



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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FOR RELEASE _____ March 27, 2008 _____

Auditor of State David A. Vaudt today released a reaudit report on the WACO Community School District for the period July 1, 2005 through June 30, 2006. The reaudit also covered certain items to determine practices applicable to the years ended June 30, 2005 and June 30, 2007. The reaudit was performed as a result of a citizens' petition pursuant to Chapter 11.6(4)(c) of the Code of Iowa.

Vaudt recommended the District review and revise its policies and procedures to clarify the purchasing authority of the Superintendent. Recommendations were also made to the District regarding compliance with the Code of Iowa pertaining to claims approval, asset disposition and Board minutes. Other recommendations included developing policies and procedures over information systems and software licensing agreements, improving controls over the use of signature stamps and ensuring the District obtains and retains the back of each cancelled check for the School Nutrition and Student Activity Funds.

A copy of the reaudit report is available for review in the District's Business Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/specials/specials.htm>.

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WACO COMMUNITY SCHOOL DISTRICT
AUDITOR OF STATE'S REPORT ON REAUDIT
FOR THE PERIOD
JULY 1, 2005 THROUGH JUNE 30, 2006

Table of Contents

	<u>Page</u>
Officials	3
Auditor of State's Report on Reaudit	5-6
Detailed Findings:	<u>Finding</u>
Claims Approval	A 8-9
EnCompass Iowa, L.L.C. Contract	B 9-10
Purchasing	C 10-11
Disbursements	D 11-12
Asset Disposition	E 12-13
Board Minutes	F 13
Information Systems	G 13-14
Dual Signatures	H 15
Technology Inventory	I 15-16
Electronic Check Retention	J 16
Software Licensing	K 16
Staff	17

WACO Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2005 Election)		
Mark Hotchkiss	President	2005
Mark Burnham	Vice-President	2007
Shari Janecek	Board Member	2005
Jeff Temple	Board Member	2006
JoEllen Jepsen	Board Member	2007
(After September 2005 Election)		
Mark Hotchkiss	President	2008
Mark Burnham	Vice President	2007
Jeff Temple	Board Member	2006
JoEllen Jepsen	Board Member	2007
Shari Janecek	Board Member	2008
District Officials		
Darrell Smith	Superintendent	2006
Kimberly Sheets	District Secretary/Business Manager	2006
Robert Meyer	District Treasurer	2006
Ronald L. Peeler	Attorney	2006

WACO Community School District



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Auditor of State's Report on Reaudit

To the Board of Education of the
WACO Community School District:

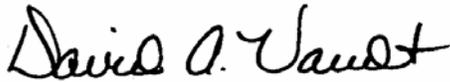
We received a request to perform a reaudit of the WACO Community School District under Chapter 11.6(4) of the Code of Iowa. We determined a partial reaudit was necessary to further investigate specific issues identified in the request for reaudit and through our review of the preliminary information available. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the WACO Community School District for the period July 1, 2005 through June 30, 2006. We also inquired and performed procedures for certain items to determine practices applicable to the year ended June 30, 2007. The procedures we performed are summarized as follows:

1. We obtained and reviewed the District's policies and procedures pertaining to purchases of goods and services, including technology purchases.
2. We reviewed the agreement with EnCompass Iowa, L.L.C. for compliance with selected criteria related to procurement of services, authorization of services and authorization of payment for services.
3. We reviewed selected District equipment and related expenditures for compliance with District policies, including competitive bidding.
4. We obtained and reviewed the District's policies and procedures regarding disposition of property for compliance with Chapter 297.22 of the Code of Iowa.
5. We reviewed the District's minutes record for compliance with certain requirements of Chapters 21, 279.35 and 279.36 of the Code of Iowa.
6. We physically inventoried selected technology purchases, such as computers and peripheral equipment.
7. We obtained and reviewed a listing of licenses for Microsoft products purchased by the District.

Based on the performance of the procedures described above, we have various recommendations for the District. Our recommendations and the instances of non-compliance are described in the Detailed Findings of this report. Unless reported in the Detailed Findings, no items of non-compliance were noted during the performance of the specific procedures listed above.

The procedures described above are substantially less in scope than an audit of financial statements made in accordance with U.S. generally accepted auditing standards, the objective of which is the expression of an opinion on financial statements. Accordingly, we do not express an opinion. Had we performed additional procedures or selected additional vendor contracts or had we performed an audit of the WACO Community School 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.

