

**AUDIT COMMUNICATIONS LETTER FOR  
COLUMBIA PUBLIC SCHOOL DISTRICT**

**COLUMBIA, MISSOURI**

**JUNE 30, 2008**

**GK&C**  
GERDING, KORTE & CHITWOOD

Professional Corporation  
Certified Public Accountants



GERDING, KORTE & CHITWOOD

Professional Corporation  
Certified Public Accountants

December 1, 2008

To the Audit Committee and Board of Education  
Columbia Public School District  
Columbia, Missouri

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In planning and performing our audit of the financial statements of Columbia Public School District (the "District") for the year ended June 30, 2008, in accordance with U. S. generally accepted auditing standards, we considered Columbia Public School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Columbia Public School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Columbia Public School District's internal control.

PARTNERS

*Robert A. Gerding*  
*Fred W. Korte, Jr.*  
*Joseph E. Chitwood*  
*James R. McGinnis*  
*Travis W. Hundley*

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

Our comments concerning internal control and other significant matters are presented as follows:

- I. Deficiencies Considered to be Material Weaknesses
- II. Significant Deficiencies
- III. Other Current Year Matters
- IV. Status of Prior Year Comments
- V. Professional Standards Communication

This communication is intended solely for the information and use of management, the Audit Committee, the Board of Education and others within the District, and is not intended to be and should not be used by anyone other than these specified parties.

We want to express our sincere appreciation to Dr. Nick Boren, Linda Quinley and other staff for the cooperation and assistance received during the audit engagement and for the opportunity to serve Columbia Public School District.

Sincerely,



Gerding, Korte & Chitwood  
Certified Public Accountants

## **I. DEFICIENCIES CONSIDERED TO BE MATERIAL WEAKNESSES**

We noted no deficiencies that are considered to be material weaknesses.

## **II. DEFICIENCIES CONSIDERED TO BE SIGNIFICANT DEFICIENCIES**

### **A. Payroll Control**

#### Criteria:

The objectives of internal control over payroll transactions, with respect to budgeting, are as follows:

1. To provide reasonable assurance that the transactions are properly authorized by the Board of Education through the budget process.
2. To assure that payroll transactions are recorded to allow for meaningful analysis of actual operating results in comparison to the budget.

Recording of payroll costs should include sufficient detail to allow for monitoring of the components of payroll including, but not limited to, regular payroll costs, overtime costs and extra-duty pay. The budget for payroll should be sufficiently detailed to plan for regular payroll costs, overtime costs, extra-duty pay and any other payroll cost determined to be worthy of monitoring in detail. Additionally, the budget should be amended as determined necessary to allow for extra-duty and additional hires throughout the year.

#### Condition:

Currently, the payroll budget is developed by multiplying the prior year's projected payroll totals by a factor intended to include increases in wage rates for the employees of the District.

However, the District's actual payroll cost for such areas as overtime and extra-duty payrolls are currently recorded in the totals for regular pay. The process of preparing the budget to include all items recorded in a payroll account from one year to the next, without differentiation of the nature of the item being budgeted, results in the re-authorization of all extra payroll costs. This occurs whether or not the extra-duty or overtime pay is anticipated or necessary for the upcoming year.

Next, the original payroll budget is not amended to reflect the actual staff hired for the year. Consequently, the budget is overstated because of the lower cost of newly hired employees who are replacing retiring employees. This inherent overstatement resulting from the current budget methodology allows for the hiring of unbudgeted staff and extra payroll costs without budgetary justification, or approval.

Additionally, the approval process for extra-duty payroll currently falls under the purview of the District's Human Resources Department. There is no consideration of the cost of the extra payroll costs within the context of the budget and Board of Education policy GCKA requires Board approval of extra-duty stipends for all professional staff.

Finally, the District may hire additional staff throughout the year, which were not considered in the original budget. We noted that many times hiring decisions are made and staff is already on the job before the Board of Education or the District's Budget Officer approves the hiring. Consequently, it appears that the budget process is not an integral part of the decision to hire.

Cause:

The process for preparing the payroll budget works well for initial budgeting and planning. However, there is no process in place to amend the budget to allow for actual staff hired, planned extra-duty pay or overtime expected.

Effects:

- The approval process for extra-duty and overtime pay is not separately considered in the budget process. Consequently, the likelihood of incurring unnecessary payroll costs increases when there is no budgetary requirement for justifying the additional cost.
- The cost and frequency of extra-duty payments has increased significantly over the last few years.
- The budget is overstated by not amending the budget to take into account the effect of newly hired employees compared to retiring employees. Because of the inherent overstatement in the budget, additional hiring and extra payroll costs added during the year will likely be below the budget in total.

Recommendation:

Payroll control would be improved if the budget was used as a tool to authorize and monitor all elements of payroll cost. We recommend the District change the process of budgetary approval for all functions to include separate accounts for other elements of payroll, such as extra-duty pay and overtime. Additionally, Board policy GCKA must be followed.

The initial budget could be developed based upon the current methodology. However, this preliminary budget should be amended around October each year to match the personnel assignments and actual contracts issued to certificated staff and estimated cost of non-certificated staff. Each function of the District would then have a personnel budget that should approximate the actual personnel assignments for the current year.

Next, administrative and management personnel should submit their plans for the year, to the District's Budget Officer, potentially resulting in additional payroll costs for new hires, extra-duty pay and overtime. These items would be included in a subsequent amended budget if deemed necessary and reasonable by the District's Budget Officer. The Board of Education would approve the amended budget and any new contract hires, thereby approving the additional planned cost of new hires, extra-duty pay and overtime.

## **B. Segregation of Duties**

Criteria: The objectives of internal control are to provide reasonable, but not absolute, assurance that assets are safeguarded and the financial statements are reliable. When the duties of one employee involve complete control over most, or all, aspects of an accounting cycle, without the involvement of other intervening employees, conflicts with the internal control objective may arise. This kind of conflict is generally referred to as a lack of segregation of duties.

Condition: Columbia Public School District has potential conflicts with personnel who have the ability to single-handedly access, record and report transactions related to student activities (ECA) and Career Center revenue.

Effect: The lack of segregation of duties increases the risk of both fraud and error within the Columbia Public School District's accounting system and financial statements.

Recommendation: To address the segregation of duties issue we recommend, where practical, cross-training of building support staff and periodic rotation of duties among accounting staff.

## **III. OTHER CURRENT YEAR MATTERS**

### **A. Attendance Software**

During our testing of attendance data for compliance with State regulations, we noted inconsistencies related to attendance totals compared to prior years and one attendance center that did not meet the required minimum hours of attendance as set by State law. The inconsistencies noted turned out to be actual errors in the attendance data. These errors resulted in the under reporting of attendance data. The attendance data was corrected and resubmitted to the State. The corrections also resulted in the attendance center that was previously below the minimum hours required to be in compliance and above the minimum requirement.

The District's attendance software requires modification to be in compliance with State regulations for tracking student attendance by hour rather than by period, which is the method used by the computer program.

We recommend the attendance software's data and output be continually monitored during this fiscal year to be sure the results are reasonable and in compliance with State regulations.

