and monitoring procedures, and ensure timely tracking of compensatory time accruals.

Status

Implemented

The Business Office has been reorganized to add another person to the payroll function to allow for improved segregation and review of payroll duties. The district added compensatory time balance information to the accounting system and now enters the information monthly. We reviewed the employee leave balances report as of May 27, 2015, and noted compensatory time balances were included.

2.2 Payroll, Procedures, Records, and Policies - Post-retirement employees

Documentation and reporting of post-retirement employment activities needed improvement.

- The district did not require all post-retirement employees to prepare timesheets, and as a result could not track compliance with the 550 hour requirement imposed by Section 169.560, RSMo.
- The district did not retain adequate documentation to support the determination of gross pay for some retired employees.

Recommendation

The School Board require post-retirement employees to maintain timesheets reflecting actual time worked. In addition, gross pay for post-retirement employees should be adequately documented.

Status

Implemented

Post-retirement employees are now required to maintain timesheets. The district is monitoring post-retirement time worked through timesheets and through the substitute teacher tracking system that allows the district to note the number of hours worked by post-retirement teachers. We reviewed employee timesheets for April and May 2015 and noted the reported documentation allowed for tracking of actual time worked. District officials indicated post-retirement employee gross pay is now limited to 50 percent of the employees final contract and this limit is documented in the



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employee's personnel file. As the district transitions to a time clock system, the district will require post-retirement employees to use this system to document their time and hours and pay will be tracked with this system.

2.3 Payroll, Procedures,
Records, and Policies -
Related employees

A list of related employees and Board members was not maintained, and the district had not established adequate policies and procedures for the hiring, supervising, and tracking of related employees.

Recommendation

The School Board establish procedures to identify and monitor related employees, obtain related party information, verify information with each employee periodically, and ensure individuals are not working in conflicting employment capacities.

Status

In Progress

The Board is in the process of reviewing and revising all policies and procedures with the Missouri School Board Association (MSBA) and is working on a policy regarding nepotism to identify and monitor related employees and ensure individuals are not working in conflicting employment capacities. The district also compiled a list of district employees related to Board members, administrators, and supervisors. We reviewed the list and noted each Board member, administrator, or supervisor is listed along with the names and relationship of any related district employee.

2.6 Payroll, Procedures,
Records, and Policies -
Personal use of a district
vehicle

Personal use of a district vehicle by the Chief Operating Officer (COO) was not authorized by the personnel policy or Board, nor was the usage monitored. The district reported the value of the COO's usage of a district vehicle as compensation. To counter the associated tax liability, the district annually calculated the resulting liability and paid the COO in the form of a vehicle allowance. This agreement was authorized by former Superintendent Smith and was documented in a handwritten agreement with the COO. The March 2012 agreement also included a provision that as of the date of the agreement the COO was supposed to pay for every fourth tank of gas, but according to district officials all fuel for the vehicle was paid by the district. No other district employee had such an agreement.

Recommendation

The School Board establish procedures regarding the personal use of district vehicles, or reconsider allowing use of district vehicles for personal business.

Status

In Progress

District staff gathered information about all district vehicles and which employees had assigned vehicles. District officials also gathered



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information on the total number of miles driven using district vehicles to determine if employees needed vehicles and removed vehicles from employees when their usage did not dictate the need for a district vehicle. District personnel also reviewed Internal Revenue Service guidelines to ensure proper reporting of personal usage of district vehicles. We reviewed the district analysis and noted no concerns.

The Board is in the process of reviewing and revising all policies and procedures with the MSBA. The Board included district vehicle usage on the list of policies to be included in the revised policy manual.

2.7 Payroll, Procedures,
Records, and Policies -
Vacation leave payouts

The district did not have a policy governing vacation leave payouts made to retiring employees, nor were the payouts authorized in employment contracts or otherwise approved by the Board. In addition, the district's method for calculating unused leave payouts may have caused the district to incur unintended additional costs and district personnel did not calculate payouts consistently for all employees.

Recommendation

The School Board establish policies regarding vacation leave payouts, ensure vacation leave payouts are calculated appropriately, and ensure the same procedures are consistently applied to all employees.

Status

In Progress

The Board is in the process of reviewing and revising all policies and procedures with the MSBA. The Board included vacation leave payouts on the list of policies to be included in the revised policy manual.

3. Summer School
Funding

The district inaccurately reported 2014 and 2013 summer school attendance to the Department of Elementary and Secondary Education (DESE) resulting in overpayment of state aid totaling approximately \$1.8 million for 2014 and \$1.7 million for 2013. District staff and administrators lacked a sufficient understanding of summer school program requirements and, as a result, claimed certain types of unallowable programs for reimbursement.