We would like to acknowledge the assistance extended to us by personnel of the WACO Community School District. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 8, 2008

Detailed Findings

WACO Community School District

Detailed Findings

July 1, 2005 through June 30, 2006

(A) Claims Approval – Chapter 279.29 of the Code of Iowa states, in part:

“The board shall audit and allow all just claims against the corporation, and no order shall be drawn upon the treasury until the claim therefore has been audited and allowed. In any district in which the board consists of five or more members, an audit made by one or more members of the board designated by the board or by a certified public accountant employed by the board, and certified to the board by such member or members of the board or by such accountant, shall satisfy the requirements of this section with respect to the audit of a claim.”

Chapter 279.30 of the Code of Iowa (2007) allows the Board to “by resolution, authorize the (District) Secretary, upon approval of the superintendent or designee . . . to issue payments when the board of directors is not in session in payment of reasonable and necessary expenses, but only upon verified bills filed with the (District) Secretary, and for the payment of salaries pursuant to the terms of a written contract All bills and salaries for which payments are issued prior to audit and allowance by the board must be passed upon by the board of directors at the next meeting and be entered in the regular minutes of the (District) Secretary.”

District policy “Payment for Goods and Services”, number 705.3, states, in part:

“The Board authorizes the issuance of warrants for payment of claims against the school district for goods and services. The Board will allow the warrants after the goods and services have been received and accepted in compliance with Board policy and the claims audited by the Board.

Claims for payment of freight, drayage, express, postage, printing, water, lights, telephone, rents and payment of salaries pursuant to the terms of a written contract may be paid by the Board (District) Secretary prior to formal audit and approval by the Board. In addition, the Board (District) Secretary, upon approval of the Board President, may issue warrants for approved registrations, claims offering a discount for early payment, approved travel expenses, approved goods and services delivered C.O.D. and other verified bills filed with the (District) Secretary when the Board is not in session prior to payment of these claims and prior to audit and approval by the Board. The Board (District) Secretary shall examine the claims and verify bills.”

We reviewed the claims allowed listing for the months of December 2005 and December 2006 and noted the following checks were issued prior to Board approval.

<u>Payee</u>	<u>Amount</u>	<u>Date Issued</u>	<u>Date Approved</u>
Medical Enterprises	\$ 34.00	11/22/05	12/09/05
Wal-Mart	637.51	11/22/05	12/09/05

Recommendation – The District should ensure all checks are issued after approval by the Board, with the exception of those items specifically identified by the Board. To strengthen Board control over approval requirements, the Board should identify claims which may be paid prior to Board approval in Board policy. The Board should amend Policy number 705.3 to be consistent with Chapter 279.30 of the Code of Iowa, as amended.

Response – The WACO Board of Education needs to review the current Board Policy 705.3 to be sure that it is consistent with Chapter 279.30 of the Code of Iowa. Additionally, the Board needs to consider amending policy 705.3 to make accommodations for paying vendors who issue late fees for payments received beyond a given date. The Wal-Mart check that was listed in the reaudit was issued prior to Board approval for this reason. The Board also needs to consider amending policy 705.3 to make accommodations for meeting State Regulations, i.e. drug and alcohol testing for bus drivers. The Medical Enterprises check that was listed in the reaudit was issued prior to Board approval for this reason.

Conclusion – Response accepted.

- (B) Encompass Iowa, L.L.C. Contract – As previously noted, District policy 705.3 states, in part, “The Board will allow the warrants after the goods and services have been received and accepted in compliance with Board policy and the claims audited by the Board.”

We obtained and reviewed the network support agreement (agreement) between the District and EnCompass Iowa, L.L.C., a computer networking services company. The agreement requires a semi-annual payment of \$1,000 that provides the District with ten network troubleshooting calls. While the agreement does not specifically address the purchase of additional “blocks” of time, the District has purchased additional blocks of support at an hourly rate that is less than if the District did not have a pre-existing agreement.

On May 15, 2006, the District paid \$12,000 for the advance purchase of two “blocks” of time at the hourly rate of \$70, which is a discount of \$20 per hour from the agreement rate. According to statements received from EnCompass Iowa L.L.C., the District received services as follows:

<u>Date</u>	<u>Amount</u>
04/30/06	\$ 1,473
08/31/06	2,753
10/16/06	834
11/30/06	<u>7,109</u>
Total	<u>\$ 12,169</u>

The District received \$169 more in services than the original \$12,000 paid and the \$169 was carried over to the subsequent period.