In addition, we recommend the District establish written policies related to modifying the calendar of an attendance center to provide oversight of compliance with State laws and to promote consistency for all attendance centers.

## **B. Budget Compliance**

Missouri statutes regarding budget preparation require that budgets not authorize deficit fund balances and actual expenditures may not exceed the authorized budget. The amended budget for the Teachers' Fund authorized a deficit fund balance. Additionally, the actual expenditures of the Capital Projects Fund exceeded the amended budget authorization.

We recommend strict adherence with State law in all budgetary manners.

## **C. Extra-Curricular Activities (ECA) Disbursements**

During our test of ECA disbursements, we noted ECA funds were used to reimburse expenses associated with travel to a conference. The seminar has no apparent relevance to the ECA fund. The transaction would have been more properly accounted for as professional development expense and coded to the grants and donations fund.

We also noted ECA funds were used for travel costs associated with family members of employees. Several employee family members traveled out of state on an ECA trip, but did not reimburse the District for their travel costs. In addition, per diem allowances were given to the spouses and children of employees.

District procedure #130 states ECA funds are to only be used to promote the general welfare, education and morale of all students, and to finance the normal legitimate co-curricular activities of the student body organizations. We recommend the District carefully review all requests for payments related to ECA activities to be sure the expenditure is related to the ECA activity. In addition, the cost of family members on ECA trips must be reimbursed to the District (procedure #190.30), unless a bona fide business reason exists for the cost. If not reimbursed, the employee must include the value of the benefit as taxable income (IRS regulation), subject to income tax, payroll taxes and retirement contributions.

## **D. Grant Authorization, Accounting and Reporting**

The District administers numerous grants from federal, state, and local sources. Each of these grants contains different requirements for eligible costs, indirect costs, compliance, requests for reimbursement and reporting. The complexity of these requirements may vary significantly from grant to grant. The District's financial procedures manual requires business office involvement in the grant budgeting process, the accounting process and the final reporting process. During the audit we noted numerous instances where the business office was not notified of the existence of grants, grant employees were not properly assigned to grant activities within the District's general ledger and expense codes were not properly assigned.

Without business office involvement in all phases of the grant process the risk of noncompliance with grant requirements, incorrect reporting of eligible costs and under reporting of eligible costs is increased. We recommend the District's existing procedures related to grant accounting be enforced without exception.

## **E. Purchasing Cards**

The District's internal audit disclosed that employees misuse the purchasing cards by splitting purchases that exceed the card limits into two separate transactions. Currently, the District warns the employee for the first infraction and suspends the use of the card for a period of time after the second infraction.

We recommend, given the nature of the internal control risk with purchasing cards, that a second infraction result in a permanent forfeiture of the purchasing card.

## **F. Subrecipient Monitoring and Allowable Costs/Cost Principles**

The District began performing subrecipient monitoring of the University of Missouri - Columbia during the current fiscal year for the Mathematics & Science Partnership grant. However, it was decided that supporting documentation would be required only for items that exceeded \$3,000. As a result, only approximately 6% of total amounts charged to the District by the University of Missouri - Columbia were reviewed for adequate supporting documentation and allowability of the cost.

We recommend the District increase the amount of supporting documentation they review as part of its subrecipient monitoring requirement.

## **G. Other Payroll Issues**

The District provides travel stipends to 282 employees. Documentation of actual mileage driven for business purposes is not required to be submitted to substantiate the stipend and the payments are included as taxable compensation to the employees. At our suggestion, requests were made for the employees to provide documentation of their typical mileage for a two month period. Based upon this information, it was estimated that \$62,000, annually, was paid to the employees over the amount that would have been paid under a cost reimbursement arrangement.

In addition, 234 certificated employees receive contract pay for additional days worked beyond a normal teacher's contract of 187 days. However, there is no exact calendar, or work schedule, in place to document what days these employees are expected to work. Additionally, there is no requirement for these individuals to document the days they work.

We recommend the District require employees receiving travel stipends to apply for a travel stipend annually. The amount of the travel stipend should be justified based upon actual planned use of an employee's automobile for work purposes.

We also recommend the development of calendars that will cover all employee work schedules and reconsider contract methodology for administrative and additional-day contracts.

#### **IV. STATUS OF PRIOR YEAR COMMENTS**

##### **A. Payroll Control**

This item continues to be a finding and has been addressed in the Schedule of Findings and Questioned Costs – Federal Requirements under Section I on page 125.

##### **B. Payroll Documentation**

We noted inconsistencies with payroll documentation and the data usually available to support the amounts paid to an employee. It appears the District has substantially addressed this issue.

##### **C. Internal Audits**

The internal audit reports are directed to individuals in the Business Office and other members of the District's administration. This level of reporting may be considered inappropriate for these reports because of the possibility of conflict with the individuals receiving the reports. It appears this issue has been addressed by the District.

##### **D. Extra-Curricular Activities (ECA) Disbursements**

This item has been addressed above in Section III, Other Current Year Matters, item B.

##### **E. Attendance Software**

This item has been addressed in the Schedule of Findings – State Requirements as finding 2008-3 on page 114. This item is also addressed above in Section III, Other Current Year Matters, item A.

##### **E. Grant Authorization, Accounting and Reporting**

This item has been addressed above in Section III, Other Current Year Matters, item C.

##### **G. Subrecipient Monitoring**

This item has been addressed above in Section III, Other Current Year Matters, item E.

##### **H. Allowable Costs/Cost Principles**

This item has been addressed above in both Section II, Significant Deficiencies, item A and in Section III, Other Current Year Matters, item E.

## V. PROFESSIONAL STANDARDS COMMUNICATION

### A. Nature of Engagement

We were engaged to perform an opinion audit of Columbia Public School District's financial statements as of and for the year ended June 30, 2008.

### B. Our Responsibility Under Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated May 19, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us. As part of our audit, we considered the internal control of Columbia Public School District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

### C. Significant Accounting Policies

Management has the responsibility for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Columbia Public School District are described in Note 1 to the financial statements. During fiscal year 2008, the District adopted GASB 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, of transactions for which there is a lack of authoritative guidance or consensus.

### D. Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

**E. Significant Audit Adjustments**

For the purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us, but not recorded by the District, that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. The identification and preparation of adjusting journal entries is a joint process between the audit staff and the District's accounting staff. If variances were identified during audit fieldwork, the District's accounting staff was notified and would prepare and post an adjusting entry to correct the variance.

**F. Material Corrected Misstatements**

We proposed no adjustments of a material nature relative to the net assets of the District taken as a whole.

**G. Significant Corrected Misstatements**

We proposed no adjustments of a significant nature relative to the net assets of the District taken as a whole.

**H. Disagreements with Management**

For the purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

**I. Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those financial statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**J. Issues Discussed Prior to Retention of Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as Columbia Public School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**K. Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing our audit.

COLUMBIA PUBLIC SCHOOLS

AUDIT COMMUNICATIONS LETTER:  
FINDINGS AND RESPONSES

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FOR YEAR ENDED JUNE 30, 2008



JANUARY 12, 2009

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# AUDIT COMMUNICATIONS LETTER: FINDINGS AND RESPONSES

FOR YEAR ENDED JUNE 30, 2008

The Columbia Public Schools administration and Board of Education appreciate this opportunity to communicate their responses to the Audit Communications Letter presented to the Board of Education on December 8, 2008, regarding the year ended June 30, 2008. While not required, the Board of Education Finance Committee will additionally contract with Gerding, Korte & Chitwood to provide a post-audit review of this response to ensure that the actions proposed by the school district in this response represent acceptable remediation in all areas.

