



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Mary Mosiman, CPA
Auditor of State

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FOR RELEASE _____ February 10, 2016 _____

Auditor of State Mary Mosiman today released a reaudit report on the North Butler Community School District (District) for the period July 1, 2013 through June 30, 2014. The reaudit was performed at the request of petitioners pursuant to Section 11.6(4)(a)(3) of the *Code of Iowa*.

Mosiman recommended the District establish procedures to ensure the Special Education Supplement for the Certified Annual Report is accurate. Also, the District should establish procedures to ensure published salaries are accurate.

The District responded favorably to the recommendations included in the reaudit report. A copy of the reaudit report was filed with the Iowa Department of Education for its review and information.

A copy of the reaudit report is available for review in the District's Office, in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/specials/1430-0153-T00Z.pdf>.

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NORTH BUTLER COMMUNITY SCHOOL DISTRICT
AUDITOR OF STATE'S REPORT ON REAUDIT
FOR THE PERIOD
JULY 1, 2013 THROUGH JUNE 30, 2014

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North Butler Community School District

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

(Before September 2013 Election)

Eric Bixby	Board President	2015
Troy Feldman	Board Vice-President	2015
Barb Brinkman	Board Member	2013
Kristy Lammers	Board Member	2013
Scott Bruns	Board Member	2015
Jon Heuer	Board Member	2015
John Moellers	Board Member	2015

(After September 2013 Election)

Eric Bixby	Board President	2015
Troy Feldman	Board Vice-President	2015
Scott Bruns	Board Member	2015
Jon Heuer	Board Member	2015
John Moellers	Board Member	2015
Kristy Lammers	Board Member	2017
Laura Staudt	Board Member	2017

School Officials

Terry Kenealy	Superintendent	2014
Noreen Wiegman	District Secretary	(Resigned May 2014)
Shellee Bartlett	District Secretary	Indefinite
Rick Engel	Attorney	Indefinite

North Butler Community School District



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Mary Mosiman, CPA
Auditor of State

Auditor of State's Report on Reaudit

To the Board of Education of the
North Butler Community School District:

We received a request to perform a reaudit of the North Butler Community School District (District) in accordance with Section 11.6(4)(a)(3) of the *Code of Iowa*. As a result, we performed a review of the audit report for the year ended June 30, 2014 and the workpapers prepared by the District's Certified Public Accounting firm to determine whether the CPA firm addressed any or all of the specific issues identified in the request for reaudit during the annual audit of the District. Based on this review and our review of the preliminary information available, we determined a partial reaudit was necessary to further investigate specific issues identified in the request for reaudit. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the District for the period July 1, 2013 through June 30, 2014.


The procedures we performed are summarized as follows:


1. Reviewed the fiscal year 2013-2014 Special Education Supplement (SES) report to the Iowa Department of Education (IDOE) to determine whether reported expenditures were supported by the District's general ledger.
2. Reviewed information from the IDOE to determine required certifications for teaching special education.
3. Obtained a listing of special education teachers from the District and reviewed required certifications for compliance.
4. Examined selected student Individualized Education Programs (IEP) to determine whether the IEPs were prepared, as required, and to determine the types of student accommodations included in the IEPs.
5. Examined certain special education disbursements to determine their propriety and whether appropriate supporting documentation was available.
6. Examined selected published salaries for the 2013-2014 fiscal year to determine whether published salaries were supported by the District's payroll register

Based on the performance of these procedures, we identified instances of non-compliance and have developed various recommendations for the District. The instances of non-compliance and our recommendations are described in the Detailed Findings of this report. Unless reported in the Detailed Findings, items of non-compliance were not identified during the performance of the specific procedures listed above.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of the District, additional matters might have come to our attention that would have been reported to you. A copy of this reaudit report has been filed with the Iowa Department of Education for its review and information.

We would like to acknowledge the assistance extended to us by personnel of the District during the course of the reaudit.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 25, 2015

Detailed Findings

North Butler Community School District

Detailed Findings

July 1, 2013 through June 30, 2014

- (A) Overpayment – The District overpaid Waverly-Shell Rock Community School District \$6,356.70 for an open enrolled special education student. The District remitted a total of \$27,194.40 to the Waverly-Shell Rock Community School District for a properly billed level 3 special education student. It also paid \$6,356.70 for the same student billed incorrectly as a level 1 student.