Working with the DESE the district identified and removed 30 unallowable summer school courses and the related 269 students' attendance hours the district had inaccurately reported. The resulting \$1.8 million overpayment will be withheld by the DESE in future periods. In December 2014, the district submitted a corrective action plan to the DESE detailing additional procedures adopted to ensure only allowable courses are submitted for reimbursement in the future.

We reviewed prior years to determine the extent of the problem and for how many years summer school attendance may have been inaccurately reported and reimbursed. Working with the DESE and the district, we noted the



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district claimed similar courses and student attendance hours for 2013 summer school. Unallowable hours represented an overpayment of state aid of approximately \$1.7 million for 2013. In addition, the district had reported similar or higher summer school average daily attendance (ADA) to DESE since 2006, with summer school ADA ranging between 567 and 738 students. However, detailed course and attendance data was not available prior to 2013, so we were unable to quantify potential overpayments for prior years.

Recommendation

The School Board improve controls over summer school reporting, including implementing the corrective action plan, and ensure future summer school programs meet the criteria set by the DESE. In addition, the Board should work with the DESE to resolve any overpayments from the 2013 school year.

Status

Implemented

To implement a corrective action plan, district personnel reviewed the 2015 DESE summer school handbook prior to completing the 2015 summer school application. District personnel also participated in a conference call with DESE personnel to ensure summer school classes met DESE requirements. District personnel indicated they discussed 2013 summer school overpayments with DESE officials who indicated the agency does not plan to pursue repayment.

4. Financial Condition

The district reduced budgeted expenditures by \$3.07 million to offset declining state funding for the 2013-2014 school year. A \$3 million deficit between revenues and expenditures was also projected for the 2014-2015 school year, primarily due to budgeted increases in employee salaries and benefits. In addition, the DESE plans to withhold \$1.8 million from future district funding payments because the district received state funding for disallowable 2014 summer school courses. Also, the district's tax levy will sunset in August 2015, and if not renewed the district estimates losing approximately \$6.5 million in annual revenues.

In addition, the district made several questionable expenditures that if continued may worsen the district's financial condition and should be avoided in the future.

Recommendation

The School Board closely monitor the district's financial condition and expenditures, improve controls and management practices, and take appropriate actions as necessary.

Status

In Progress

Board members indicated they are monitoring the district's financial condition and taking steps to limit expenditures and improve controls as



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discussed throughout the follow-up report. We reviewed the 2015-2016 budget and noted budgeted expenditures exceed projected revenues for the 2015-2016 school year. However, the 2015-2016 budget message indicates the 2015-2016 budget includes approximately \$1.4 million in total cost reductions in the areas of payroll, supplies, repairs, and purchased services cost savings. The 63 cent property tax levy expired in August 2015 and the Board did not choose to place renewal on the ballot. Board members indicated it is the Board's preference to have a balanced or surplus budget through cost control measures in the future. The Board members indicated they will look for future cost controls in non-education areas and potential revenue increases in the future.

5.1 Bonds - Qualified Zone Academy bonds The district was not complying with Qualified Zone Academy (QZA) bond program requirements. For the Series 2013 issuance totaling \$2.72 million, the district had not separately accounted for all QZA revenues and expenditures (the district maintained separate records for the 2012 QZA issuance). As a result, the district was unable to readily identify all 2013 QZA issuance expenditures.

Recommendation The School Board ensure separate accounting for bond proceeds and expenditures by bond issuance type and project.

Status **Implemented**

The district established new budget units in the accounting system to allow for separate accounting of QZA bond proceeds and expenditures. We reviewed an accounting system report and determined school building construction expenditures funded using QZA bond proceeds were appropriately classified.

6.1 Procurement Procedures and Construction Projects - Bidding The district did not bid, obtain quotes, or document sole source justification for several purchases. In addition, Board policy did not require competitive bidding or Board approval for all purchases exceeding \$15,000 and did not address the need to bid supplies purchased from one vendor that may have exceeded \$15,000 within a specified time period.

Recommendation The School Board competitively bid purchases in accordance with Board policies and state law and document justification for sole source procurement. In addition, the Board should amend Board policies to ensure all significant purchases of goods/services are subject to a competitive selection process.

Status **In Progress**

The Board hired a purchasing manager in April 2015 to oversee and provide guidance to district staff on purchasing. The district also held procurement



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procedure training for all administrative and supervisory staff in June 2015. The Board is in the process of reviewing and revising all policies and procedures with the MSBA and will consider revisions to purchasing policies as appropriate. We reviewed the district's May 2015 recommendation to the Board for copier bids and justification for the recommendation, and noted the decision making process was sufficiently documented.