Columbia Public Schools notes that no deficiencies considered to be material weaknesses were identified in the present audit.

The Board of Education has merged its Audit Committee into a Finance Committee that will review the district's current budget in more detail and actively work with the district's administration to develop a long-range financial plan. The Finance Committee and the administration have been fully responsive in all areas to the increased auditing standards implemented in audits of all public-sector agencies beginning in 2007, as described by Gerding, Korte & Chitwood in its letter to Columbia Public Schools dated May 23, 2007:

Statement on Auditing Standards No. 112 introduces the term *significant deficiency* as it relates to the operating of any organization's internal control. As defined by the American Institute of Certified Public Accountants, a significant deficiency is "a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

...it can be expected that the Audit Communications Letter will include more deficiencies than in the previous audits. Undoubtedly, some of the identified deficiencies will be contentious, primarily because of the required characterization as a "significant deficiency." Additionally, some of the items we report may be beyond your control to change.

We encourage you to write a response letter stating your position, as the organization's management, with respect to the identified deficiencies.

The district appreciates its opportunity to provide such a response.

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## GENERAL DISCUSSION

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In the auditor's report to the Board of Education at its meeting on December 8, 2008, the observation was made that the Columbia Public School District's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008, reports average annual increases in student enrollment of 1 percent, and average annual increases in per-pupil expenditure of 8 percent. The auditor also commented regarding the district's per-pupil expenditure in 2008 in relation to school districts in the state to which Columbia Public Schools compares itself.

The following information is offered in regard to those observations.

As reported in the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008, Columbia's per-pupil expenditure was \$10,109, compared to an average per-pupil expenditure for all school districts in Missouri of \$9,338. Subsequently, the district implemented \$8 million in budget reductions for the current fiscal year. This will reduce the district's per-pupil expenditure to approximately \$9,700.

Since 2003, the district has incurred the following increases in costs and commitments:

1. The Board of Education has increased salaries for teachers and staff. Since 2002-03, the beginning teacher salary has increased from \$25,800 to \$34,353 in 2008-09. The average teacher salary for Columbia Public Schools in 2002-03 was \$38,851, and in 2007-08 was \$47,234. Keeping salaries competitive for our employees has been a priority for the Board of Education. In spite of these efforts, with regard to starting teacher salary, the district still only ranked 9th out of the 14 comparison districts and ranked 8th on total ending salary.
2. Costs of teacher and staff benefits have increased. The annual cost of Columbia Public Schools' medical, dental, life, and worker's compensation insurance has increased 47 percent; in 2002-03 the cost per employee was \$3,745, and in 2007-08 the cost per employee was \$5,508.
3. Retirement contribution costs have increased. By law, each certificated employee is now required to contribute 13 percent of his or her salary to teacher retirement, compared to a 10.5 percent contribution in 2003. The district is required to match this increased percent contribution. Annual beginning teacher retirement costs have increased 62 percent; in 2002-03 they were \$3,102, and in 2007-08 they were \$5,266. Annual retirement costs associated with an average teacher salary cost was \$4,472 in 2002-03 and was \$6,593 in 2007-08.
4. Fixed costs such as utilities and transportation have increased. In 2002-03 fixed costs were \$7.8 million, and in 2007-08 they were \$11.3 million, an increase of 45 percent.

Since 2002-03, the Columbia School District has implemented the following Board-approved new programs and compensation, which have added \$930,000 in additional salary and benefit costs.

Stipend	Amount	Category	Description
<b>2006-07 Stipend Committee recommendations (\$257,241)</b>	\$55,401	I	Athletics/coaches
	\$44,000		New off-season stipends and longevity
	\$46,460	I	Fine Arts programs
	\$48,902	II	Student clubs
	\$32,025	III	Department chairs
	\$30,453		General supervision
<b>2007-08 Substance Abuse Task Force stipends for student activities</b>	\$80,000	I, II, III	\$100,000 approved but only \$80,000 spent
<b>West Boulevard Elementary School model school</b>	\$188,579	III + days	\$140,714 collaboration team stipends, \$47,865 extra days
<b>Tutoring for students reading below grade level in 4<sup>th</sup> grade (Required by law)</b>	\$29,699	III	Tutoring for students reading below grade level in fourth grade (required by law)
<b>New student information system software (eSchoolPLUS) implementation</b>	\$78,000	III	Teacher support for implementation of new student software for grading and scheduling
<b>Special education software (NetIEP) implementation</b>	\$38,000	III	Teacher support for implementation of new software to write and monitor student IEPs
<b>Doctoral stipends</b>	\$107,298	III	\$2,000 per doctorate on salary schedule
<b>Positive Behavior Support (PBS) coaching</b>	\$37,500	III	Teacher support for implementation and monitoring of the Positive Behavior Support program
<b>Total salary cost</b>	<b>\$816,317</b>		

In addition to these increases in expenses, the Columbia School District serves a very diverse population of students with exemplary services. Two examples are the district's special education program and its career and technical education.

The district continues to attract families whose students benefit from special services that are unavailable in other districts. Columbia Public Schools ranks second among the 14 comparison districts on expenditures on special education, with a total expenditure in 2008 of approximately \$19 million, or \$1,242 per average daily attendance (ADA). In all St. Louis County districts, including the comparison districts of Rockwood, Parkway, Ferguson-Florissant, Hazelwood, and Mehlville, most special education costs are covered by the Special School District and are not included in each district's average expenditure per ADA. For instance, the Parkway School District would add \$21.4 million, or \$1,283 per ADA, to its total costs if special education services were included.

Columbia Public Schools believes that the comprehensive programs and services it offers its preK-12 students are warranted and desired by this community. It is important to be clear and consistent about the content of average costs when making comparisons. Further, many of the increased costs incurred by the district since 2003, such as increased retirement contributions and improvements to the salary schedule, represent increases in expenses that do not correlate with increased enrollment.

## FINDING II.A. PAYROLL CONTROL

### Criteria:

The objectives of internal control over payroll transactions, with respect to budgeting, are as follows:

1. To provide reasonable assurance that the transactions are properly authorized by the Board of Education through the budget process.
2. To assure that payroll transactions are recorded to allow for meaningful analysis of actual operating results in comparison to the budget.

Recording of payroll costs should include sufficient detail to allow for monitoring of the components of payroll including, but not limited to, regular payroll costs, overtime costs and extra-duty pay. The budget for payroll should be sufficiently detailed to plan for regular payroll costs, overtime costs, extra-duty pay and any other payroll cost determined to be worthy of monitoring in detail. Additionally, the budget should be amended as determined necessary to allow for extra-duty and additional hires throughout the year.

### Condition:

Currently, the payroll budget is developed by multiplying the prior year's projected payroll totals by a factor intended to include increases in wage rates for the employees of the district.

