DOCUMENT RESUME

ED 463 822		JC 020 338

TITLE	Kansas City Metropolitan Community Colleges. Audit Report.
INSTITUTION	Missouri Office of the State Auditor, Jefferson City.
REPORT NO	R-2001-50
PUB DATE	2001-06-28
NOTE	57p.
AVAILABLE FROM	For full text: http://www.auditor.state.mo.us.
PUB TYPE	Reports - Evaluative (142)
EDRS PRICE	MF01/PC03 Plus Postage.
DESCRIPTORS	Audits (Verification); Budgets; *Community Colleges; Costs; Day Care Centers; Educational Finance; *Expenditures; *Financial Audits; Financial Policy; Food; *Money Management; *Operating Expenses; Policy Analysis; *Recordkeeping; Resource Allocation; School Funds; Two Year Colleges
IDENTIFIERS	Missouri (Kansas City)

ABSTRACT

This audit report reviews the employment contracts, related compensation, and other benefits provided for the chancellor and other officers of the Kansas City Metropolitan Community Colleges (KCMCC) in Missouri. The chancellor is allowed to either solicit bids or negotiate for contracted services such as architects, construction managers, consultants, banking service, auditors, and maintenance contractors. This audit of professional services expenditures and their procurement revealed that KCMCC has not solicited proposals for its annual audit since fiscal year 1993 and did not solicit proposals for some consultants hired to write grant proposals and advise on various programs. The college system paid over $90,000 for services during 1999 and 2000 for which it did not solicit proposals. Also, the system did not have a written agreement with its legal counsel, nor did it solicit services for interpreting services for the deaf. Other findings noted that a physical inventory of fixed assets had not been completed for several years, and the KMCC subsidized the operating expenses of its Foundation, totaling over $550,000 in the two years ending June 2000. This paper includes audit findings, the auditor's recommendations concerning specific findings, and the auditee's response to the findings and recommendations. (NB)

AUDIT REPORT

KANSAS CITY METROPOLITAN
COMMUNITY COLLEGES

From The Office Of State Auditor
Claire McCaskill

Report No. 2001-50
June 28, 2001
www.auditor.state.mo.us

Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2001

www.auditor.state.mo.us

YELLOW SHEET

The Kansas City Metropolitan Community Colleges (KCMCC) consist of the Longview Community College, Maple Woods Community College, Penn Valley Community College, and Blue River Community College as well as the Business and Technology Center. The KCMCC is governed by an elected six-member Board of Trustees. The trustees serve a six-year term and serve without compensation. The Board of Trustees appoints the Chancellor who serves as the Chief Executive Officer. The following concerns were discovered as a result of an audit conducted of the Kansas City Metropolitan Community Colleges.

A review of the employment contracts, related compensation and other benefits provided for the Chancellor and other officers disclosed the following concerns:

- As part of their compensation packages, various car related expenses (i.e. gasoline, oil, etc.) are paid for by the KCMCC even though a portion of these expenses would appear to relate to the personal use of the vehicles.
- The Chancellor was not required to account for any expenditures made from the monies he received annually as a special expense account. He received $5,268 related to this account in fiscal year 2000.
- The Chancellor's contracts are not completed on a timely basis.
- The fiscal year 2000 compensation of the Chancellor and the four campus Presidents was not accurately reported to the Missouri Department of Higher Education.

The colleges hire firms and individuals to perform various professional services; however, requests for proposals were not solicited for many of the services obtained. In addition, written agreements were not entered into for some of the professional services noted.

The Board of Trustees' policy provides the KCMCC "will normally request proposals for contracted services such as architects, construction managers, consultants, banking service, auditors, bond counsel, investment banks, maintenance contractors, and/or related contracted services. However, the Chancellor may elect to either solicit bids or negotiate for these services." Our audit of professional services expenditures and their procurement disclosed that the colleges frequently negotiate for professional services. For example, KCMCC has not solicited proposals for its annual audits since fiscal year 1993 and did not solicit proposals for some consultants hired to write grant proposals and advise on various programs.

(over)

The college system did not solicit proposals for the services of the bond counsel, financial advisor, and trustee for debt instruments issued during fiscal years 1999 and 2000. Other professional services for which the KCMCC did not solicit proposals included W-2 processing, network engineering implementation, wiring for various buildings, media relations and business plan consultants for the Child Development Center, and arbitrage services. The college system paid over $90,000 for these services in fiscal year 2000. Also, the college system does not have a written agreement with its legal counsel, nor did it solicit proposals for interpreting services for the deaf.

According to KCMCC records, approximately $200,000 was paid from unrestricted funds for food costs during fiscal year 2000. These food purchases represented amounts billed from various food service providers and did not include amounts reimbursed to employees through expenses accounts or amounts paid with credit cards. Our review of the food purchases made in fiscal year 2000 disclosed that some of these purchases may not have been a prudent, reasonable, or necessary use of KCMCC funds. While a certain level of food expense is probably necessary, those costs need to be assessed in terms of their importance compared to other critical education needs.

The KCMCC has not established district-wide written policies and procedures regarding the handling of delinquent student account receivable and their write-off, if applicable. As a result, inconsistencies were noted in the handling of delinquent accounts at the various campuses and instances were noted where students were allowed to enroll with a balance due from a previous semester, contrary to district policy.

Various record keeping problems were noted regarding the Child Development Center located on the Penn Valley campus. In addition, the Child Development Center allowed some accounts to remain delinquent for an extended period of time without appropriate action being taken. The day care center on the Longview campus operated without a license from November 1998 to March 1999 due to non-compliance with licensing issues. It appears these issues were not addressed in a timely basis.

Other findings noted that a physical inventory of general fixed assets has not been completed for several years, even though KCMCC guidelines require such inventories annually. Also, procedures and controls over the collection of monies at various points needs to be improved.

Criminal background checks on prospective employees are not initiated by the Human Resources Department, and the information obtained by other departments through these background checks is not maintained in the Human Resources Department.

The KCMCC subsidizes most of the operating expense of its Foundation, a not-for-profit corporation established to receive donations and provide financial support and assistance for the KCMCC. These subsidies totaled over $550,000 during the two years ended June 30, 2000. This practice does not appear to be appropriate and may violate provisions of the Missouri Constitution.

In its responses to the various recommendations, the KCMCC indicated that many of the problems reported had already been corrected or were in the process of being corrected.

KANSAS CITY METROPOLITAN
COMMUNITY COLLEGES

TABLE OF CONTENTS

Page

STATE AUDITOR'S REPORT 1-3

MANAGEMENT ADVISORY REPORT SECTION

Summary of Findings 5-6

Number	Description	
1.	Employment Contracts of Officers	7
2.	Controls Over Receipts	10
3.	Foundation	14
4.	Professional Services	17
5.	Expenditures	20
6.	Delinquent Student Accounts	24
7.	Day Care Centers	25
8.	Fixed Assets	31
9.	Related Personnel	34
10.	Internal Audit Function	34
11.	Background Checks	36

STATISTICAL SECTION

History, Organization, and Statistical Information 38-47

STATE AUDITOR'S REPORT

CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Board of Trustees of the Junior College
District of Metropolitan Kansas City, Missouri
and
Dr. Wayne E. Giles, Chancellor
Kansas City Metropolitan Community Colleges
Kansas City, MO 64111

We have audited the Kansas City Metropolitan Community Colleges. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2000 and 1999. The objectives of this audit were to:

1. Review and evaluate expenditures of the colleges as well as purchasing practices and procedures.

2. Review and evaluate selected personnel practices and procedures.

3. Review internal control procedures over selected financial areas, legal compliance issues, and management practices to determine the propriety, efficiency, and effectiveness of those procedures and practices.

4. Review selected records and activities of the colleges' Foundation.

Our audit was conducted in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. The colleges' Board of Trustees had engaged Ernst & Young, LLP, Certified Public Accountants, to perform financial audits of the colleges for the years ended June 30, 2000 and 1999. To minimize any duplication of effort, we reviewed the reports and substantiating work papers of this CPA firm. In conducting our audit, we interviewed personnel; reviewed specific policies, procedures, and relevant legal provisions; reviewed various documents and records; and visited campus locations.

As part of our audit, we assessed the colleges' management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

224 State Capitol • Jefferson City, MO 65101

Truman State Office Building, Room 880 • Jefferson City, MO 65101 • (573) 751-4213 • FAX (573) 751-7984

Our audit was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Statistical Section is presented for informational purposes. This information was obtained from the colleges' management and was not subject to the procedures applied in the audit of the Kansas City Metropolitan Community Colleges.