Also, the District paid \$6,000 on January 10, 2007 and \$6,000 on February 13, 2007 for invoices dated December 12, 2006 and January 10, 2007, respectively, for the advance purchase of one “block” of time each at an hourly rate determined by the level of technician assigned to the District. Hourly rates ranged from a high of \$90 per hour for a Systems Engineer 6 to a low of \$20 per hour for a Systems Engineer Intern. According to a statement from EnCompass Iowa L.L.C., the District received services as follows:

<u>Date</u>	<u>Amount</u>
12/31/06	\$ 5,672
01/05/07	1,979
01/15/07	2,383
02/28/07	360
04/30/07	90
06/30/07	<u>30</u>
Total	<u>\$ 10,514</u>

At June 30, 2007, the District had a balance of \$1,317 available for future network services.

Recommendation – The District should comply with Chapters 279.29 and 279.30 of the Code of Iowa, as well as Board policy 705.3, which appear to prohibit payment for goods and/or services prior to receipt of the goods or performance of the services.

Response – WACO will no longer make payments to companies prior to the receipt of goods or the performance of service(s). We will investigate ways to take advantage of discounts from providers without agreeing to prepayment.

Conclusion – Response accepted.

(C) Purchasing – District policy “Purchasing – Bidding”, number 705.1, states, in part:

“The Superintendent shall have the authority to authorize purchases without competitive bids for goods and services costing under \$4,000 without prior Board approval. For goods and services costing more than \$4,000 and less than \$25,000, the Superintendent shall receive quotes for the goods and services to be purchased prior to approval of the Board.” However, according to the Superintendent’s job description, “Administration”, number 302.4E-1, Article V.B.9 states “Chief Administrator of the District (Superintendent) approves all purchase orders up to a maximum of \$4,000. (Purchases above \$4,000 require prior approval of the Board.)”

We noted the following checks issued prior to Board approval without documentation of having received quotes prior to the purchase.

<u>Payee</u>	<u>Amount</u>	<u>Date Issued</u>	<u>Purpose</u>
Apple Computer, Inc.	\$11,601	08/16/06	Nine computers
Software Plus	5,833	09/13/06	Windows XP Pro
DerbyTech, Inc.	4,695	10/17/06	Protection Programs
Educational Technology Partners	6,035	06/27/07	Software

Recommendation – The District should review and comply with District Policy number 705.1 and the Superintendent’s job description to clarify the Superintendent’s authority to purchase goods and services, including the dollar limitations and when Board approval is required. The District should implement procedures to ensure compliance with its policies, including periodic monitoring to ensure policies and procedures are working as prescribed.

Response – All potential purchases over \$4,000 but less than \$25,000 will be brought to the Board with quotes for the goods or services. The goods or services will not be purchased, and checks will not be written, until formal approval has been given by the Board. The Board and the Administration will review our current practices and investigate ways in which we can develop periodic monitoring procedures for policy compliance.

Conclusion – Response accepted.

(D) Disbursements – We reviewed selected transactions related to technology disbursements for fiscal years 2006 and 2007 and noted the following:

1. The District has not established policies or procedures for purchase orders.
2. Purchase orders are not pre-numbered by the printer. Instead, the District manually numbers each purchase order.
3. The numerical sequence of purchase orders was not accounted for. Purchase orders were not located for two disbursements tested.
4. Ten disbursements did not have appropriate packing slips, bill of lading information or evidence to document the goods were checked upon receipt to ensure appropriate items were received prior to payment.
5. Invoices were not always stamped paid or otherwise cancelled to prevent duplicate payment. The supporting documentation for thirteen of twenty-five disbursements tested was not cancelled.
6. For one disbursement to Apple Computer, Inc. totaling \$2,578, the reverse side of the issued check was not available to review for appropriate endorsement.
7. Prepayments were allowed for three payments for computer services, as described In Finding (B).
8. Four disbursements in excess of \$4,000 each were allowed without evidence of accompanying quotations required by Board policy, as described in Finding (C).

Recommendation – The District should develop policies and procedures to establish control over purchase orders. The policy, at a minimum, should address control of blank purchase orders, appropriate approvals of purchase orders and require purchase orders be pre-numbered for accounting control.