However, the district's actual payroll cost for such areas as overtime and extra-duty payrolls are currently recorded in the totals for regular pay. The process of preparing the budget to include all items recorded in a payroll account from one year to the next, without differentiation of the nature of the item being budgeted, results in the reauthorization of all extra payroll costs. This occurs whether or not the extra-duty or overtime pay is anticipated or necessary for the upcoming year.

Next, the original payroll budget is not amended to reflect the actual staff hired for the year. Consequently, the budget is overstated because of the lower cost of newly hired employees who are replacing retiring employees. This inherent overstatement resulting from the current budget methodology allows for the hiring of unbudgeted staff and extra payroll costs without budgetary justification, or approval.

Additionally, the approval process for extra-duty payroll currently falls under the purview of the district's Human Resources department. There is no consideration of the cost of the extra payroll costs within the context of the budget, and Board of Education policy GCKA requires Board approval of extra-duty stipends for all professional staff.

Finally, the district may hire additional staff members throughout the year which were not considered in the original budget. We noted that many times hiring decisions are made and staff is already on the job before the Board of Education or the district's budget officer approves the hiring. Consequently, it appears that the budget process is not an integral part of the decision to hire.

### Cause:

The process for preparing the payroll budget works well for initial budgeting and planning. However, there is no process in place to amend the budget to allow for actual staff members hired, planned extra-duty pay or overtime expected.

Effects:

- The approval process for extra-duty and overtime pay is not separately considered in the budget process. Consequently, the likelihood of incurring unnecessary payroll costs increases when there is no budgetary requirement for justifying the additional cost.
- The cost and frequency of extra-duty payments has increased significantly over the last few years.
- The budget is overstated by not amending the budget to take into account the effect of newly hired employees compared to retiring employees. Because of the inherent overstatement in the budget, additional hiring and extra payroll costs added during the year will likely be below the budget in total.

Recommendation:

Payroll control would be improved if the budget was used as a tool to authorize and monitor all elements of payroll cost. We recommend the district change the process of budgetary approval for all functions to include separate accounts for other elements of payroll, such as extra-duty pay and overtime. Additionally, Board policy GCKA must be followed.

The initial budget could be developed based upon the current methodology. However, this preliminary budget should be amended around October each year to match the personnel assignments and actual contracts issued to certificated staff and estimated cost of non-certificated staff. Each function of the district would then have a personnel budget that should approximate the actual personnel assignments for the current year.

Next, administrative and management personnel should submit their plans for the year to the district's budget officer, potentially resulting in additional payroll costs for new hires, extra-duty pay and overtime. These items would be included in a subsequent amended budget if deemed necessary and reasonable by the district's budget officer. The Board of Education would approve the amended budget and any new contract hires, thereby approving the additional planned cost of new hires, extra-duty pay and overtime.

**RESPONSE II.A. PAYROLL CONTROL**

The district administers numerous payroll accounts that represent different categories of compensation. As it is important that this communication about the district's response in the area of payroll control be precise, a listing of these categories and their definitions is attached to this report (see **Appendix C**).

We agree with the auditor's finding that the procedure used to create a subsequent year's budget should include separate budgeting for base contract teacher pay; extra-duty contracts; Category I, II, and III stipends; and overtime. As pointed out by the auditor in his report to the Board of Education on December 8, it will be difficult for the district to implement this recommendation quickly. Existing procedures have been in place for 25 years and are based on the functionality and limitations of the district's current finance software. However, until new finance software is fully implemented, the Assistant Superintendent for Human Resources will provide budget detail that will allow the Director of Business Services to manually separate payroll categories during the budgeting process in order to obtain explicit Board of Education approval for each payroll budget category.

The district is in the process of purchasing new software which will enhance its ability to implement a position-control budgeting system, including separate budget lines for payroll categories described in **Appendix C**. A request for proposals was issued on November 24, 2008, for new finance software that includes that requirement for a position-control budgeting system, and bids will be opened on January 7, 2009. It will require two to three budget cycles to fully implement this software and related procedures, but when fully implemented, it will allow the district to more closely monitor the status of these budgets. Any additions or changes to the position-control system that would result in increased budget cost will require approval of the Board of Education. As the budget allows, the administration will also request the additional staffing for Business Services that will be required to implement the auditor's recommendations regarding the need to separate payroll accounts.

We agree with the auditor's finding that the budget is not currently amended in the fall of each year to match the personnel assignments and actual contracts issued to certificated staff and the estimated cost of non-certificated staff in order to most accurately reflect the contractual expense actually incurred and to take into account the effect of newly hired employees compared to retiring employees. Action has already been taken in response to this finding. The Board of Education received a budget report at its November 2008 meeting that included projected payroll expenditures based on current employees. A budget amendment was not made, as projected payroll expenditures were in line with the budget. This will be done annually in the future.

The district will comply with Board of Education policy GCKA as it is written, ensuring that extra-duty stipends in Categories I, II, and III are approved by the Board. The Board of Education will review policy GCKA as a result of discussions with the district's auditor to provide appropriate guidance to the administration. The stipend committee's recalibration of recommended stipends was presented to the Board of Education on May 8, 2006, and was approved in the 2006-07 budget with a \$250,000 budget increase. This current stipend schedule and the special pay rate schedule will be presented to the Board for reauthorization at the January 2009 Board of Education meeting and annually thereafter. Each month, any new stipend will be presented to the Board for approval as a part of the consent agenda.

It is important to note that the year-to-year increases cited by the auditor in the total amount of stipend pay in the district were compensation associated with district programs. Given the current limitations of our budgeting software, these stipends are tracked manually by the Human Resources department. The Assistant Superintendent for Human Resources and the Director of Business Services have implemented a procedure to review stipends and special payroll (see **Appendix A** for definitions of payroll categories). This procedure will improve monitoring and control of these payroll accounts until the new finance software is fully operational. The Assistant Superintendent for Human Resources and the Director of Business Services will work with internal budget managers to implement individual tracking systems.

While the district concurs with the above findings and will implement the described remedies, the district differs with the auditor's conclusion that "the budget process is not an integral part of the decision to hire." The current year budget is integral to district hiring decisions. While current practice includes the filling of essential positions during the month prior to the next Board of Education meeting, these hires begin work with the explicit, written communication that their employment is contingent on Board of Education approval, and contracts are not issued until their employment is formally approved by the Board of Education at its next meeting. The district's new hire form will be amended to include specific budgetary considerations when those hires are made beyond the current budget. These forms will be used to generate the corresponding budget amendment, if necessary, for the Board of Education's approval. The district will update its written financial procedures to reflect this standard of practice hiring authority.

## **FINDING II.B. SEGREGATION OF DUTIES**

Criteria: The objectives of internal control are to provide reasonable, but not absolute, assurance that assets are safeguarded and the financial statements are reliable. When the duties of one employee involve complete control over most, or all, aspects of an accounting cycle, without the involvement of other intervening employees, conflicts with the internal control objective may arise. This kind of conflict is generally referred to as a lack of segregation of duties.

Condition: Columbia Public School District has potential conflicts with personnel who have the ability to singlehandedly access, record and report transactions related to student activities (ECA) and Career Center revenue.