The accompanying Management Advisory Report presents our findings arising from our audit of the Kansas City Metropolitan Community Colleges.

Claire McCaskill
State Auditor

November 2, 2000 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In-Charge Auditor:	Toni M. Crabtree, CPA
Audit Staff:	Terese Summers, CPA
	Brian Benter
	Kimberly Fowler
	Brittany Ebbertt

MANAGEMENT ADVISORY REPORT SECTION

KANSAS CITY METROPOLITAN
COMMUNITY COLLEGES
SUMMARY OF FINDINGS

1. Employment Contracts of Officers (pages 7-10)

Multi-year contracts have been entered into with Officers. The current practice of paying personal car expenses may have tax consequences for the employee and the Kansas City Metropolitan Community Colleges (KCMCC). The Chancellor was not required to account for expenditures from his special expense account, and these expenses were not included on his W-2 form. The Chancellor's contract is not completed on a timely basis. The annual compensation amounts of the Chancellor and four campus Presidents were not reported accurately to the Department of Higher Education.

2. Controls Over Receipts (pages 10-14)

The KCMCC has not developed district-wide written policies and procedures regarding the handling and depositing of receipts and internal controls over receipts need to be improved.

3. Foundation (pages 14-17)

The KCMCC subsidizes most of the operating expenses of the Foundation. This practice does not appear to be appropriate and may violate provisions of the Missouri Constitution. In addition, some expenditures related to Foundation activities did not appear necessary or essential to the operation of the KCMCC or the Foundation.

4. Professional Services (pages 17-20)

The KCMCC frequently negotiates for professional services instead of soliciting proposals. In addition, written agreements were not entered into for some professional services.

5. Expenditures (pages 20-23)

Approximately $200,000 was paid from unrestricted funds for food costs during fiscal year 2000. Various examples of questionable food purchases were noted. The KCMCC should develop a policy regarding food purchases in an effort to reduce expenditures in this area. Documentation supporting credit card charges was not always adequate and the supporting documentation for the credit card charges is not always reconciled to the credit card statements on a timely basis. Some expenses of the legislative liaison are not adequately documented.

6. Delinquent Student Accounts (pages 24-25)

The KCMCC has not established district-wide written policies and procedures regarding the handling of delinquent student accounts receivable and their write-off, if applicable.

7. Day Care Centers (pages 25-30)

Various recordkeeping problems were noted regarding the Child Development Center located on the Penn Valley campus. In addition, the Child Development Center allowed some accounts to remain delinquent for an extended period of time without appropriate action being taken. The day care center on the Longview campus operated without a license from November 1998 to March 1999 due to non-compliance with licensing issues. It appears these issues were not addressed in a timely basis.

8. Fixed Assets (pages 31-34)

A physical inventory of general fixed assets has not been completed for several years. The detailed fixed asset records have not been reconciled to the general ledger account and it was determined that many fixed asset items have not been recorded in the detailed fixed asset records. As a result, the total cost of the furniture and equipment items recorded in the detailed fixed assets records is less than the amount recorded in the general ledger account by approximately $11 million. District-wide policies and procedures regarding the disposition of fixed assets have not been established. The controls over the usage of vehicles are not adequate.

9. Related Personnel (page 34)

The KCMCC has not established procedures to identify related employees and ensure related individuals are not working in conflicting employment capacities.

10. Internal Audit Function (page 34-36)

The internal auditor did not perform any internal audits of the activities and operations of the KCMCC during fiscal years 1999 and 2000. In addition, the internal auditor does not report to top management, such as the Board of Trustees or Chancellor.

11. Background Checks (page 36)

Criminal background checks on prospective employees are not initiated by the Human Resources Department, and the information obtained by other departments through these background checks is not maintained in the Human Resources Department.

KANSAS CITY METROPOLITAN
COMMUNITY COLLEGES
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Employment Contracts of Officers

The Officers of the KCMCC include the Chancellor, three Vice Chancellors, and four college Presidents. A review of the employment contracts, related compensation, and other benefits provided these individuals disclosed the following concerns:

A. The KCMCC has entered into multi-year employment contracts with the Chancellor and its other Officers. The Chancellor's contract is for three years, and is handled as a continuous contract. The salary and benefits are negotiated each year and a year is added to the end of the contract period. As a result, the contract never expires and the Board loses much of its authority and influence it might otherwise exercise over its top administrator. The contracts for the other Officers are for two years and while a year is not added each year, the salary is negotiated for the second year of their contracts.

No statutes expressly prohibit multi-year contracts for administrative employees; however, problems can arise from such arrangements. For example, should the Board wish to terminate an individual who has an extended term contract, buyout terms can prove costly. As a result, the Board needs to reevaluate its practices regarding multi-year contracts.

B. As part of the Officers' compensation packages, the KCMCC paid for repairs, gasoline, oil, and insurance for the Chancellor's personal vehicle and gasoline, oil, filters, and other automobile liquid purchases for the other Officers' personal vehicles. Generally, these car-related expenses are charged to a KCMCC credit card.

It appears the payment of the car-related expenses noted above may include expenses related to the personal use of the vehicles. The current arrangement provides little assurance that only business-related expenses are paid. It is not good public policy to pay personal expenses of employees. In addition, the payment of personal expenses of employees may have tax consequences for the applicable employees and the KCMCC. Paying car expenses through a mileage reimbursement would help ensure any expenses incurred are for business purposes.

The KCMCC should review this situation and consider limiting the Officers to mileage reimbursements based on actual mileage driven on district business. If the board wishes to continue to pay the car-related expenses of the Officers, the personal portion of the expenses should be tracked and reported as compensation to those individuals.

C. The Chancellor was not required to account for any expenditures made from the monies he received annually as a special expense account.

In the fiscal year 2000 and prior, the Chancellor's contract provided for a special expense account to be used for "... activities and functions which he deemed to be beneficial to the District...." In fiscal year 2000, the KCMCC paid $5,268 directly to the Chancellor related to this contract clause. The amount of this special expense account had been adjusted annually for inflation. This special expense account was paid to the Chancellor in addition to other business expenses paid by the KCMCC on his behalf.

The Chancellor's contract provided that upon request of the Board, he was to provide in writing the dates of the expenses, the nature of the events, and the amounts expended related to this special expense account. However, according to the Chancellor, the Board did not request this information for either fiscal year 1999 or 2000. We could not review the extent or nature of any expenses paid from these monies because the Chancellor indicated that he did not retain the documentation after the end of the respective fiscal year. According to the Chancellor, the expenses paid from the special expense account monies were similar to other business expenses that he incurred on behalf of the KCMCC.

It did not appear appropriate for the KCMCC to pay the Chancellor money to offset any business expenses he might have incurred without requiring him to account for the use of these funds. In addition, Internal Revenue Service (IRS) Regulation Sections 1.62-2 and 31.3401(a)-4 specifically require employee business expenses not accounted for to the employer to be considered gross income and that payroll taxes be withheld from the undocumented payments.

It should be noted this special expense account was eliminated from the Chancellor's fiscal year 2001 contract. In the future, the KCMCC should require an employee to account for the use of any similar monies provided or report such payments as compensation on the employee's W-2 form and withhold appropriate payroll taxes. In addition, the KCMCC should consider amending the Chancellor's W-2 forms for past years in which these special expense account payments were made but not accounted for properly.

D. The Chancellor's contracts are not completed on a timely basis. His contracts were entered into after July 1, the start of each fiscal year. For fiscal year 1999, the contract was not completed until November 1998; for fiscal year 2000, the contract was not completed until December 1999; and for fiscal year 2001, the contract was not completed until January 2001.

Contract terms should be completed before the new contract period begins. In addition, district regulations require that district Officers contracts be normally issued no later than the Board's regular March meeting, to be effective the subsequent July 1.

E. The KCMCC did not accurately report the fiscal year 2000 compensation of the Chancellor and the four campus Presidents to the Missouri Department of Higher Education (DHE). Each year the DHE publishes a compensation survey of salaries of chancellors/presidents for Missouri institutions of higher education, based upon information provided by the various institutions. The Chancellor's compensation reported to the DHE was approximately $35,000 less than the compensation per the Chancellor's contract. For each of the four Presidents, the compensation amounts reported to the DHE were $6,000 less than the compensation per the contracts.

The KCMCC should ensure that the annual compensation amounts of the Chancellor and its campus Presidents are reported accurately to the DHE.