All invoices should be supported by original packing slips or bills of lading and procedures should be established to require review and comparison of all goods received to the goods ordered. Supporting payment documentation should be stamped paid to prevent duplicate payment.

The District should obtain and retain the front and back of all checks (images) as described in Finding (J). As described in Findings (B) and (C), respectively, and consistent with Board policies, prepayments should not be allowed and quotes should be obtained as required.

Response – As of Fall 2007, WACO has discontinued the use of handwritten, hand-numbered purchase orders. All purchases must have an accompanying purchase order generated from our pre-numbered, sequential, EREQ electronic program.

Also in Fall 2007, WACO has stepped up efforts to obtain and retain all supporting payment documentation as well as stamping PAID on all paperwork to avoid duplicate payments. If supporting documentation is not available, an independent inventory will be performed to determine if the items received match the items that were billed for. We also have notified our financial institution as to our need for the front and back images of our payment vouchers.

Conclusion – Response accepted.

- (E) Asset Disposition – Chapter 297.22 of the Code of Iowa states, in part: “Property having a value of not more than \$5,000, other than real property, may be disposed of by any procedure which is adopted by the Board and each sale shall be published by at least one insertion each week for two consecutive weeks in a newspaper having general circulation in the District.”

District policy “Disposition of Obsolete Equipment”, number 803.1, states, in part:

“School property, such as equipment, furnishings, equipment and/or supplies (hereafter equipment), will be disposed of when it is determined to be of no further use to the school district. It shall be the objective of the school district in disposing of equipment to achieve the best available price or most economical disposal. Obsolete equipment shall be disposed of in a manner determined by the Board **In the case of a sale, advertisements for bids shall be taken.** (emphasis added) If the bids received by the Board are deemed inadequate, the Board may decline to sell the property and re-advertise.”

In addition, while not authoritative, a WACO Technology Audit performed on May 4-5, 2006, by an independent team, including members from AEA 16 and two other school districts, included a recommendation to the District to “Create a replacement cycle for computers, using older computers as additional classroom stations for student use. Computers could be used in supervised study hall settings, much like the student use found within the Special Education classrooms.”

At the May 21, 2007 Board meeting, the Board gave approval to dispose of 29 surplus computers at a price of \$25 each and also approved the purchase of 50 DakTech computers at \$729 each. The District did not publish notice of the disposition or availability of the surplus computers, as required by Chapter 297.22 of the Code of Iowa and the Board did not comply with its policy requiring advertisement for bids. In addition, there was no documentation to indicate whether the District considered using older computers for additional classroom stations for student use as recommended in the May 2006 WACO Technology Audit.

According to the District Secretary/Business Manager, the majority of the surplus computers were sold to staff members. The computers were re-formatted and the original operating system re-installed. The District also installed additional public domain “free” software known as OpenOffice.

Article III, Section 31 of the Constitution of the State of Iowa requires public funds may only be spent for the public benefit. At the time the surplus computer was purchased and picked up, the buyer signed a waiver indicating the system came with no warranty. However, according to the District Information Technology Director, the PC computers sold had one year of warranty remaining. It is unclear why or how the computers were valued at \$25 each, why the District disposed of computers with one year’s warranty remaining or why the buyers were asked to sign a waiver indicating the system came without warranty.

Recommendation – The District should comply with Chapter 297.22 of the Code of Iowa and Board policy number 803.1 when disposing of District property. Consistent with the Constitutional public purpose criteria, the Board should document the public purpose in disposing of equipment at the nominal value of \$25 each, including the reason(s), if any, the surplus computers were not used as additional classroom stations for student use as recommended in the WACO Technology Audit.

Response – In future disposals of assets, the proper procedures will be followed as written in Iowa Code 297.22 and WACO Board Policy 803.1.

Conclusion – Response accepted.

- (F) Board Minutes – Chapter 21.3 of the Code of Iowa states, in part: “Each governmental body shall keep minutes of all its meetings showing the date, time and place, the members present, and the action taken at each meeting.” Additionally, Chapters 279.35 and 279.36 of the Code of Iowa state, in part: “The proceedings of each regular, adjourned, or special meeting of the Board, including the schedule of bills allowed, shall be published after the adjournment of the meeting. The schedule of bills allowed may be published on a once monthly basis.”