Recommendation – The District should establish procedures to ensure all amounts paid for open enrolled students are correct.

Response – Waverly-Shell Rock Community School District has repaid the amount overpaid by the District. The District has begun verifying all special education tuition against the special education student count.

Conclusion – Response accepted.

- (B) Special Education Supplement to the Certified Annual Report – We compared the Special Education Supplement (SES) to the Certified Annual Report and to the District's general ledger for the year ended June 30, 2014 and identified the following:

- The SES was understated by \$3,624 due to an Area Education Agency contract expenditure incorrectly charged to tuition in the District's general ledger.
- The SES was understated by \$269 due to a special education expenditure for supplies incorrectly coded in the District's general ledger.
- The District's general ledger incorrectly included \$103,385 from Medicaid as special education. This was corrected in the SES.
- The District coded salaries and benefits totaling \$38,442 for two employees as early childhood special education rather than school age special education. This was corrected in the SES.
- Supplies totaling \$776 were incorrectly coded to early childhood special education rather than school age special education in the District's general ledger. This was corrected in the SES.
- Certain fiscal year 2014 expenditures were incorrectly recorded in the District's general ledger. This was corrected in the SES.
- While vehicle miles were included for reimbursement in the SES, the vehicle description was not listed, as required.

Recommendation – While certain errors were corrected for SES reporting, the District should establish procedures to ensure all special education program expenditures are properly recorded in the District's general ledger and included in the SES to the Certified Annual Report.

Response – The Superintendent and Business Manager are verifying all special education expenditures.

Conclusion – Response accepted.

North Butler Community School District

Detailed Findings

July 1, 2013 through June 30, 2014

(C) Unallowable Special Education Expenditures – State requirements pertaining to special education programs and related activity, including allowable uses of special education funds, are provided in Chapter 256B of the *Code of Iowa* and Section 281, Chapter 41 of the IDOE Administrative Rules. In general, based on these requirements, expenditures for special education must meet the following criteria:

- The costs must be supported by an applicable special education student's Individualized Education Program (IEP).
- Costs must cover the excess costs of instruction of children requiring special education above the costs of instruction of pupils in a regular curriculum.

We reviewed 15 expenditures recorded in the District's special education program during the period from July 1, 2013 through June 30, 2014 and identified the following expenditures which were not supported by an IEP and do not represent costs in excess of the cost of instruction of pupils in a regular curriculum:

Paid to	Date Paid	Purpose	Amount
Kirk Clark	February 17, 2014	Driving for athletics	\$ 126.72
Kirk Clark	February 17, 2014	Driving for athletics	63.36
Kirk Clark	February 17, 2014	Driving for athletics	21.12
Kirk Clark	February 17, 2014	Driving for athletics	63.36
Matina Clark	October 13, 2014	Not available	490.00

Recommendation – The District should establish procedures to ensure all special education program expenditures are in accordance with IDOE requirements.

Response – The Superintendent and Business Manager are verifying all special education expenditures.

Conclusion – Response accepted.

(D) Published Salaries – Chapter 279.35 of the *Code of Iowa* requires Districts to publish salaries paid to individuals regularly employed by the District and include the total amount of the annual salary of each employee. We examined certain salaries published in August 2014 for the 2013-2014 fiscal year. Published salaries examined were overstated due to the District incorrectly including both July and August 2013 and July and August 2014 salaries, a total of 14 months.

Recommendation – The District should establish procedures to ensure published salaries are accurate.

Responses – Salaries will be verified against contracts before they are published to ensure the proper months are published.

Conclusion – Response accepted.

North Butler Community School District

Staff

This reaudit was performed by:

Ernest H. Ruben, Jr., CPA, Manager

Kaylynn D. Short, Senior Auditor

Nate W. Packer, Staff Auditor

A handwritten signature in black ink that reads "Tamera S. Kusian". The signature is written in a cursive style with a large, stylized 'S'.

Tamera S. Kusian, CPA
Deputy Auditor of State