WE RECOMMEND the KCMCC:

A. Reevaluate its practice of entering into multi-year employment contracts. The Board should utilize employment contracts that last for a specific term and refrain from rolling over the Chancellor's contract to cover additional periods.

B. Consider limiting the Officers to mileage reimbursements based on actual mileage driven on district business. If the board wishes to continue to pay the car-related expenses of Officers, the personal portion of the expenses should be tracked and reported as compensation to those individuals.

C. Require an employee to account for the use of any monies paid to that individual to defray business expenses or report the payment(s) as compensation on the employee's W-2 form and withhold appropriate payroll taxes. In addition, the KCMCC should consider amending the Chancellor's W-2 forms for past years in which the special expense account payments were made but not accounted for properly.

D. Ensure the Chancellor's contract is completed before the contract period begins, in accordance with its regulations.

E. Ensure the annual compensation amounts of the Chancellor and campus Presidents are reported accurately to the DHE.

AUDITEE'S RESPONSE

A. The College has utilized multi-year contracts for its Officers dating back to at least 1975. The Board of Trustees believes that these multi-year contracts are essential to help it retain qualified executive employees.

In terms of the Chancellor's contract, while it is true that it may be extended for additional one-year periods at the option of both the Board and the Chancellor, the contract always has a termination date. In the event that either the Board or the Chancellor elects not to exercise the one-year extension, the contract will expire in two years.

B. The Board of Trustees has determined to continue to pay the business-related car expenses of its Officers and will establish a method to ensure proper reporting.

C. As noted in the State Auditor's findings, the account was eliminated from the Chancellor's contract beginning with the 2001 fiscal year. Business-related items will, when practical, be paid with a procurement card which requires documentation for each expenditure. The Board believes that the Chancellor's expenses have been made and recorded properly.

D. The Board of Trustees will endeavor to improve its time frame for approving the Chancellor's contract.

E. The contracts of the Officers and the Chancellor are public documents, and the amounts of their compensation are readily ascertainable. The College believes that any discrepancy between the contract amounts and the amounts reported to the Department of Higher Education have resulted from the College's interpretation of the survey directions. The College found the survey form confusing and throughout the years the College called the DHE several times for direction in completing the survey. The College has consistently reported compensation for the Chancellor and the four campus Presidents according to the directions given. The DHE changed the survey format for fiscal year 2001, and again with clarification directly from the DHE, the College conscientiously completed the survey. The College now believes that the survey is more straightforward and has furnished the information accordingly.

2. Controls Over Receipts

The KCMCC has not developed district-wide written policies and procedures regarding the handling and depositing of receipts and internal controls over receipts need to be improved. Many receipts are not being deposited on a timely basis, receipt slips are not always issued for all monies received, some checks are not restrictively endorsed when received, and receipts for some athletic programs have not been accounted for properly.

Each campus collects various types of receipts. These receipts included registration fees and miscellaneous monies (e.g. transcript fees, rental fees for renting space at the campus, library fines, etc.) collected by the various campus business offices. In addition, receipts are collected by the various recreation centers and for athletic programs. While a large percentage of these monies are paid by check, money order, or credit card, a substantial portion of the funds are received in cash.

During fiscal year 2000, the KCMCC received approximately $23.5 million for student tuition and fees, $2.6 million in other income, and almost $1 million from the recreation centers. Some specific problems we noted in this area are as follows:

A. Business Offices

A business office is located on each campus, and generally most money collected on a campus is handled by the business office. At the end of each business day, cash drawers are generally closed out and a deposit is prepared for the drawer. However, if there is low activity in a drawer, the drawer may not be closed out for several days. Most business offices use an armored car service which collects the receipts on Tuesday and Thursday and transports them for deposit. Other business offices take their receipts directly to the bank for deposit. According to the business office managers, deposits are generally made twice a week. Based on this depositing frequency, a substantial amount of money can be accumulated. For example, during one weekend period in mid-August 2000, approximately $133,000 was held by the various college business offices. Of this amount, over $23,000 was being held in cash (coin and currency).

During cash counts conducted at the various business offices in July 2000, we also noted that some checks were sometimes held for an excessive period of time before being recorded in a deposit. We also noted checks which were not restrictively endorsed.

B. Recreation Centers

Recreation centers are located on three campuses. These centers offer a variety of fitness options (such as treadmills, weight machines, classes for aerobics, yoga, swimming, etc.) for students, employees, and the public. Only Longview provides a swimming pool. Receipts at these centers include membership dues, day passes for use of the facility, class fees, and concession sales.

1. The recreation center at the Maple Woods campus turns receipts over to the campus business office only once a week. During a cash count conducted in July 2000, we noted over $5,000 on hand. In addition, receipt slips are not issued for guest passes.

2. The recreation center at the Penn Valley campus turns over receipts to the campus business office only about twice a month. Receipt slips are not issued for monies received through the mail. In addition, we noted monies for special programs (e.g. box aerobics and yoga) were held and not deposited until the program started. Thus, these monies were held for several weeks. During a cash count conducted in July 2000, we noted over $1,900 in receipts was on hand.

3. The recreation center at the Longview campus prepares deposits daily; however, the deposits are only picked up by the armored car service on Tuesdays and Thursdays. During a cash count conducted in July 2000, we noted five individual deposits, totaling approximately $11,000, were on hand.

C. Athletic Programs

1. The athletic director at the Longview campus collects monies for programs such as swimming lessons, fencing, karate, and volleyball and basketball leagues. According to his records, over $73,500 was collected between August 1999 and July 2000.

   The athletic director indicated he holds monies collected with the enrollment form until the program begins. Once the program starts, the monies are turned over to the recreation center for deposit. The athletic director indicated the monies may be held for several weeks before being turned over.

2. The Penn Valley campus charges $3 for admittance to men's and women's basketball games (except for children, students, and faculty who are admitted free). A former basketball coach at the Penn Valley campus handled the gate receipts for these basketball games until his death in December 1999, when the current athletic director took over this responsibility.

   The records and controls surrounding the handling of these gate receipts were nearly nonexistent. No prenumbered tickets were issued to account for the number of individuals charged admission to the games and gate receipts were not turned over to the business office on a timely basis. Instead the gate receipts were turned over once a year at the end of the season. In addition, we were informed that various game expenses (i.e. payments to the scorekeeper and statistician) were paid out of the gate receipts; however, there was no documentation maintained to support these cash disbursements.

According to information provided by the athletic director, total gate receipts to the basketball games during fiscal year 2000 and 1999 totaled $2,468 and $3,519, respectively. Of these amounts, only $1,900 and $853, respectively, were ultimately turned over to the business office for deposit.

Considering the poor records maintained, there is little assurance that all gate receipts collected at basketball games at Penn Valley were handled properly.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, the KCMCC should develop district-wide written policies and procedures to provide guidance on the handling of receipts. Such policies and procedures should require receipts be deposited on a timely basis (preferably daily or when accumulated receipts exceed $100), receipt slips be issued for all monies received, and checks be restrictively endorsed immediately upon receipt. In addition, the policies and procedures should address the proper handling of any gate receipts from athletic events.

WE RECOMMEND the KCMCC develop district-wide written policies and procedures regarding the handling and depositing of receipts. Such policies and procedures should require that receipts be deposited on a timely basis, receipt slips be issued for all monies received, and checks be restrictively endorsed immediately upon receipt. In addition, procedures should be established for the handling of any gate receipts from athletic events. Prenumbered tickets should be issued for the events and reconciled to gate receipts, and the monies should be turned over to the business office on a timely basis. No expenses should be paid directly from gate receipts.

AUDITEE'S RESPONSE

The College is in the process of documenting overall district-wide cash management guidelines. It is expected that the process will be completed and fully implemented by July 1, 2001. The guidelines will include the following specific provisions for the handling of monies received.

- *All checks and money orders will be restrictively endorsed (stamped), receipts will be provided for all payments received, and the use of undeposited cash for any purchase will be prohibited.*

- *Gate receipts from the athletic departments will be reconciled to event attendance and will be deposited with the business office within three business days of an event. The part-time bookkeeper works Tuesday/Wednesday/Thursday only. Therefore, Friday game deposits will go to the bank on Wednesday (third day).*

- *Beginning in the summer of 2001, the College will utilize armored courier services more frequently.*

3.	**Foundation**

A not-for-profit corporation, the Metropolitan Community Colleges Foundation • Alumni Association (the Foundation), was established in 1976 to provide financial support and assistance for certain charitable, educational, literary, and scientific purposes of the KCMCC. The Foundation is administered by nine directors, an executive committee of five members, and an advisory board of eleven members. The Chancellor and Vice President of the Board of Trustees serve as ex-officio directors.