Effect: The lack of segregation of duties increases the risk of both fraud and error within the Columbia Public School District's accounting system and financial statements.

Recommendation: To address the segregation of duties issue we recommend, where practical, cross-training of building support staff and periodic rotation of duties among accounting staff.

## **RESPONSE II.B. SEGREGATION OF DUTIES**

We agree with the auditor's finding that Columbia Public Schools has potential risk in the area of segregation of duties in student activities (ECA) and Career Center revenue. While no problems were discovered, ECA sponsors will be reminded to continually review and monitor their monthly financial reports to help ensure accuracy of funds deposited and expended. Career Center administration will explore cross-training options to improve segregation in the area of student tuition.

Due to staffing levels at all locations, segregating duties to provide complete assurance beyond these practices is very costly.

## **FINDING III.A. ATTENDANCE SOFTWARE**

During our testing of attendance data for compliance with state regulations, we noted inconsistencies related to attendance totals compared to prior years and one attendance center that did not meet the required minimum hours of attendance as set by state law. The inconsistencies noted turned out to be actual errors in the attendance data. These errors resulted in the underreporting of attendance data. The attendance data was corrected and resubmitted to the state. The corrections also resulted in the attendance center that was previously below the minimum hours required to be in compliance and above the minimum requirement.

The district's attendance software requires modification to be in compliance with state regulations for tracking student attendance by hour rather than by period, which is the method used by the computer program.

We recommend the attendance software's data and output be continually monitored during this fiscal year to be sure the results are reasonable and in compliance with state regulations.

In addition, we recommend the district establish written policies related to modifying the calendar of an attendance center to provide oversight of compliance with state laws and to promote consistency for all attendance centers.

### **RESPONSE III.A. ATTENDANCE SOFTWARE**

We agree with the auditor's statement that district attendance data are reliable and with the finding that the process used to collect attendance data needs to be improved. The district's attendance software vendor and Instructional and Information Technology Services' Data Services department are working to correct the software and programming issues that have contributed to the need for manual adjustments made to attendance information. These efforts will continue cooperatively until all issues are resolved. A test of attendance calculation and accuracy will be performed in December over the holiday break and reported to the Board of Education. A corrective action plan includes more frequent testing and reporting of attendance and enrollment to building principals going forward. The district and the software provider have prepared an extensive joint corrective action plan which is included in **Appendix B** of this report.

Additionally, the district has provided extensive training during the fall of 2008 to all attendance secretaries and principals regarding scheduling, calendars, and attendance data collection. Such training will be provided to employees at least annually.

The district will establish written procedures in order to codify its current requirement that building principals must obtain the approval of the Assistant Superintendents for Elementary or Secondary Education prior to implementing any schedule change which would potentially impact compliance with state law regarding minimum hours of attendance or district revenue based upon student attendance. Final approval will come from the office of the Chief Operations Officer.

### **FINDING III.B. BUDGET COMPLIANCE**

Missouri statutes regarding budget preparation require that budgets not authorize deficit fund balances and actual expenditures may not exceed the authorized budget. The amended budget for the Teachers Fund authorized a deficit fund balance. Additionally, the actual expenditures of the Capital Projects Fund exceeded the amended budget authorization.

We recommend strict adherence with state law in all budgetary matters.

### **RESPONSE III.B. BUDGET COMPLIANCE**

The district agrees with the auditor's finding. The deficit budgeted in the Teachers Fund was due to an oversight. We intended to adjust the transfer amount budgeted from the Incidental Fund so that the Teachers Fund would have a zero ending balance.

The over-budget amount in the Capital Projects Fund resulted from bills for year-end accruals being larger than expected. The spring construction volume was large and ahead of schedule in many cases. All of the

projects that resulted in overspending in the Capital Projects Fund were approved by the Board of Education, and only the timing of the expenditure between this fiscal year and the next was affected. The Capital Projects Fund had an adequate balance to complete the projects.

The district will not budget for a deficit balance in any fund in the future and will ensure that expenditures do not exceed the budget in any fund, unless the Board of Education approves an increase in the budget.

### **FINDING III.C. EXTRACURRICULAR ACTIVITIES (ECA) DISBURSEMENTS**

During our test of ECA disbursements, we noted ECA funds were used to reimburse expenses associated with travel to a conference. The seminar has no apparent relevance to the ECA fund. The transaction would have been more properly accounted for as professional development expense and coded to the Grants and Donations Fund.

We also noted ECA funds were used for travel costs associated with family members of employees. Several employee family members traveled out of state on an ECA trip, but did not reimburse the district for their travel costs. In addition, per diem allowances were given to the spouses and children of employees.

District finance procedure 130 states ECA funds are to only be used to promote the general welfare, education and morale of all students, and to finance the normal legitimate co-curricular activities of the student body organizations. We recommend the district carefully review all requests for payments related to ECA activities to be sure the expenditure is related to the ECA activity. In addition, the cost of family members on ECA trips must be reimbursed to the district (finance procedure 190.30), unless a bona fide business reason exists for the cost. If not reimbursed, the employee must include the value of the benefit as taxable income (Internal Revenue Service regulation), subject to income tax, payroll taxes and retirement contributions.

### **RESPONSE III.C. EXTRACURRICULAR ACTIVITIES (ECA) DISBURSEMENTS**

The district agrees with the auditor's findings. Some money was misclassified as ECA funds in the past, and will be placed in the Grants and Donations Fund in the future. Business Services staff will review the nature of all ECA accounts and ensure they are classified appropriately in the ECA Fund, operations funds, or Grants and Donations Fund. District administrators will communicate in writing and through administrative training that ECA accounts are to be used only for students or student groups. All other receipts must be coded to operations funds or the Grants and Donations Fund. The new accounting software will facilitate control in this area.

The district is developing a written procedure for all district-sponsored student travel funded through ECA accounts and will provide annual training to district leaders to ensure all trips comply with these procedures. The approval of the building principal(s), the responsible assistant superintendent, and the Chief Operations Officer will be required. District administration and the Finance Committee chair have met with the employees involved in the finding and have resolved the issue in compliance with the auditor's recommendation.

### **FINDING III.D. GRANT AUTHORIZATION, ACCOUNTING AND REPORTING**

The district administers numerous grants from federal, state, and local sources. Each of these grants contains different requirements for eligible costs, indirect costs, compliance, requests for reimbursement and reporting. The complexity of these requirements may vary significantly from grant to grant. The district's finance procedures manual requires business office involvement in the grant budgeting process, the accounting process and the final reporting process. During the audit we noted numerous instances where the business office was not notified of the existence of grants, grant employees were not properly assigned to grant activities within the district's general ledger and expense codes were not properly assigned.

Without business office involvement in all phases of the grant process the risk of noncompliance with grant requirements, incorrect reporting of eligible costs and underreporting of eligible costs is increased. We recommend the district's existing procedures related to grant accounting be enforced without exception.