6.2 Procurement Procedures
and Construction
Projects - Professional
services

The district did not solicit requests for proposals or document sole source justification for several professional services, and had not reissued requests for proposals for its primary legal counsel since 2002.

Recommendation

The School Board periodically solicit proposals for professional services in accordance with district policies.

Status

In Progress

The Board is in the process of reviewing and revising all policies and procedures with the MSBA and this review will include the professional services purchasing policies. District personnel indicated the purchasing manager will oversee all professional service providers and plans to develop a process to review professional service contracts and renew the contracts on a cycle. The district issued a request for proposal for audit services in April 2015 and the Board directed the administration to issue a request for proposal for legal services at the June 8, 2015, Board meeting. We reviewed the documentation for the audit services proposal and related Board meeting minutes and noted the Board approved the selected firm.

7.1 Contracts - Contract
compliance

The district did not always monitor contracts effectively, enter into written contracts when appropriate, or enter into written contracts timely.

- The district had not required its transportation service provider to comply with fuel contract requirements.
- The district did not require a special education service provider to meet all of the requirements provided for in the master service agreement between the provider and the district. In addition, the separate contracts detailing the timeframe of services provided to each student expired and the district had not approved new contracts or contract amendments. One of these student service contracts also was not amended to reflect an increase in the base monthly rate for provided services.
- The district did not require the City of St. Joseph to submit invoices for school resource officers in compliance with contract provisions.



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- The district did not enter into a written contract for transportation of homeless students, stopped requiring trip tickets from the vendor for reconciliation to invoices, and did not require the vendor to provide evidence that it performed background checks on all of its drivers.
- In April 2013 the Superintendent entered into a professional development services agreement with a vendor that was not approved by the Board. In addition, the district was unable to locate a subsequent signed written contract from September 2013 with this vendor for professional development. The district entered into several written agreements with this vendor for training, consulting, and a keynote speaking engagement during the 2012-2013 and 2013-2014 school years.
- The district did not enter into a timely written contract for food services management.
- The district's primary legal services contract has not been amended to reflect increases in the annual retainer totaling \$12,888.
- The Superintendent signed a contract for professional development services and authorized the initial payment for services before the Board authorized the administration to enter into the contract.
- The district did not enter into fully executed contracts for (1) interpreter services and (2) behavior consultation and training services before the contractors provided the services.

Recommendation

Establish procedures to properly monitor contract requirements, and enter into timely written contracts defining services provided and benefits received.

Status

In Progress

The district's recently hired purchasing manager is in the process of reviewing all contracts and consolidating the contract files in the business office. District personnel indicated a periodic review will be established to monitor contract compliance. District personnel also indicated they plan to include termination clauses in future multi-year contracts.

8.1 Disbursements - Board approval

District officials did not present a list of bills paid to the Board for review and approval. In addition, the Board did not approve numerous large purchases and contracts prior to payments, some of which were not bid.

Recommendation

The School Board provide additional oversight of disbursements, including approving a monthly list of bills paid.



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Status

Implemented

The district now submits a list of all bills and credit card transactions to the Board for approval and posts this information on the district website. The Board has also requested the Business Office provide additional expenditure reports to allow for further monitoring of expenditures. In addition, the Community/Transparency section of the district website provides details of district purchases, including check and credit card transactions. We reviewed the March and April 2015 Board minutes and noted Board approval of bills and credit card transactions.

9. Purchasing Cards

The district did not monitor or limit purchasing card (P card) monthly cycle limits and P card procedures did not detect some inappropriate purchases.

9.1 Purchasing limits

The district did not monitor monthly P card purchasing limits and limits for some individuals were significantly greater than necessary to cover their typical actual purchases. The district determined the monthly limits when the cards were issued, but did not periodically reevaluate the limits.

Recommendation

The School Board evaluate the need for each P card issued and adjust employee P card limits as deemed appropriate.

Status

Implemented

The district contracted with a new P card provider that began providing services in June 2015. Prior to the issuance of new P cards, district personnel compiled and evaluated employee P card usage for fiscal years 2014 and 2015, and used this information to set purchasing limits. We reviewed the analysis, and it included monthly transaction data and average transaction data for each cardholder. We compared the analysis to the transaction limits now set for cardholders and noted the limits had been reduced for some cardholders. The Board approved P card employee issuances in June 2015.

9.2 Purchases

We identified several concerns during our review of P card transactions. The District Purchasing Card Process Manual (Process Manual) sets forth district policies for use of P cards.

- Employees purchased items specifically prohibited by the Process Manual.
- We identified several purchases that appeared unreasonable and/or did not appear to benefit the school district.
- We identified several large P card purchases the district did not bid or receive quotes for and did not obtain Board approval. We also noted



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district personnel made routine supplies purchases from several vendors totaling more than \$15,000 each during the 2013-2014 school year.