The Foundation receives donations from individuals and organizations for the benefit of the KCMCC. Donations received by the Foundation are classified as either unrestricted, restricted, or endowment funds. Unrestricted funds are expendable for any purpose deemed appropriate by the Foundation. Restricted funds are restricted by the donor, grantor, or other outside party for a particular purpose. Endowment funds are subject to the restrictions of gift instruments with the principal and/or income used as specified by the donor. For the fiscal year ended June 30, 2000, revenues and expenses of the Foundation totaled approximately $1.8 million and $1.5 million, respectively.

A review of the Foundation's operations and activities disclosed the following concerns:

A. The KCMCC subsidizes most of the operating expenses of the Foundation and considers these contributed services. This practice does not appear to be appropriate and may violate provisions of the Missouri Constitution.

   In fiscal years 2000 and 1999, the contributed services totaled approximately $285,000 and $266,000, respectively, and were paid from the KCMCC's General Fund. These amounts primarily involved the payroll and employee fringe benefit costs of KCMCC employees who serve as the Foundation's staff; however, they also included accounting and auditing expenses, dues and membership fees, postage, travel and convention expense, telephone expense, and other expenses. In addition, the KCMCC provides office space in the administrative center for the staff. Foundation accounting records are included in the KCMCC's accounting system, and purchases of the Foundation are processed through the KCMCC's purchasing and accounting sections.

The practice of subsidizing the Foundation with KCMCC funds appears to constitute the granting or lending of public funds to a private entity, which is prohibited by Article VI, Section 25 of the Missouri Constitution.

B. We noted some expenditures related to Foundation activities that did not appear necessary or essential to the operation of the KCMCC or the Foundation. These expenditures were paid from KCMCC or Foundation monies and included the following:

- Season tickets to the Kansas City Royals baseball games (4 box seats for the 2000 season) totaling $5,265 were purchased from unrestricted monies of the Foundation. The Kansas City Area Development Council reimbursed the KCMCC for two of these tickets.

- In April 2000, four tickets totaling $141 for a performance at the Starlight Theater were purchased from unrestricted monies of the Foundation. According to KCMCC personnel, these tickets were used by the Chancellor and Associate Vice Chancellor and their spouses.

- Christmas gift baskets for special donors totaling $264 were paid from the KCMCC's General Fund.

- Food costs totaling $713, facility rental totaling $350, and a harpist cost of $285 for a retired teachers luncheon were paid from the KCMCC's General Fund. According to KCMCC personnel, the luncheon was sponsored by the Foundation at the request of the Chancellor.

- Food costs totaling $2,900 and facility rental totaling $1,000 were expended for a gratitude gala at the Union Station from the KCMCC's General Fund. According to KCMCC personnel, this event was sponsored by the Foundation at the request of the Chancellor.

The expenditures from the KCMCC's General Fund are included in the contributed services amounts noted above.

Both the Foundation and the KCMCC have a fiduciary duty to donors and taxpayers to ensure gift monies and KCMCC funds are expended in a manner that provides the greatest benefit to the KCMCC. We could not determine how the expenditures listed above resulted in a benefit to the Foundation and the KCMCC.

WE RECOMMEND the KCMCC:

A. Discontinue the practice of subsidizing the operations and activities of the Foundation and consider requesting reimbursement from Foundation funds for past subsidies.

B. Along with the Foundation, ensure costs incurred from KCMCC or Foundation funds are necessary, reasonable, and benefit the KCMCC.

AUDITEE'S RESPONSE

A. *The Board of Trustees established the Foundation some 25 years ago out of the recognition that having a 501(c)(3) organization would facilitate giving from members of the public who are otherwise concerned about the tax deductibility of their contributions to organizations other than recognized 501(c)(3) organizations (although deductions to the College would certainly be deductible in accordance with Section 170(c)(1) of the Internal Revenue Code).*

The Foundation exists solely and exclusively to support the College. Prior to the time the Foundation was organized, the College performed all of the functions now performed by the Foundation with College staff in College facilities. In organizing the Foundation, the Board of Trustees provided for a Board of Directors, but it also assured that the Board of Trustees would retain control over the Foundation by providing that all directors of the Foundation are appointed by the Board of Trustees and serve at its pleasure. By utilizing its appointment prerogatives for the Board of Directors, the Board of Trustees has selected prominent civic-minded individuals who have numerous contacts in the community and have further facilitated the goal of raising money, as well as public support, for the College and its programs.

The Foundation is a pure alter ego of the College in that it may not engage in any activity that is not in furtherance of the College, its students and programs, and its Board of Directors is appointed by the College's Board of Trustees. Thus, not only does it exist to support the College, but it also is controlled by the College.

The College is cognizant of Article VI, Section 25 of the Missouri Constitution and its prohibition against lending public credit to private individuals and/or entities. However, as the College's alter ego, any support the Foundation has received from the College has enabled it to perform its function of supporting the College. The case law interpreting Article VI, Section 25 holds that there is no violation of the prohibition when public funds are spent for public purposes. In light of the fact that the Foundation exists solely to support the College and its *educational functions, for which there is no better example of a public purpose, the College believes that its support of the Foundation is entirely appropriate and lawful. In the State Auditor's findings, the following comment appears: "Both the Foundation and the KCMCC have a fiduciary duty to donors and taxpayers to ensure gift monies and KCMCC funds are expended in a manner that provides the greatest benefit to the KCMCC." The College completely concurs and maintains that this is precisely what has occurred and is occurring in terms of the Foundation's relationship with the College.*

B. The College agrees that it should, along with the Foundation, ensure that expenditures from College or Foundation funds are necessary, reasonable and of benefit to the College. Indeed, the College has been able to document that the expenditures enumerated by the State Auditor (with the exception of the gift basket which was paid out of the wrong fund) were for the benefit of the College in that they were made to develop financial and community support for the College and its programs.

On three different occasions since 1996, the Foundation board provided $5,000 from their unrestricted funds to make available a chancellor's/president's fund for "emergency and goodwill expenses". The College's share of the Royals tickets is for "fund and friend raising" and dispersed to College supporters, funders, legislators,employees, and etc. Other goodwill expenses included: support of the Urban League, Kansas City Consensus, St. Joseph Health Center, and Starlight Theatre functions.

The luncheon for retired employees is an investment in the College's future. The retiree group is informed about the Foundation's planned giving program and the work of the Foundation in raising funds to support scholarships and other programs benefiting the College.

The gala brings together scholarship donors and students receiving those scholarships for the opportunity for the two to meet and students to express their appreciation. The gala also serves as a reminder to current and potential donors that the scholarship endowment needs continued support.

4. Professional Services

The KCMCC hires firms and individuals to perform various professional services for the colleges; however, requests for proposals were not solicited for many of the services obtained. In addition, written agreements were not entered into for some of the professional services noted.

The Board of Trustees' policy provides the KCMCC "will normally request proposals for contracted services such as architects, construction managers, consultants, banking service, auditors, bond counsel, investment bankers, maintenance contractors, and/or related contracted services. However, the Chancellor may elect to either solicit bids or negotiate for these services." Our review of professional services expenditures and their procurement disclosed that the KCMCC frequently negotiates for professional services.

We had concerns regarding the following professional services expenditures:

- The KCMCC has not solicited proposals for its annual audits since fiscal year 1993, when the current auditing firm was selected for a five year period. Even though the period covered by this agreement expired in fiscal year 1997, the KCMCC has continued to have this same firm perform its annual audits. KCMCC officials indicated they were pleased with the services of this firm and wanted to maintain this relationship. The KCMCC paid $46,000 in both fiscal years 1999 and 2000 for the annual audits.

- The KCMCC did not solicit proposals for some consultants hired to write grant proposals and advise on various programs. In one instance, a consultant was hired to assist in the writing of a grant proposal involving over $1.7 million in grant funds over a five year period. The KCMCC entered into the agreement with the consultant in 1994, and the contract with this consultant provided for compensation of 10 percent of the funds awarded. In 1997, the KCMCC was successful in obtaining this grant; therefore, the consultant will be paid approximately $170,000 for her services over the grant period. From October 1997 to October 2000, payments totaling $130,463 were paid to this consultant pursuant to this agreement.

- The KCMCC has a Bookstore Manager who oversees the bookstore operations at each campus. The KCMCC has historically had private companies conduct the textbook buybacks at the end of the fall, spring, and summer semesters. The companies purchase books from students for their own resale to other entities (a wholesale buyback) and on behalf of the KCMCC bookstore operations (a retail buyback). The bookstore reimburses the companies for retail buyback books and the companies pay the bookstore a commission (10 percent for the spring semester 2000 buyback) on wholesale buybacks.