### **RESPONSE III.D. GRANT AUTHORIZATION, ACCOUNTING AND REPORTING**

Appendix G (Section A: A Guide to Pursuing, Implementing, and Evaluating Grant Funding) of the finance procedures manual describes the procedures that govern district application and acceptance of grants, in compliance with Board of Education policy DD. These procedures direct the Superintendent to obtain Board approval for grants when the school district is required to allocate new funding for some component of the grant, the grant creates a new and ongoing personnel commitment, the funder requires approval by the Board of Education, a new program is created which significantly impacts current curriculum and programs, or the appropriate supervisor judges it to be desirable to obtain Board approval for reasons not stipulated above. The district will now revise written procedures to incorporate the content of Appendix G (Section A) directly into the finance procedures manual. These revised procedures will direct the Superintendent to obtain Board approval for any grants in excess of a threshold amount as directed by the Board of Education, regardless of the above parameters. The superintendent will approve all grant applications that do not meet this threshold or the criteria listed above.

Occasionally, the district becomes aware of grant requests for proposals that would require Board approval under the above procedures but have submission deadlines prior to the next opportunity for Board approval. The revised procedures will stipulate when the Superintendent is authorized to apply for grants, acceptance of which would be contingent on Board approval.

It will be required that all grant applications and grant renewals, regardless of value or content, must be reviewed by the Director of School Improvement, who will ensure that Business Services is involved in the planning and approval of all grant budgets and provide assurance that Board of Education approval is obtained in situations in which it is required. Business Services will notify the Director of School Improvement of any instance in which grant proceeds are received without prior Business Services involvement, so that management may respond appropriately. The district will communicate these procedural requirements in writing to all administrators and teachers annually (**see Appendix D**).

Entitlement grants that fund ongoing programs and operations (e.g., Title I, II, III, IV, V, and VI; Perkins; Vocational Enhancement Grants; Early Childhood Special Education; 50-50 matching fund grants for vocational education) are and will continue to be approved by the Board of Education as a part of the budget approval process. (Refer to pages 84 and 85 of the 2008-09 Columbia School District budget, approved by the Board of Education on June 30, 2008.)

The Business Office and the Director of School Improvement will ensure that grant employees are properly assigned to grant activities within the district's general ledger and expense codes are properly assigned.

### **FINDING III.E. PURCHASING CARDS**

The district's internal audit disclosed that employees misuse the purchasing cards by splitting purchases that exceed the card limits into two separate transactions. Currently, the district warns the employee for the first infraction and suspends the use of the card for a period of time after the second infraction.

We recommend, given the nature of the internal control risk with purchasing cards, that a second infraction result in a permanent forfeiture of the purchasing card.

### **RESPONSE III.E. PURCHASING CARDS**

The district agrees with the auditor's finding. Purchasing cards represent a higher level of risk than other transactions and employees must follow the district's procedures to the letter when using the purchasing card. Currently, after the second instance noted, the district suspends the card and it cannot be set up again for at least 90 days; and only then with written approval of the card supervisor. The district will immediately implement the recommendation by the auditor to suspend the card use for 90 days upon a first infraction and implement the auditor's recommendation of permanent card forfeiture upon a second infraction. The district will require the cardholder to attend purchasing card training again if he or she has a card policy violation. Additionally, the district will update the purchasing card training to emphasize that it is prohibited to split purchases.

### **FINDING III.F. SUBRECIPIENT MONITORING AND ALLOWABLE COSTS**

The district began performing subrecipient monitoring of the University of Missouri-Columbia during the current fiscal year for the Mathematics and Science Partnership grant. However, it was decided that supporting documentation would be required only for items that exceeded \$3,000. As a result, only approximately 6 percent of total amounts charged to the district by the University of Missouri-Columbia were reviewed for adequate supporting documentation and allowability of the cost.

We recommend the district increase the amount of supporting documentation they review as part of its subrecipient monitoring requirement.

### **RESPONSE III.F. SUBRECIPIENT MONITORING AND ALLOWABLE COSTS**

The district agrees with the auditor's finding and notes the auditor's comment in the report to the Board of Education on December 8, 2008, that the district has improved significantly in this area since the 2007 audit. The district will continue to work with grant administrator on the procedures, including the appropriate level

of supporting documentation to review, for the final monitoring of the grant in question, as it is now closed. Business Services will work with grant administrators on procedures for any grant that may require subrecipient monitoring and will determine the appropriate threshold at which documentation is required. The district will direct the independent auditor to annually audit all grants that require subrecipient monitoring.

### **FINDING III.G. OTHER PAYROLL ISSUES**

The district provides travel stipends to 282 employees. Documentation of actual mileage driven for business purposes is not required to be submitted to substantiate the stipend and the payments are included as taxable compensation to the employees. At our suggestion, requests were made for the employees to provide documentation of their typical mileage for a two-month period. Based upon this information, it was estimated that \$62,000, annually, was paid to the employees over the amount that would have been paid under a cost reimbursement arrangement.

In addition, 234 certificated employees receive contract pay for additional days worked beyond a normal teacher's contract of 187 days. However, there is no exact calendar, or work schedule, in place to document what days these employees are expected to work. Additionally, there is no requirement for these individuals to document the days they work.

We recommend the district require employees receiving travel stipends to apply for a travel stipend annually. The amount of the travel stipend should be justified based upon actual planned use of an employee's automobile for work purposes.

We also recommend the development of calendars that will cover all employee work schedules and reconsider contract methodology for administrative and additional-day contracts.

### **RESPONSE III.G. OTHER PAYROLL ISSUES**

The district agrees with the auditor's finding regarding travel stipends. The district will implement a procedure, beginning in the second semester 2008-09, through which the employees will verify the appropriate travel stipend based upon the employee's actual planned use of an automobile for work purposes.

The district will implement the auditor's recommendation that official calendars be developed to codify all employee working schedules, beginning in the second semester 2008-09. The district will continue to revise its contract methodology for administrative and extra-day contracts.

We agree with the auditor's statement that use of extra-day stipends is an appropriate approach for teachers and some other employees who are compensated for work beyond the school year calendar. Written procedures will be developed to confirm our expectation that employees are responsible for documenting the extra days worked and supervisors are responsible for verification.

# APPENDICES

**Appendix A:** Extra-Duty Assignment

**Appendix B:** Attendance Software Corrective Action Plan

**Appendix C:** Payroll Categories

**Appendix D:** Grant Approval Hierarchy

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## **APPENDIX A: EXTRA-DUTY ASSIGNMENT**

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An extra-duty assignment is defined as a responsibility accepted by an employee in addition, and generally different from, the daily tasks performed by that person in his or her employment assignment. Extra-duty contracts are subject to annual renewal based upon the recommendation of the building principal or designated assistant superintendent. Extra-duty activities will be performed under the supervision of the building principal, assistant superintendent, the Director of Athletics, or the District Fine Arts Coordinator in the case of Missouri State High School Activities Association (MSHSAA) coaches and fine arts persons, respectively.

The stipends are awarded for activities sponsored or coached in three main categories (Category I, Category II, and Category III), Off Season and Beyond District Competition Stipends, Extended Contracts, Travel Pay, and a listing of other responsibilities paid by special payroll.

The Extra-duty Stipend Committee reviews the awarding of stipends to employees fulfilling supervisory, coaching, and club sponsorship positions. The committee meets periodically to review extra-duty compensation. It is the mission of this committee to devise a model that can accommodate the needs of the students of the Columbia Public School District and reward the efforts and expertise of the professional staff that serve as MSHSAA coaches, activity sponsors, and leaders while keeping in mind the goals of fairness and affordability. At the same time, it is also kept in mind that the committee must allow for relatively easy periodic adjustments.

