SAN JUAN ISLAND SCHOOL DISTRICT NO. 149
San Juan County, Washington
September 1, 1991 Through August 31, 1993

Schedule Of Findings

1. The District Should Refrain From Making Gifts Of Public Funds

On May 28, 1993, the district issued a warrant in the amount of $1,500 to the Whale Museum as a financial contribution to their Nature Workshops for Children program and a warrant in the amount of $1,800 to the Community Arts Theater Society for their Summer Arts Program.

The Washington State Constitution, Article VIII, Section 7 states in part:

> No . . . municipal corporation shall hereafter give any money . . . to or in aid of any individual, association, company or corporation . . . except for the necessary support of the poor and infirm . . . .

RCW 42.24.115 states:

> All claims presented against any county, city, district or other municipal corporation or political subdivision by persons furnishing materials, rendering services or performing labor, or for any other contractual purpose shall be prepared for audit and payment on a form and in the manner prescribed by the division of municipal corporations in the state auditor's office. The form shall provide for the authentication and certification by such auditing officer that the materials have been furnished, the services rendered or the labor performed as described and the claim is a just, due and unpaid obligation against the municipal corporation or political subdivision; and no claim shall be paid without such authentication and certifications. (Emphasis ours.)

The district's agreements indicate the district's intention was to help the Whale Museum and the Community Arts Theater Society to offer educational activities to Island children at a lower tuition amount than would otherwise be possible. However, there is no evidence that Island children received lower tuition than children who were not island residents. Furthermore, the district paid in advance for educational activities for which district officials have not obtained any documentation to support that any benefit was received.

The district's failure to recognize the impropriety of paying in advance for undocumented benefits we believe resulted in a gift of public funds.

We recommend the district comply with the Washington State Constitution and refrain from making gifts of public funds. To achieve their goal of providing affordable summer educational programs, we further recommend the district establish a policy of authorizing tuition reimbursement to eligible children. Payment can be made to the organization based upon documentation indicating who was served, the date, and the particular service

provided. The payments may not be made in advance and the policy must be established prior to the services being provided.

2. <u>The District Should Maintain Adequate Documentation To Support Experience And Credits Reported To The Superintendent Of Public Instruction (SPI)</u>

Our review of four certified employee files at San Juan Island School District noted the following problems with reporting on the S275/S727 report to the SPI.

a. For the first employee, "credits excess" were underreported by 10 credits. "Credits since" were overreported by 77. Years of experience were underreported by 2 years. Of the years of experience counted, 9 years were not supported in the employee's file. However, these years were confirmed with the Department of Retirement Systems (DRS).

b. For the second employee, "credits since" were overreported by 4 credits and "credits excess" were underreported by 11.

c. For the third employee, "credits since" were overreported by 13 credits. Years of experience were over reported by .5 of a year.

d. For the fourth employee, "credits since" were underreported by 6 credits. However, 30 of the credits counted were attributable to credits prior to the BA degree being conferred but after it was earned. As this university only confers degrees once a year, the credits are allowable. However, documentation supporting the claim that the university confers degrees once a year was not included in the employee's file. Years of experience for this employee were reported as 19 years. A copy of a memo in the employee's file supported 18.1 years.

In addition, nine part-time employees were reviewed for correct increase in the number of years of experience attributable to fiscal year 1991-92 as reported in fiscal year 1992-93. Four of these employees were found to have had years of experience as attributed to fiscal year 1991-92 overreported by .2 to .8 years. One employee was found to have had years of experience underreported by .4 years.

Washington Administrative Code (WAC) 392-121-280 states in part:

> School districts shall have documentation on file and available for review which substantiates each certificated employee's placement on the state-wide salary allocation schedule and on LEAP Document 1.
>
> (1) Districts shall document the date of awarding or conferring of the highest degree. Documentation shall include the date upon which the degree was awarded or conferred as recorded on the diploma or official transcript . . .
>
> (2) Districts shall document total eligible credits on an official transcript or letter from the institutions granting the credits or performing the in-service training.
>
> (3) Districts shall document years of experience that are eligible for application on the state-wide salary allocation schedule and on LEAP Document 1. Documentation for years of experience shall be on letters or any other documents that provides evidence of employment including dates of employment.

The instructions for the S275 report state in part:

> Item B.5 . . . Credits in excess of 45 earned between the BA and MA are referred to in these instructions as "in between" credits . . . Do not report credits here which are reported in items B.3 . . .
>
> Item B.3 October 1 - Total Academic credits earned since highest degree.

The reason for inadequate documentation and inaccurate reporting is not evident. However, turnover of staff maintaining these records is a contributing factor.

Inaccurate reporting of degrees, experience, and credits affects the district apportionment funding received from SPI.

We recommend that the district correct inaccurate information and obtain adequate documentation to support the S275/S727 report for the employees identified. We further recommend that the district review the files of the remaining district employees to ensure the accuracy and adequacy of the documentation for the S275/S727 report.

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Schedule Of Federal Findings

1. The District Should Maintain Time And Effort Documentation For Payroll Charges To Federal Programs

The district allocated payroll charges of $6,088 to the Chapter 1 Program (CFDA 84.010) based on budgeted percentages rather than requiring the preparation and use of actual time and effort documentation by program personnel. Documentation supporting time and effort reports was not prepared.

OMB Circular A-87, *Cost Principles for State and Local Governmental Units*, Attachment B, "Standards for Selected Items of Cost," Section 10.b., states in part:

> Payrolls must be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant program or other cost objective will be supported by appropriate time distribution records . . . .

District personnel were unaware of the requirement to maintain detailed documentation supporting time and effort charges to federal programs.

As a result, the district was not in compliance with the requirements of OMB Circular A-87 when charging payroll costs to the Chapter 1 program.

We recommend the district comply with the requirements of OMB Circular A-87 when charging payroll costs to federally assisted programs. We further recommend the district work with the Superintendent of Public Instruction to resolve the questioned costs of $6,088.