  The KCMCC has not solicited proposals for the textbook buybacks and one company has handled the fall and spring buyback for many years. Records indicate the KCMCC received a commission of $3,486 for the spring 2000 buyback, and paid the company approximately $184,000 for the retail buyback. In addition, the KCMCC did not have written agreements with the book companies, outlining the services to be performed and compensation to be paid for rendering these services.

- The KCMCC did not solicit proposals for the services of the bond counsel, financial advisor, and trustee for debt instruments issued during fiscal years 1999 and 2000. In those two years, pursuant to Section 178.895, RSMo 2000, the KCMCC issued Industrial New Jobs Training Taxable Certificates, totaling $3,677,000, for four companies. These certificates were issued to provide tax-aided training for employees of industries which are new to or expanding their operation within the state of Missouri. The certificates are to be repaid by the companies through payroll tax withholdings related to the new jobs created. In addition, in fiscal year 2000, the KCMCC issued Certificates of Participation, totaling $2,940,000, for the purpose of acquiring energy conservation equipment. The issuance costs for the training certificates and certificates of participation were approximately $52,700 and $27,500, respectively.

- The KCMCC did not solicit proposals for interpreting services for the deaf. The KCMCC paid over $54,000 and $46,000 in fiscal years 1999 and 2000, respectively, for these services. In addition, there wasn't a written agreement for these services.

- Other professional services for which the KCMCC did not solicit proposals included W-2 processing, network engineering implementation, wiring for various buildings, media relations and business plan consultants for the Child Development Center on the Penn Valley campus, and arbitrage services. The KCMCC paid over $90,000 for these services in fiscal year 2000.

- The KCMCC does not have a written agreement with its legal counsel. According to KCMCC officials, the same firm has been used for many years, the firm has maintained its hourly charges below what is charged comparable organizations, and they are satisfied with the services provided by the firm. The KCMCC paid approximately $114,000 to this firm in fiscal year 2000.

- The KCMCC has not updated its request for qualifications (RFQ) list since 1997. The KCMCC uses various architects and/or engineers for small capital improvement and maintenance and repair projects (limited scope work). These firms are selected from a list of approved firms based on an RFQ.

The KCMCC should solicit proposals for professional services to the extent practical. Soliciting proposals and subjecting such services to a competitive selection process does not preclude the KCMCC from selecting the vendor or individual best suited to provide the service required. Such practices help provide a range of possible choices and allow the KCMCC to make a better-informed decision to ensure necessary services are obtained from the best qualified vendor at the lowest and best cost. In addition, written agreements provide the framework necessary to detail the services to be provided and the compensation to be paid.

WE RECOMMEND the KCMCC solicit proposals for professional services to the extent practical. In addition, written contracts should be prepared to formalize these agreements.

AUDITEE'S RESPONSE

The College does solicit proposals for professional services when considered practical. Though some time limits for services had expired, we were either still being charged at the agreed upon rate, or the new charges were considered reasonable. Since the period audited, we solicited proposals and have consequently entered into agreements for external audit services and limited scope architect and engineering services, and obtained a written agreement with our legal counsel. During the summer of 2001, we will create a comprehensive calendar of the expiration dates of all professional services agreements. This will help to ensure appropriate and timely procedures are followed. We will review other items mentioned to determine if agreements need to be renewed or new solicitations made.

5. Expenditures

KCMCC records indicate expenditures, not including personal service costs, totaled over $22 million in fiscal year 2000 for the operating funds (General Fund, Special Projects Fund, Business/Continuing Education Fund). Our review of these expenditures disclosed the following concerns:

A. The KCMCC should assess the importance of food expense as compared to other critical needs of the entity and make an effort to reduce expenditures in this area.

According to KCMCC records, approximately $200,000 was paid from unrestricted funds for food costs during fiscal year 2000. These food purchases represented amounts billed from various food service providers and did not include amounts reimbursed to employees through expense accounts or amounts paid with credit cards. The KCMCC has a policy regarding the reimbursement of travel expenses (including meals) to employees; however, a policy has not been established regarding meal expenses at meetings and other functions.

Our review of the food purchases made in fiscal year 2000 disclosed that some of these purchases may not have been a prudent, reasonable, or necessary use of KCMCC funds. In addition, the supporting documentation for these purchases did not always indicate the business purpose and/or identify those people attending. Food purchases included meals at restaurants, catered luncheons, store purchases (e.g. cookies, cakes, etc.). Examples of some of the food purchases noted which we viewed as questionable are as follows:

- $1,200 for a catered holiday party at the Chancellor's home for members of the Board of Trustees, legal counsel, secretary for the Board of Trustees, legislative liaison, and their spouses. Approximately $750 was spent in fiscal year 1999 for a similar party.

- $2,000 for the Greater Kansas City Chamber of Commerce's annual dinner and $1,500 to an organization helping victims of domestic violence for its annual dinner. The KCMCC supports various not-for-profit entities by purchasing a table at the entities' annual fundraising dinners.

- $2,067 for a holiday luncheon for 265 people (Longview)

- $1,506 for a Millennium Holiday Party (Maple Woods)

- $1,300 for a staff appreciation buffet (Maple Woods)

- $1,043 for an appreciation breakfast for 150 people (Penn Valley)

- $1,170 for a holiday luncheon (Administrative Center)

- $185 for a retirement party (Blue River)

- $160 for a secret pal luncheon and a birthday cake (Penn Valley)

- $370 for a BBQ picnic (Administrative Center)

- $278 for a retirement dinner (Longview)

- $158 for a holiday luncheon (Blue River)

- $514 for a retirement party and cake (Administrative Center)

While a certain level of food expense is probably necessary, those costs need to be assessed in terms of their importance compared to other critical education needs. The KCMCC should develop a comprehensive policy regarding food purchases in an effort to control and reduce expenditures in this area.

B.1. Documentation supporting credit card charges was not always adequate. The KCMCC provides its top administrators credit cards to be used in paying business expenses. Charges to these cards included expenses for hotels, meals, automobile services and gasoline, books, supplies, etc. During our review of these charges, we noted numerous instances when an administrator only approved the credit card statement and did not supply actual receipts to support the charges. In addition, when paying for guest meals, the KCMCC policy provides that a statement identifying the name(s) of the guest(s) and the nature of the business should be submitted with the actual receipt. Not all meal charges for guests included this information.

2. The supporting documentation for the credit card charges is not always reconciled to the credit card statement on a timely basis. We were informed the KCMCC's practice is to pay the credit card statement when received and then reconcile the actual receipts to the statement on a monthly basis. However, we noted that some charges made in December 1999 and in subsequent months were not reconciled until September 2000.

To support the propriety of credit card charges, the KCMCC should require the charge receipts to be submitted, the name(s) of any guest provided meals be identified, and the business reason of the meals be documented. In addition, the actual receipts should be reconciled to credit card charges on a timely basis.

C. Some expenses of the KCMCC's legislative liaison are not adequately documented. A retired faculty member has been employed to lobby for the KCMCC. He has been hired to work up to a maximum of 550 hours annually, and he is reimbursed for any documented lobbying expenses actually incurred through an expense account, up to $12,000 annually. He is also paid a $12,000 annual housing/lodging allowance for such expenses incurred while in Jefferson City, and starting in fiscal year 2001, he is paid a $500 per month car allowance. No supporting documentation is required for the allowances paid directly to this individual.

Although these allowances are included on this individual's W-2 forms as compensation, there is no assurance the amounts of these allowance reflect the actual costs incurred in performing these duties. The KCMCC should consider paying the lodging and car expenses on a reimbursement basis rather then paying the current allowances.

<u>**WE RECOMMEND**</u> the KCMCC:

A. Develop a comprehensive policy regarding food purchases in an effort to control and reduce expenditures in this area.

B. Ensure credit card charges are supported by the actual charge receipts. All meal expenses for guests should include the name(s) of the guest(s) and the business purpose of the meal. In addition, actual receipts should be reconciled to the credit card statements on a timely basis.

C. Consider reimbursing the actual costs incurred for lodging and car expense of the legislative liaison rather then paying the current allowances.

AUDITEE'S RESPONSE

A. The College, as with any quality minded institution, is committed to creating work environments which celebrate successes and reward conscientious work performance. We recognize that expenditures are examined for appropriateness and supporting documentation indicates the business purpose and identifies those people attending. The College will implement a policy regarding food purchases in the summer of 2001. The policy will be modeled on the state of Missouri domicile policy.