There are certain parameters that exist within the framework of the stipend assessment:

1. When an employee continues in an assignment and the new stipend for that assignment would be less than his or her present compensation, the employee would become “grandfathered” to receive the stipend currently being paid until such time as the new stipend schedule exceeds that rate. At that time, the stipend will be determined by the new stipend schedule.
2. Longevity points will be assigned to Category I stipends. MSHSAA coaches and sponsors in Category I activities will receive one (1) additional point for longevity after three (3) years as a coach or sponsor in the same activity.
3. Stipends for Category I and Category III and Extended Contracts will be paid in equal monthly payments for those employees that are paid on a monthly basis. Hourly employees will be paid in lump sums for Category I and III stipends with the last payment coming after the activity or season is complete.
4. Sponsors receiving stipends for school clubs and activities, Category II, will be issued one payment at the end of the school year after verification of the club or activity is submitted.
5. Off Season and Beyond District Competition Stipends, Travel Pay, and a listing of other responsibilities are to be paid by special payroll.

### **CATEGORY I STIPENDS**

Category I stipends include coach or sponsor positions for which points are awarded upon the fulfillment of eight criteria descriptors. These positions have been “standardized” for the district. The responsibilities and expectations are the same for each high school, junior high school, middle school, and elementary school.

Points are assigned at the discretion and approval of the building principals according to a given scale based on specific criteria. The points are then totaled and a dollar value for that sponsorship is assigned based upon the point scale on the following pages. Stipends will be approved annually by the Board of Education during the annual budget process. New stipend recommendations during the budget year will be presented to the Board of Education for approval each month.

#### **CATEGORY II STIPENDS**

Category II stipends include sponsors of clubs that serve to be co-curricular and enhance the current educational programs. These school clubs provide activities that teachers do not generally have time to offer during the school day.

For the activity specified, appropriate points are awarded for each of five criteria descriptors. Points are assigned at the discretion and approval of the building principals according to a given scale based on specific criteria. The points are then totaled and a dollar value for that sponsorship is assigned based upon the following point scale:

3-5	=	\$445.00
6-8	=	\$690.00
9-12	=	\$1,035.00
13+	=	\$1,495.00

Stipends will be approved annually by the Board of Education during the annual budget process. New stipend recommendations during the budget year will be presented to the Board of Education for approval each month.

#### **CATEGORY III STIPENDS**

Category III stipends include activities or responsibilities that require time outside of the school day for co-curricular or extracurricular activities that are in support of the educational program of a school.

The stipend is to be recommended by the building administrator and reviewed by the assistant superintendent for elementary or secondary education. Stipends will be approved annually by the Board of Education during the annual budget process. New stipend recommendations during the budget year will be presented to the Board of Education for approval each month.

#### **EXTENDED CONTRACTS**

Currently, the administration of the Columbia Public School District provides an “extended” contract to those employees whose responsibilities begin earlier than the first day of the teaching contract or extend beyond the end of the school year.

Extended contracts are provided to employees recommended by the assistant superintendent of the designated area for duties directly associated with the employee’s professional contract, with final approval from the superintendent of schools. The 2008-09 extended contracts were paid at the 2007-08 per diem rate, as salary schedules were frozen for the school year 2008-09.

### **EXTENDED SEASON STIPENDS**

During the contract year, there are occasions when the normal length of the activity or season is extended beyond the time for which the sponsor's or coach's stipend was determined. On these occasions, the sponsor or coach is paid at the same compensation that is paid to teachers for general supervision, \$10 per hour. Category I activity sponsors eligible for the extended season stipend are those working with students whose activity or season continues beyond the district level of competition.

### **OFF SEASON STIPENDS**

During the year, high school coaches and sponsors spend time with the students outside of the expected practice time given during the season to support the activity and work on strength and weight training. It is time dedicated to building skills and keeping fit. A set amount is paid for this work if the coach chooses to offer this additional training and it cannot be done during the regular season. A limit is also placed on how many of the coaches may participate.

### **GENERAL SUPERVISION STIPENDS**

General Supervision stipends are provided to building employees who supervise students during "non-contractual" time periods, typically before and after the school day. The stipends are paid at a rate of \$10.00 per hour. Each school has a specific number of hours allocated to their building for general supervision.

The stipend is to be recommended by the building administrator and reviewed by the assistant superintendent for elementary or secondary education and the assistant superintendent for human resources. Final approval is then secured through Human Resources. Stipends will be approved annually by the Board of Education during the annual budget process. New stipend recommendations during the budget year will be presented to the Board of Education for approval each month.

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**APPENDIX B: ATTENDANCE SOFTWARE CORRECTIVE ACTION PLAN**

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<b>Action</b>	<b>Person Responsible</b>	<b>Date Completed</b>	<b>Notes/Explanation</b>	<b>Compliance</b>
<b>Attendance time in/out usage discussion</b>	Data Services team	9/25/08	Meeting with building-level secretarial staff.	Announced/discussed at 9/25/08 attendance meeting
<b>Attendance time in/out usage monitoring</b>	Data Services team	Begun 9/18/08	ReportNet report in use to monitor.	Run early November; note re: proper use of time in/time out sent in Error Scan e-mail date 11/11/08
<b>Implement locking of attendance after trimester/semester</b>	Data Services team	Beginning school year 2008-09	Will lock attendance to prevent any changes 2 weeks after the end of a trimester (elementary), semester (secondary except Douglass), or quarter (Douglass) to prevent any inadvertent or incorrect changes to attendance data. If changes are necessary, buildings can contact Data Services to discuss; if changes are appropriate, Data Services will make the changes and document for auditing purposes.	1st Trimester—elementary level locked as of 11/26/08
<b>Attendance error scan monitoring</b>	Data Services team	Begun 9/18/08	Retraining, e-mail reminders, and periodic checks of building reports to make sure errors are being cleared.	E-mail reminder sent 11/11/08; specific e-mail to Hickman sent 12/1/08 re: uncleared errors
<b>Restrict ability to delete courses</b>	Data Services team	9/25/08	Restrict ability to delete courses to Data services. Guidance must call in to delete courses, which can also delete absences if done in error. If it is determined that a course does need to be deleted (rather than dropped), Data Services will delete and document for auditing purposes.	Restricted during the school year except for the end and beginning of semesters when schedule changes are occurring
<b>Monitor entry/withdraw dates and schedule dates</b>	Data Services team	Already in audit report	Alert secretarial and guidance staff when date enrolled does not match date courses started. If these don't match, attendance not accrued properly.	Tracking in biweekly audit trail