We reviewed minutes for the period July 7, 2005 through June 18, 2007. We reviewed December 2005 and December 2006 minutes to determine if the minutes and bills allowed were published in accordance with Chapters 279.35 and 279.36 of the Code of Iowa. We also reviewed the month of March 2007 to determine if minutes were signed to authenticate the record. We noted the following:

- The December 2005 and December 2006 minutes were published timely and the allowed bills properly included payee, amount, a short description and the fund charged, with the exception of a reimbursement to petty cash of \$23.37 not approved by the Board. Also, this payment was not included or approved by the Board at subsequent meetings as required by Chapter 279.30 of the Code of Iowa.
- The minutes were not signed to authenticate the record.

Recommendation – The District should ensure all bills are approved by the Board prior to payment or are subsequently approved by the Board if paid prior to audit and allowance by the Board, as required by Chapter 279.30 of the Code of Iowa. Additionally, while not required by statute, the District Secretary/Business Manager and Board President should sign the minutes to authenticate the record.

Response – The Board Secretary understands the importance of complying with the Iowa Code in regard to authenticating the Board Minutes. This is, and has been, current practice. It is also current practice to comply with Board Policy 705.3, as well as the Iowa Code Chapters 279.35 and 279.36 to be sure that all bills are subsequently or previously approved by the Board.

Conclusion – Response accepted.

- (G) Information Systems – During our review of internal control, the existing control activities in the District’s computer based financial systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The following weaknesses in the District’s computer based financial systems were noted:

The District does not have written policies and/or controls established over the computer based financial system for the following items:

1. The software does not log who recorded a transaction.
2. While a policy exists to log-off computers, the software does not force a log-off after a pre-determined period of inactivity.
3. Passwords are not required to be changed every 60 to 90 days.
4. Password length does not require a minimum number or mix of characters.
5. Password history is not maintained to prevent password reuse.
6. Employees are not locked out after three unsuccessful attempts to gain access.
7. Consultants are provided remote systems access on a twenty-four hour, seven days a week basis. Access is not removed once the consultant completes the work.
8. Backups are taken sporadically rather than consistently on an established schedule.
9. Fire suppression or fire extinguishers are not readily available in the server room in the event of small electrical fires.
10. The District does not have a written disaster recovery plan covering the computer based financial system.

Recommendation – The District should develop written policies and establish procedures to address these computer control activities to improve the District’s control over the computer based financial systems. Monitoring procedures should be in place to ensure the District’s policies and procedures are working as prescribed.

Response –

1. We have investigated and implemented a transaction log for the Data Team Financial Software.
2. The Technology Coordinator is currently reviewing and plans to implement a program to our computer system that forces a log-off after a pre-determined time of inactivity.
3. Starting in the Fall of 2007, passwords are required to be changed every 40 days.
- 4 - 6. Starting in the Fall of 2007, password requirements have been tightened to require a minimum number of characters and to prevent reuse, and lockouts occur after three unsuccessful login attempts.
7. The Technology Coordinator is working with our off-site technology support provider to obtain a program that will disable remote access to consultants once assistance has been completed.
8. A consistent monthly schedule of back-ups has been established.
9. Fire extinguishers have been mounted in the server room.
10. The WACO Administration and Board of Education will investigate, write and implement a disaster recovery plan to protect our financial data in the case of an unforeseen disaster.

Conclusion – Response accepted.

- (H) Dual Signatures – Chapter 291.1 of the Code of Iowa states, in part: “The Board President or President’s designee shall sign, using an original or facsimile signature, all school district warrants drawn as provided by law.” Also pursuant to this section, the Board may, by resolution, designate an individual who shall not be the District Secretary to sign warrants on behalf of the President. Chapter 291.8 of the Code of Iowa requires the District Secretary to “countersign (warrants) using an original or facsimile signature.”

Board policy “Payment for Goods and Services”, number 705.3, states, in part “The Board President and Board (District) Secretary may sign warrants by use of a signature plate or rubber stamp. If the Board President is unavailable to personally sign warrants, the Vice President may sign warrants on behalf of the President. It shall be the responsibility of the Superintendent to develop the administrative regulations regarding this policy.”

District checks are signed by the Board President and District Secretary/Business Manager. Both signatures are applied by the District Secretary/Business Manager using signature stamps, negating the effectiveness and purpose of dual signatures. Written administrative regulations regarding this policy were not in place.