- *The catered holiday party at the Chancellor's home expresses gratitude for services provided to the College during the year. The Board members are public officials and this provides an opportunity for them to build and maintain working relationships.*

- *The College's mission closely partners the institution to the community. Attendance at annual dinners of various not-for-profit entities continues to stress the commitment of the College to this mission.*

- *The holiday, appreciation, and retirement events build camaraderie and express appreciation for a job well done. These opportunities for College personnel to celebrate their cohesiveness and build morale will continue to be closely scrutinized for cost efficiency.*

B. During the State Auditor's visit, the College was in the transition of replacing the credit card program with a procurement card program, which requires written documentation for each expenditure. That transition was completed during the audit at which time the auditors gave verbal support of the procurement card program recognizing that it provided proper documentation.

C. *The College considers the compensation package of the legislative liaison to be reasonable and necessary to the furtherance of the College. The liaison must spend considerable time in Jefferson City requiring him to maintain living quarters in the capitol, separate from his primary home in the Kansas City area. The significant commute requires adequate transportation and automotive expenses. The College supports his living quarters and transportation expenses and is satisfied with the documentation provided to substantiate these and other business related expenses. As noted in the Auditor's report, all compensation is reported as salary.*

6. Delinquent Student Accounts

Students enrolled at the KCMCC are assessed tuition and fees to help cover the costs of classes. KCMCC records indicated delinquent student accounts numbered over 2,700 and totaled approximately $523,000 as of June 30, 2000. In addition, delinquent accounts totaling approximately $153,000 were written off the general ledger account during fiscal year 2000. While written off, these delinquent accounts are not forgiven and the applicable individuals are still restricted from receiving future services.

The KCMCC has not established district-wide written policies and procedures regarding the handling of delinquent student accounts receivable and their write-off, if applicable. The current procedures for delinquent student accounts receivable and for write-offs differ from campus to campus, and the business office for each campus is responsible for its own accounts. Write-offs are not reviewed and authorized by someone independent of the respective business office. In addition, in some business offices there is little segregation of duties. For example, the same individual may collect tuition and fees, monitor the receivable balance and send delinquent notices to the students, place restrictions on the student's account, and write-off delinquent balances.

Some of the differences noted at the various campuses included the following:

- One campus may write-off accounts at the end of the semester when the account became delinquent, while another campus may wait a year or longer to write-off a delinquent account.

- One campus may send delinquent accounts to a collection agency before the account is turned over to the state's debt offset program, while another campus may send the delinquent account directly to the state's debt offset program without sending the account to a collection agency.

- When a student account is delinquent, one campus will not turn the account over to the state debt offset program if no grades are received. In contrast, another campus will sent the account to the debt offset program even if no grades are received. A restriction (i.e. unable to enroll in the future) may or may not be placed on the student's account.

- The various business offices differ in the number of collection letters sent to a student and when the letters are sent, before the account is sent to the state debt offset program and/or is written-off.

The KCMCC's accounts receivable system allows for various restrictive codes to be placed on delinquent accounts which restrict future enrollment or restrict the students from receiving transcripts. We noted the proper restrictive code was not always placed on a student's account with an outstanding balance. We reviewed thirty-three student accounts with outstanding balances, and in seven (21 percent) cases, the proper restrictive code was not placed on the account. In four (12 percent) of these cases, a student was allowed to enroll with a balance due. It appears the lack of written policies and procedures for delinquent student accounts contributed to these problems.

District-wide policies and procedures regarding delinquent student accounts receivable and write-offs would help ensure uniformity among the campuses, ensure such accounts are handled in a proper manner, and ensure proper restrictive codes are placed on the accounts. In addition, someone independent of the business office should review and authorize write-offs. Without an independent review, there is less assurance the write-offs are proper.

WE RECOMMEND the KCMCC develop district-wide written policies and procedures regarding the handling of delinquent student accounts receivable and write-offs. The write-offs should be reviewed and authorized by someone independent of the business offices, and the independent review and authorizations should be documented. In addition, the KCMCC should ensure the proper restrictive codes are placed on delinquent accounts. Students should not be allowed to enroll in following semesters if their account is delinquent.

AUDITEE'S RESPONSE

The College has installed a new computer system, MetroSoft, which is being implemented in stages. The basic functionality of the student financial system was operational in April 2001. Additional functionality will be added throughout calendar year 2001. MetroSoft will centralize student accounts receivable versus the current campus student accounts receivable.

Parameters within MetroSoft will age student accounts and flag those with delinquent balances for review by the College's accounting director who will make all authorizations to change the status of the student's account. Students with delinquent accounts will not be allowed to enroll until all outstanding amounts are paid in full or otherwise satisfied. Delinquent accounts are submitted to the State debt offset program or a local collection agency.

7. Day Care Centers

Day care for children is available to students, employees, and the public at the Child Development Center located on the Penn Valley campus and a day care center on the Longview campus. The day care centers must meet licensing regulations established by the Missouri Department of Health (DOH). The Missouri Division of Family Services (DFS) reimburses the day care centers for all or part (based on attendance) of day care tuition for children of low income families. The KCMCC subsidizes a portion of the costs of the day care centers to provide affordable day care for students with children and because the Child Development Center operates as a lab school for students participating in the child growth and development program.

Our review of the records and operations of these day care centers disclosed the following concerns:

A. Penn Valley

1. The contract for day care services between the parents and/or guardians of the child and the center was not always present or was not always complete. Two of ten (20 percent) files reviewed did not include a contract outlining the hours the child would be at the center or the total weekly charge, and for four of ten (40 percent) files reviewed the contract was not properly completed. In addition, for those files reviewed none of the weekly charges billed to the responsible parties agreed to the amounts included in the contracts. It appears this was due to the contracts and files not being updated properly.

   Complete and up-to-date contracts are necessary to identify the responsibilities of both parties and to support the child care fees being charged.

2. Supporting documentation to determine the eligibility status for free or reduced meals was not always present in the files. The DOH's Child Care Food Program reimburses the center for costs related to providing free or reduced meals for children whose families meet certain income guidelines. Two of five (40 percent) files reviewed related to children receiving free meals did not contain sufficient information to determine if the family met the income guidelines.

   Complete and accurate information should be maintained to support the eligibility status for reimbursement from the state's Child Care Food Program.

3. The center could not provide us with a current accounts receivable listing when one was initially requested in July 2000. According to center personnel, the accounts receivable records were not up-to-date and accurate because all charges and payments from the parents/guardians or from the state were not posted to the records on a timely basis.

The center subsequently provided us an accounts receivable listing in September 2000. The listing indicated a past due amount of approximately $30,000. In addition, the center had written off approximately $9,000 because the balances were so high that center officials believed they could not be paid by the responsible parties and/or the amounts were in dispute.

Accurate accounts receivable records are necessary to ensure that statements sent to the parents/guardians are proper and to ensure participants with large past due amounts are not allowed to receive child care services. In addition, updating the accounts receivable records on a timely basis would help ensure that errors are caught and corrected on a timely basis.

4. The center has allowed some accounts to remain delinquent for an extended period of time without action being taken. We reviewed seven of the accounts written off in August 2000. In each instance, the center had allowed a delinquent balance to be carried for over a year. In one instance, the parent or responsible party did not make a payment for approximately a year, but the center continued to provide services for the child. Although the records indicated sporadic payments for most of these accounts, the payments were generally not sufficient to cover current fees, therefore causing the delinquent balance to increase.

   This situation has contributed to the subsidies from the KCMCC needed to sustain the operations of the center. In addition, this situation prevents the acceptance of other children whose fees could be paid timely. The KCMCC should ensure timely and appropriate action is taken to address delinquent child care accounts at this campus.

5. Documentation supporting the reimbursement of child care fees from the DFS was not always accurate. The reimbursement of these day care fees are based on the child's daily attendance (full-time, half-time, part-time, or absent) at the center.

   We reviewed the reimbursement claims prepared by the center for five children for March 2000. For three (60 percent) of these children, the attendance sheet maintained by the center did not agree to the reimbursement claim submitted to DFS. In each of these three instances, it appears the DFS was overbilled. In addition, the attendance sheet only indicated if the student was present or absent for the day, and did not indicate if the student was present for half or part-time.

Accurate attendance records are necessary to ensure the center receives the proper reimbursement of day care fees from the state.