<b>Action</b>	<b>Person Responsible</b>	<b>Date Completed</b>	<b>Notes/Explanation</b>	<b>Compliance</b>
<b>Monitor use of and attention paid to audit report</b>	Data Services team	Begun September 2008	E-mail audit report to principals (instead of putting it on their home page in eSchoolPLUS). Work with principals more closely to make sure items on audit trail are being resolved in a timely manner.	Started September 2008
<b>Elementary lunch times discussed/edited</b>	Data Services/ Central Office/ Elementary Principals	In progress	Lunch recess can be counted toward minutes if certified staff are present on the playground. Work with elementary schools to make sure this is reported correctly.	Completed fall 2008; adjusted calendars for West Boulevard, Paxton Keeley, Russell Boulevard, and Fairview elementary schools
<b>Discuss/consider secondary exam schedules</b>	Data Services/ Central Office/ secondary principals	In progress	Exam day schedules can affect how minutes and membership are counted for state reporting; examine need for change in bell schedules/timetables (change may not be necessary, but awareness needs to be raised as to how shortened days will affect attendance percentages and funding).	Meeting scheduled 12/17/08; high schools meeting internally to discuss changes prior to 12/17/08. Changes under consideration to require students to attend tutorial sessions 1st semester.
<b>More aggressive tracking of repeated data entry errors</b>	Data Services team	In progress	More closely monitor call logs and errors on system to determine if there are staff who are repeatedly making mistakes; work with principals to provide additional training when necessary.	Monitoring the following reports: Attendance error scans, audit report, attendance monitoring reports, call logs, users' scheduled tasks
<b>Quarterly reports to Board of Education re: status of data for state reporting</b>	Manager of Data Services/ Business Services	Starting December 2008	Will run state reports and report to Board on status of attendance calculations, etc.	Calculations in progress for attendance rates as of 12/1/08
<b>Monthly meetings with Business Services re: attendance data</b>	Manager of Data Services	Beginning October 2008	Monthly meeting with Business Services Director to assess progress of audit response and monitor attendance reporting/ data entry	9/12/08; 10/6/08; 10/22/08; 12/9/08
<b>Monthly phone conference with Sungard implementation team</b>	Manager of Data Services/ Sungard	Begun 9/17/08	Monthly check of progress on audit response and check of attendance data for state reporting	Monday, September 15; Tuesday, October 21; Thursday, December 4

Action	Person Responsible	Date Completed	Notes/Explanation	Compliance
<b>Monitor any upcoming changes to state reporting from DESE and keep Sungard informed from our perspective</b>	Manager of Data Services	Beginning Fall 2008	Sungard programmers are involved in conference calls with the state re: additions and changes to the state reporting system. However, Columbia can be more proactive by contacting Sungard ourselves to be sure they are aware of the changes and how they could impact data entry and state reporting from our perspective.	Tuesday, October 21, initial meeting; no additional changes November/ December
<b>Begin discussions of consistent implementation of attendance practices across building levels (elementary, middle, junior high, and secondary)</b>	Manager of Data Services/ Central Office/ principals	Begun September 2008	Begin to create and implement consistent practices of issues such as tardy times, handling of late buses, exam schedules, time in/time out sheets, etc.	
<b>Continue education of administrators and building-level data entry personnel with regard to how data entry affects state reporting</b>	Manager of Data Services	Already begun in 2007-08, ongoing	Attend principal meetings or organize other training sessions to present elements of state reporting calculations; presentation to be created jointly with Business Services; end result is to continue to raise awareness of how our data entry impacts state reporting and funding; continue to incorporate same into building-level staff training	District-wide session with attendance secretaries and registrars 9/25/08. Attended and presented at the following principal meetings: Secondary principals, 9/9/08; elementary principals, 9/10/08; secondary assistant principals, 9/17/08
<b>Work with Human Resources to determine job qualifications for future secretarial staff handling student data</b>	Manager of Data Services/ Assistant Superintendent for Human Resources	Beginning October 2008	Work with Assistant Superintendent for Human Resources to rewrite job descriptions of building secretarial staff involved with data entry to include skill sets that will allow them to more easily adapt to the new requirements for use of the computer and more complete data entry skills.	New job description drafted by Data Services team and sent to Dr. Laffey on 12/8/08

Action	Person Responsible	Date Completed	Notes/Explanation	Compliance
<b>Create and monitor reports tracking attendance day totals calculations</b>	Data Services team	Begun September 2008	Creating reports to double-check attendance day totals accuracy for all levels and all scheduling scenarios. Will be run on a regular basis to make sure programs are still working properly and accruing attendance minutes/ absence minutes/ membership properly for all types of students.	“Verify Attendance 4 Ways”—run and checked every 2 weeks; “Check for No Present Minutes” report—run monthly; “Check Calendars to Schedules – RBHS”—run monthly
<b>Report out on a regular basis to Sungard with regard to tracking attendance days totals</b>	Data Services team	Begun September 2008	In the context of case review calls, specify exactly what we’ve tested/ verified in relation to day totals calculations. Continue to track previous issues that have been resolved in order to be sure they do not recur. Testing/ verification to include performance testing to ensure the calculations run within a reasonable amount of time.	Case calls in which attendance was discussed/ followed up: 8/19/08, 9/16/08, 9/30/08, 10/14/08, 10/28/08, 11/11/08, 11/25/08
<b>Continue creating opportunities for refresher training/ retraining</b>	Data Services team	Has been implemented since the spring of 2005	Make sure ample opportunities are available for building-level data entry staff to have refresher training/ retraining on attendance, enrollment, and scheduling.	8/4/08; 8/6/08; 8/7/08; 8/8/08; 8/11/08; 8/14/08; 8/26/08; 8/27/08; 8/28/08; 9/5/08; 9/8/08; 9/15/08; 9/16/08; 9/25/08; 10/7/08; 10/22/08; and many one-on-one or on-request trainings throughout the fall
<b>Make certain that by 2009 Columbia will not have the same or new day totals issues</b>	Sungard	By June 2009	Ongoing communication with Columbia to track and assist with testing and verification of day totals calculations. Commitment delivered in writing to district administration regarding Sungard’s resolve to make attendance day totals error-free by the end of the 2009 school year.	Commitment e-mail received from Sungard dated 9/30/08

Action	Person Responsible	Date Completed	Notes/Explanation	Compliance
<p><b>All attendance cases submitted by Columbia will be given a priority status of critical</b></p>	<p>Sungard</p>	<p>Beginning immediately</p>	<p>Prior to communication to Sungard of our audit status, day totals cases were not always resolved in a timely manner. Many sat in programming for months at a time, even when brought up biweekly by Columbia in case and conference calls. Immediate escalation of all attendance-related cases will help ensure these issues are not neglected.</p>	<p>Done</p>

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## APPENDIX C: PAYROLL CATEGORIES

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### **Teachers Fund**

Teacher Contract Compensation  
Teacher and Administrator Extra Days  
Administrator Indexes  
Athletic Supervision Stipends  
Off Season and Beyond District Competition Coach Stipends  
Category I Stipends  
Category II Stipends  
Category III Stipends  
Career Ladder Compensation  
General Supervision Stipends  
Kindergarten Screening Stipends  
Summer School Salaries  
Sick Leave Payout  
Travel Stipends  
Instructional Aide Salaries  
Educational Advancement Increases

### **Incidental Fund**

Support Staff Salaries  
Overtime  
Athletic Supervision Stipends  
Travel Stipends  
Summer School Salaries

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## APPENDIX D: GRANT APPROVAL HIERARCHY

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