Recommendation – Consistent with the Code of Iowa and Board policy, and to strengthen internal control, the Board President should either personally sign checks or initial next to the signature stamp. If the Board President is not available to apply his or her signature, the signature stamp for the Board President should be applied by the President’s designee (another Board Member or employee) and the designee’s initials should be placed next to the stamp to document who applied the signature stamp. If the District continues the practice of the District Secretary/Business Manager applying both signature stamps, an independent person should review and initial each check. Pursuant to Board policy, the Superintendent should develop written administrative regulations regarding this policy.

Response – We will review the Code and Board Policy and determine the most effective way to sign the checks to maximize our internal control. The Superintendent will also follow-up with developing written administrative regulations with regard to Board Policy 705.3.

Conclusion – Response accepted.

- (I) Technology Inventory – We performed a detailed inventory observation of computer equipment and peripheral equipment owned by the District. Among other observations, we specifically observed each of the 55 computers purchased from DakTech, Inc. on July 25, 2006.

We also observed five replacement power supplies and five hard drives that, according to District employees, were purchased to replace failing parts rather than waiting on a replacement from the vendor of original purchase. As a result of our observations, we noted the following regarding capital assets:

- Detailed equipment records did not appear to be up-to-date.
- A physical inventory is not taken at year end and reconciled to the detailed capital asset record by employees having no responsibility for the assets.

Recommendation – Capital assets should be tested periodically, including physical observation. To ensure adequate control, existence and accountability over all capital assets, the District should reconcile capital assets at least annually, typically at year-end, to the detailed capital asset records. The reconciliation should be performed by employees having no responsibility for the assets.

Response – In the Fall 2007, a detailed inventory of all technology equipment was established. Each item was issued an inventory sticker, if they didn't already have one, and all items were recorded on a spreadsheet with their description and inventory number. This list will be continually updated and periodic tests of the technology assets will be performed by a member of the WACO Administrative Team. Also in the Fall 2007, our capital assets inventory was updated and it will be reconciled at year end.

Conclusion – Response accepted.

- (J) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. Except as previously noted in Finding (D), the District retains cancelled checks through electronic image. However, for the School Nutrition and Student Activity Funds, the bank does not provide and the District does not obtain an image of the back of each cancelled check as required.

Recommendation – The District should obtain and retain an image of both the front and back of each cancelled check for all bank accounts as required by Chapter 554D.114 of the Code of Iowa.

Response – We have notified our financial institution that issues the check images for our need to retain both the front image as well as the back image.

Conclusion – Response accepted.

- (K) Software Licensing – In August 2006, the District executed purchase order number A01399 to Software Plus totaling \$16,669.66, which included 217 licenses for Microsoft Office 2003 at a total cost of \$10,836.98 and 109 licenses for Microsoft Windows XP Pro at a total cost of \$5,724.68. According to District representations, the District determined it did not need Microsoft Office 2003. We reviewed the August 10, 2006 invoice from Software Plus and verified the invoice did not include and the District did not purchase the 217 licenses for Microsoft Office 2003. Subsequently, in July 2007, the District purchased 150 licenses for Microsoft Office 2007 Professional at a total cost of \$7,729.50.

In April 2007, the District obtained documentation from Microsoft regarding the various products purchased from July 1998 through June 2004. According to Microsoft, during that period, the District purchased a total of 188 copies of Microsoft Office Pro, Microsoft Office XP and Microsoft Office Pro 2003.

As previously noted, detailed equipment records did not appear to be up-to-date. Accordingly, we did not reconcile the number of computers owned by the District with related software licensing agreements.

The District does not maintain records and a system was not in place to document and account for the purchase of software licensing agreements.

Recommendation – The District should develop written policies and implement procedures to help ensure the District is monitoring and can document the purchase of software and demonstrate compliance with software licensing agreements.

Response – Our technology director, School Board and Administration will work to develop written policies to demonstrate compliance with software licensing agreements. We will develop and maintain a spreadsheet of licensing information to match our computer inventory.

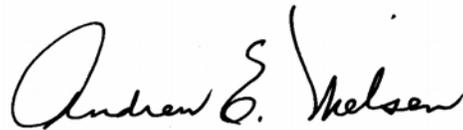
Conclusion – Response accepted.

WACO Community School District

Audit Staff

This reaudit was performed by:

Susan D. Battani, CPA, Director
Ernest H. Ruben, Jr., CPA, Manager
Nancy F. Curtis, CPA, Senior Auditor II
R. Curtis Nelson, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State