6. The center did not retain copies of all inspection reports prepared by the DOH. When we compared the inspections performed by the DOH (according to its records) to the inspection reports retained by the center, we determined that the center did not have available all inspection reports that the DOH prepared.

   The center should retain all inspection reports prepared by the DOH to ensure any non-compliance issues are properly addressed.

7. The center does not have a centralized record keeping system that allows for easy retrieval of information. Various internal reports such as the participants in the child care food program could not be provided on a timely basis, and current applications for the program could not be located for some participants. According to DOH officials, some of the non-compliance issues noted in the inspection reports related to poor record keeping.

   Files and other information of a similar nature should be located together for easy access. This is necessary to ensure information is properly updated and to allow information to be retrieved on a timely basis.

B Longview

According to the DOH officials, the center was operating without a license from November 1998 to March 1999 due to non-compliance with licensing issues. These issues included lack of adequate background screenings and tuberculosis shots for some of the staff. It appears that these non-compliance issues were not addressed on a timely basis.

The center should make every effort to ensure that it is operating under a valid license from the state at all times. This can be accomplished by ensuring all non-compliance issues are addressed on a timely basis.

WE RECOMMEND the KCMCC:

A. Establish internal control policies and procedures at the Child Development Center on the Penn Valley campus to ensure:

   1. The day care contracts are complete and include all relevant information.

2. The eligibility status for the Child Care Food Program for each applicable child is properly documented.

3. Accounts receivable records are updated on a timely basis.

4. Timely and appropriate action is taken regarding delinquent accounts.

5. Ensure the attendance sheets clearly indicate the time the child is present at the center and agree with the reimbursement forms submitted to the DFS.

6. Inspection reports from the DOH are properly retained.

7. Records, reports, and other information are filed in a organized and systematic manner.

B. Establish internal control policies and procedures at the day care center on the Longview campus to ensure timely action is taken to address any non-compliance issues which could affect the center's licensing status.

AUDITEE'S RESPONSE

It is important to note that there have been significant changes in personnel and policies at the Child Development Center (Center) since the time period covered by the State Auditor's visit. The Center now has a new director, coordinator and family advocate. The operations manager was relatively new at the time of the review. These four individuals, with the support of the College, have been working to improve the overall Center practices.

1. *Current policy requires a complete contract with all relevant fees indicated, which is reviewed by both the Center coordinator and operations manager. Parents must discuss any changes in enrollment or fees directly with the coordinator, and a new contract is generated. All contracts are on file, complete, and frequently cross-referenced against the automated billing program to ensure accuracy.*

2. *A new policy for enrollment mandates that a Child Care Food Program form be completed and signed prior to a child's first day of attendance at the Center. Forms are on file, complete with supporting financial information including income and/or DFS case numbers, for all children claimed in the free and reduced categories.*

3. *Procedures for maintaining current accounts receivable records have been updated. Parents are given receipts for payment the same day they are received.*

The receipts are generated as a result of the payment being entered into the accounting program.

4. *Parents with current past due balances have been contacted individually by the operations manager and written payment plan agreements have been developed to eliminate these balances. The payment policy requires parents to pay in advance on the first day of the week their child attends the Center. Parents are not allowed to build up account balances. Delinquent childcare accounts will be handled in the same manner as delinquent student accounts. Children whose parents fail to keep current in their financial obligations are subject to exclusion from the Center.*

5. *To allow for accurate tracking of participation of DFS eligible children, attendance sheets have been redesigned to provide time of arrival and time of departure.*

6. *Current policy requires the Missouri Department of Health inspection reports be kept on file in the coordinator's office. A request has been made to the Department of Health's licensing representative to provide the Center with copies of all reports and correspondence in their official file from January 1999 to the present to ensure complete and accurate records are maintained at the Center.*

7. *Key members of the management team met to review document storage. A centralized record keeping system has been implemented.*

B. *To prevent the lapse in licensure, the Child Care Center staff will continue to cooperate fully with inspectors in correcting any concerns.*

The first inspection issue was the lack of proper records for a staff member's tuberculin test conducted on September 3, 1998. The physician's statement indicating negative test results was received by the Center on January 8, 1999. However, the Center's director had received verbal confirmation of the test results from the physician's office in September 1998.

The issue of inadequate background checks concerned the signature of the Department of Health's <u>*Request for Child Abuse or Negligent Criminal Record*</u> *form signed by the Chancellor. The President of the Board of Trustees had previously been the signatory. The situation was corrected immediately with a November 23, 1998 letter to the Bureau of Child Care Safety and Licensure from the President of the Board of Trustees assuring the Bureau of the Chancellor's signature authority.*

8.	Fixed Assets

The KCMCC's financial statements, as of June 30, 2000, show an investment in equipment (including furniture and vehicles) of over $35 million. Our review of the fixed assets records and related procedures disclosed the following concerns:

A. According to KCMCC officials, a physical inventory of general fixed assets has not been completed for several years. The KCMCC's inventory guidelines and procedures provide that an inventory list is to be provided to all departments by March 1 of each year and that these items should be checked, counted, and certified by May 1. It is apparent the KCMCC is not following its inventory guidelines and procedures.

   Annual physical inventories are necessary to ensure the accuracy of fixed asset records and to detect the loss, theft, or misuse of assets.

B. The KCMCC does not reconcile its detailed fixed assets records to the applicable general ledger amount, and we determined that many fixed assets items have not been recorded in the detailed fixed assets records. Upon our request, the KCMCC prepared a listing of fixed assets items recorded in the database as of June 30, 2000. The cost of the fixed assets on this listing totaled only about $24.5 million. As a result, the total costs of furniture and equipment items as presented in the fixed assets records is less than the amount recorded in the general ledger account and presented in the KCMCC's financial statements by over $11 million.

   The fixed assets general ledger account is updated as purchases are made. The KCMCC maintains its detailed fixed assets records in a computer database. Periodically, the purchasing department identifies fixed assets purchases from purchase orders recorded on the KCMCC's accounting system. The purchasing department completes a portion of the inventory form (i.e. purchase order number, date of purchase, inventory tag number, etc.) and sends the form and the inventory tag to the department which ordered the fixed asset. That department is then supposed to complete the form (i.e. location, cost, etc.), place the inventory tag on the fixed asset, and return the completed form to the purchasing department. The purchasing department only updates the fixed assets database when the completed form is received from the applicable department.

   We noted many instances where a completed inventory form had not been returned to the purchasing department. For example, as of September 2000, a computer server purchased in January 2000 for $280,389 and seventy-nine computers purchased in October 1999 for $108,941 had not been recorded on the fixed assets database because the inventory forms had not been returned from the applicable department(s). Instances such as these appear to account for much of the difference between the detailed fixed assets records and the applicable general ledger account.

The KCMCC should ensure fixed assets are added to the detail records on a timely basis. The detailed fixed asset records should be reconciled to the applicable general ledger account on a periodic basis to provide adequate control and accountability over fixed asset items.

C. In addition to the problems noted in Part B, other problems were noted with the fixed assets records. During our review, we noted a computer and piano were not tagged with an identification number; several items were tagged with an identification number, but not entered in the records; and the fixed asset records contained some incorrect serial and/or model numbers and locations.

Fixed assets items should be properly tagged and all identifying information accurately recorded in the fixed assets records. Annual physical inventories would help identify these problems on a timely basis.

D. Various campuses did not maintain adequate records to support the disposition either by destruction or donation of fixed assets. Listings of items destroyed or donated were not always prepared; entities receiving donated items were not always identified; and authorization for destroying or donating items was not always documented.

Fixed assets that are destroyed or donated should be identified and proper authorization of the disposal documented to ensure adequate control over property. The KCMCC should consider establishing district-wide policies and procedures regarding the disposition of fixed assets. In addition, an independent management level approval of the disposition should be required.

E. The controls over the usage of vehicles are not adequate. The KCMCC has over 40 vehicles such as passenger cars, vans, trucks, and trailers which are assigned to various departments on the campuses. Most departments do not maintain a mileage and/or usage log. Some departments have not established adequate check-out procedures.

Mileage and/or usage logs are necessary to document the appropriate use of the vehicles and could be used in evaluating fuel costs. These logs should be reviewed by a supervisor to ensure all mileage is recorded, the vehicles are being properly utilized, and help identify vehicles which should be replaced. In addition, proper check-out procedures are needed to ensure only appropriate employees are using KCMCC vehicles.

Fixed assets represent a significant investment of funds and adequate records and procedures help ensure they are safeguarded from theft or abuse. In addition, accurate fixed assets records provide information needed by the KCMCC for financial reporting purposes.