- We identified several purchases without adequate supporting documentation.
- Cardholders did not sign the invoice to document approval for 7 purchases reviewed.
- The district could not locate 2 Purchasing Cardholder Account Action Request forms authorizing cardholder use of the card and card limits. In addition, the cardholders did not sign the cardholder agreement forms for these 2 P Cards and 1 additional card acknowledging the terms and conditions for proper use.

Recommendation

The School Board ensure prohibited purchases are not made with P cards and P card purchases are reasonable and prudent uses of public funds. In addition, the Board should ensure P card purchases follow purchasing policies, adequate documentation is submitted and maintained, approval is obtained for all P card transactions, and all P cards are properly authorized.

Status

In Progress

As part of the new P card process, the provider limits certain purchases by prohibiting purchases of certain merchant codes. We reviewed the initial list of prohibited merchant codes and noted no concerns. District personnel indicated this list will be adjusted as the contract continues. In addition, the district plans to provide online access to certain administrators to monitor purchasing activity. District personnel indicated the P card manual will be reviewed and revised as necessary. District personnel also indicated new controls and safeguards, including ensuring required documentation is obtained, will be implemented along with the new P card program.

13. Sunshine Law

The School Board did not always comply with the Sunshine Law and held numerous improper closed meetings.

13.1 Closed meetings

The Board held approximately 40 closed meetings from January 2012 through June 2014, but did not always follow various requirements of Chapter 610, RSMo (the Sunshine Law).

- The Board approved a list of reasons for going into a closed session at an open meeting in several instances, but only discussed some of these topics in the closed meeting.
- The Board discussed some topics in closed meetings that are not allowable under the Sunshine Law. The Board also discussed items in



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closed session that may be unallowable and did not maintain sufficient documentation to demonstrate how those issues were allowable under the Sunshine Law.

Recommendation

The School Board cite specific reasons for going into closed meetings only for topics it plans to discuss, and ensure items discussed in closed meetings are allowable topics under state law and adequately demonstrated as such.

Status

Implemented

The Board now cites the specific reasons for going into closed meeting and ensures that topics discussed in closed meeting are limited to the cited reasons and allowable under state law. We reviewed the open and closed meeting minutes from January 2015 through May 11, 2015. The specific reason for going into closed session was cited and the Board did not discuss any unallowable topics.

13.2 Public disclosure

The Board did not always make public the final disposition of legal matters or contracts discussed and approved in closed meetings, as required by the Sunshine Law.

The Board also voted on and approved some contracts in closed session and did not subsequently disclose those votes in an open meeting or by other means.

Recommendation

The School Board ensure the final disposition of legal matters discussed at closed meetings and all votes to approve contracts are made public as required by state law.

Status

Implemented

Board members indicated they have implemented procedures to ensure the disclosure of final disposition of legal matters and votes to approve contracts as required by law. Our review of meeting minutes from January 2015 through May 11, 2015, indicated the Board made required disclosures.

14. Computer Controls

Controls over district computer systems were not sufficient to prevent unauthorized access.

14.1 Password controls

The district had not established adequate password controls to reduce the risk of unauthorized access to computer systems and data. Passwords were not required to be changed on a periodic basis to help ensure they remain known only to the assigned user and to reduce the risk of a compromised password.



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Recommendation

The School Board require a unique password for each employee that is confidential and periodically changed to prevent unauthorized access to district computer systems and data.

Status

In Progress

The district has provided a unique, confidential password for each employee. District personnel indicated the district will implement a policy at the beginning of the new school year requiring employees change their password at least every 90 days.

14.2 Backup data

The district did not periodically test its backup data. Data backups were performed daily and stored at a secure off-site location, but periodic testing of the data for adequacy was not performed.

Recommendation

The School Board ensure backup data is tested on a regular, predefined basis.

Status

Implemented

As noted in the audit report response, in November 2014, the district developed a plan for safeguarding backup data and testing it as part of the overall disaster recovery plan. During follow up discussions, district personnel indicated they perform random tests of the backups to evaluate if data was appropriately backed up and will perform a restore test on the last Friday of each quarter.

14.3 Disaster recovery

The district had not developed a disaster recovery plan to ensure it could promptly restore computer operations in the event of a natural disaster or other major disruptive event.

Recommendation

The School Board develop a comprehensive disaster recovery plan and periodically test and evaluate the plan.

Status

Implemented

As noted in the audit report response, in November 2014, the district developed a technology disaster recovery plan. The plan was developed by the Director of Technology and successfully tested in May 2015. District personnel indicated the district will continue to test and evaluate the plan on an annual basis. We reviewed the disaster recovery plan and noted no concerns.