



Springfield Public Schools

Tina McManus, CPA, MBA, CGFM
Internal Auditor
940 N. Jefferson
Springfield, MO 65802
Office: (417) 523-0157
FAX: (417) 523-0193
tmcmamus@spsmail.org

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Final Audit Report Hillcrest Highlanders

Objective

The Hillcrest Highlanders Girls Drum and Bugle Corp were invited to perform for the Pope at the Vatican in Italy in December 2007. The Highlanders began fundraising to pay for their trip two years in advance.

The audit objectives were to determine if proper internal control were in place to ensure the efficient and effective use of resources and to determine if the existing district policies and procedures were followed – including proper approvals for expenditures.

Scope

Documentation in regards to the approval of the travel application was reviewed. Invoices from the travel company and related payments by the district and the Foundation were reviewed.

District student activity accounts were analyzed for the examination of deposits fundraising monies and the expenditures for uniforms and trip charges. Review of the loan agreement from the SPS Foundation and the use of the loan proceeds were audited. The repayment of the loan in a timely manner was observed.

Work Performed

A travel application (for Springfield Public Schools) was completed the sponsor for the Hillcrest Highlanders on August 21, 2006. This application was approved by the principal of Hillcrest on September 11, 2006 and by the appropriate Associate Superintendent on October 16, 2006.

All invoicing from the travel company relating to this trip was reviewed. A site inspection fee of \$3,000 was paid on May 31, 2007. The "Request for Purchase" states that the site inspection charge is "To be credited back for trip in December". No such credit was applied to the December (or later) invoices. Documentation was later provided by administration that stated that the site inspection fee charge was to be refunded by the travel company within 45 days of the group travel. The Internal Auditor contacted the travel company and the refund check was issued.

Funding was provided by the district to both the Kilties at Central and the Highlanders at Hillcrest through a transfer of \$10,000 for this year and approval for next year for uniform and instrument replacements or additions.

The Hillcrest Highlanders were very active in their fundraising efforts for two years prior to their trip to Italy. However, their fundraising goals were not met. If total funding for the trip was not obtained, the entire trip was at risk of being cancelled without refunds.

The school site administration transferred a total of \$27,700 from school accounts to the Highlander student activity account. (The central administrative office transferred \$3,000 back to the school site to assist in funding needs.)

The Foundation for Springfield Public Schools Board of Directors agreed to loan \$29,273 (interest-free) to the district (the Hillcrest Highlanders) for the final payment for the trip. A check was written directly to the travel company for this amount from the Springfield Public Schools Foundation. In the memo from the Foundation, it states that any outstanding balance as of May 30, 2008, will be repaid to the Foundation by the district.

This loan was paid in full by the May 30th deadline.

Conclusion

There were no reportable findings from this audit. However, several recommendations have been made to district administration.

- 1) Written procedures should be reviewed and clarified to address the requirements in order for approval for a large undertaking of this size. There should be established fundraising targets with deadlines that must be met in order for the fundraising and the trip planning to continue. If the fundraising targets are not met by these deadlines, there should be avenues in which to cancel the trip without a large financial loss. The number of approved passengers should be documented and changes should require additional approval. Related Board policies should be considered for adoption.

There was one student cancellation past the deadline which results in a forfeiture of \$2,521 (the tour cost for this student). These written procedures should determine who (the student or the district) is responsible for payments if a cancellation occurs.

The Executive Director for High Schools will take the lead for the development of written step-by-step procedures for the approval process for student trips. The current approval form will be revised. Consideration will be given to developing a Board policy that would require Board approval of out-of-country student trips. Cancellation guidelines will be considered for inclusion in these written procedures.

- 2) The written procedures suggested in Recommendation 1 should also address the appropriateness and approval process for sponsors to take “site inspection” trips in advance of the tour group.

Documentation from the tour company was provided which states that the cost of the “site inspection” trip (the “Familiarization Tour”) was to be refunded 45 days prior to the student group tour. No documentation was located showing this refund. The Internal Auditor contacted the travel company and requested this refund. A refund check for \$3,000 for the site inspection trip was received on May 21, 2008, and deposited in the SPS Foundation activity account, as a partial payment on the outstanding loan.

- 3) The Highlanders have used \$27,393 in the past two years to upgrade their uniforms. A memo of approval has been written to direct the district to transfer another \$10,000 for uniforms to the Highlander budget for next year. One recommendation would be to utilize this \$10,000 funds from next year’s budget to help pay off the loan to the Foundation. Along with the current balance in the Highlander student activity account, the outstanding debt to the Foundation of \$12,363.00 could be paid in full. The refund check received from Gateway for overpayment could also be utilized to help pay off the loan from the Foundation.

Management utilized the \$3,000 refund check and other funding to repay the Foundation loan of \$12,363 in full by the May 30th deadline.