WE RECOMMEND the KCMCC:

A. Ensure an annual physical inventory is conducted of all fixed assets as required by district guidelines and reconcile the results of the inventory to the detailed property records.

B. Ensure fixed assets items are added to the fixed assets database in a timely manner and reconcile the detailed fixed assets records to the applicable general ledger account on a periodic basis.

C. Ensure fixed assets are properly tagged and all identifying information is properly recorded in the detailed property records.

D. Establish district-wide policies and procedures regarding the disposition of fixed assets, including identifying the asset and method of disposal, identifying the donor entity, and documenting the authorization/approval. In addition, an independent management level approval of the disposition should be required.

E. Ensure complete vehicle mileage/usage logs are prepared for all vehicles. The mileage/usage logs should be monitored for propriety and reasonableness of miles traveled and proper check-out procedures should be required.

AUDITEE'S RESPONSE

A. The College has contracted the services of an outside firm to conduct a physical inventory of fixed assets during the spring of 2001. Upon completion of the inventory, the results will be reconciled to the detailed property records. The College plans to conduct annual inventories.

B. The occurrence of annual inventories will facilitate the process of adding fixed asset items to the database in a timely manner. Fixed assets will be reconciled to the applicable general ledger account on an annual basis.

C. During the spring 2001 inventory, fixed assets above the threshold will be retagged with bar code stickers. As new assets are received, the appropriate campus department will be issued bar code stickers and return a form verifying application of said stickers. There will be regular follow through to ensure that the application and verification process is being properly conducted. During annual inventories, any discrepancies will be reconciled.

D. *The College follows its policy regarding the disposition of fixed assets. Though not detailed in the policy, the College has and will continue to maintain records identifying assets, the method of disposal, and the donor entity. The vice chancellor of administrative services, chancellor, or the Board of Trustees approves all disposals.*

E. *Vehicle mileage/usage logs have been prepared for all vehicles and are being monitored for propriety and reasonableness of miles traveled. The College is in the process of establishing checkout procedures.*

9.	Related Personnel

The KCMCC's nepotism policy provides that no family member should initiate or participate in a decision having a direct benefit to an immediate family member. The KCMCC does not maintain a list of related employees, and employment applications do not require the applicant to disclose relatives already employed at the college.

At our request, the KCMCC prepared a list of related employees and identified twenty-five familial relationships. While we did not note any instances of relatives supervising each other or some other conflicting situation existing, it appears the KCMCC should make an effort to monitor this situation.

WE RECOMMEND the KCMCC establish procedures to identify instances where employees are related to each other and ensure those individuals are not working in conflicting employment capacities.

AUDITEE'S RESPONSE

Effective June 1, 2001, all applicants for employment with the College will be required to complete a revised application for employment. The application requires the applicant to disclose if they are related to any current College employee and if so, the employee's name and relationship. This will provide the information needed to ensure that the nepotism policy is not violated.

10.	Internal Audit Function

A. The KCMCC has established an internal auditor position; however, the internal auditor did not perform any internal audits of the activities and operations of the KCMCC during fiscal years 1999 and 2000. Instead that individual has assisted the KCMCC's independent auditors in completing the annual financial audits and has been involved with the KCMCC's conversion to a new accounting and reporting system.

Internal audits can be a valuable management tool by identifying ineffective or inefficient operations and ensuring that established policies and procedures are being followed. The KCMCC may want to consider expanding the size of the audit staff if other responsibilities are preventing the internal auditor from performing her primary function.

B. Under the current organization structure, the internal auditor does not report to top management such as the Board of Trustees or the Chancellor, but instead reports to the Director of Management and Auxiliary Services. The Institute of Internal Auditors' standards provide that internal audit activity is to be independent and should "report to a level within the organization that allows the internal audit activity to fulfill its responsibilities".

Direct communication with the Board of Trustees and/or Chancellor would help ensure independence and provide a means whereby the Board of Trustees and Chancellor can be kept abreast of current operations and activities.

WE RECOMMEND the KCMCC:

A. Take steps to ensure internal audits are conducted of KCMCC operations and activities.

B. Consider having the internal audit department report directly to the Board of Trustees and/or Chancellor.

AUDITEE'S RESPONSE

A. The previous internal auditor has been reassigned to a project analyst position. Two new internal auditors have been hired since the fall of 2000. Their roles are to conduct audits on operational areas identified by the College. A calendar will be developed and distributed periodically to College personnel to provide information regarding upcoming operational audits. The format for the audits will consist of the following four elements:

- *An introduction that describes which operational procedure is being examined and the desired outcome.*
- *The scope will explain the breadth of the audit and the processes the internal auditors will utilize.*
- *The internal auditors' recommendation(s) for revision of the operational procedure.*
- *A response section that will allow for appropriate personnel to provide input before procedures are altered.*

B. *The College believes the current reporting line for the internal auditors is reasonable. This decision is backed by the fact that an auditing committee, comprised of four directors and the vice chancellor of administrative services, coordinates and schedules the internal audit function. The vice chancellor is available to the Board of Trustees and Chancellor whenever they have an inquiry.*

11.	Background Checks

Criminal background checks on prospective employees are not initiated by the Human Resources Department, and the information obtained by other departments through these background checks is not maintained in the Human Resources Department.

Various departments on the campuses initiate a criminal background check from the state for their program and/or operation (i.e. security, healthcare, childcare), as they consider necessary. The results of the background check are returned to the applicable department. The Human Resources Department is not informed which programs and/or operations require a criminal background check, and is not informed when a background check is requested or the results of the check.

Complete personnel information related to individual employees should be maintained in the Human Resources Department. In addition, having the Human Resources Department initiate the criminal background checks and receive the results of the background checks provides better control over this confidential information.

WE RECOMMEND the KCMCC ensure the Human Resources Department initiates criminal background checks and maintains the information regarding the results.

AUDITEE'S RESPONSE

The College will begin conducting background checks on recommended new employees with a target date for implementation of September 2001.

A request for proposals will be issued and based on the proposals received, the College will determine whether to hire an outside agency for the checks or to conduct them in-house. The Human Resources department will maintain these records in a confidential manner.

This report is intended for the information of the KCMCC management and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

STATISTICAL SECTION

History, Organization, and
Statistical Information

KANSAS CITY METROPOLITAN
COMMUNITY COLLEGES
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Kansas City Metropolitan Community Colleges trace their origin back to 1915, when the Kansas City Board of Education established the Kansas City Polytechnic Institute. The Junior College Division of the Institute and the Business Training, Engineering and Nurses' Training Divisions were combined to form the Junior College of Kansas City in 1919. The college started as an academically oriented institution; however, through the years the college increased its occupational offerings. Until 1964, the college was under the administration of the Kansas City School District.

In May 1964, pursuant to Section 178.770, RSMo, the voters of seven suburban school districts and the Kansas City School District approved the creation of the Junior College District of Metropolitan Kansas City, Missouri. The institution initially operated by the new district was referred to as the Metropolitan Junior College. The voters of the district subsequently approved a $15.2 million bond issue for campus construction. In 1969, the Board of Trustees established colleges in the northern (Maple Woods Community College) and southern (Longview Community College) parts of the district as well as maintaining one in the central city (Penn Valley Community College). The district then became known as the Metropolitan Community Colleges to reflect its increasing focus on community needs.

Since that time, the district has continued to expand. The voters of four additional suburban school districts voted to join the district by annexation. An Administrative Center, located adjacent to the Penn Valley Community College, was completed and occupied in November 1985. In early 1995, the Business and Technology Center (BTC) was established. The center is the focal point for business and industry training for the entire district. In 1997, the Board created the Blue River Community College, serving the eastern part of the district.

Currently, the Kansas City Metropolitan Community Colleges consist of the Longview Community College, Maple Woods Community College, Penn Valley Community College, and Blue River Community College as well as the BTC. The district covers the county of Jackson and parts of the counties of Cass, Clay, and Platte, and includes the school districts of Kansas City, Center, Hickman Mills, Raytown, Grandview, North Kansas City, Belton, Blue Springs, Park Hill, Independence, and Fort Osage.

In the fall of 2000 and 1999, the KCMCC's full-time equivalent student enrollment totaled 9,585 and 9,572, respectively. The KCMCC employed approximately 1,063 full-time and 988 part-time employees in the fall of 2000 and approximately 1,035 full-time and 1,012 part-time employees in the fall of 1999.

The KCMCC is governed by an elected six-member Board of Trustees. The trustees serve a six-year term. These individuals serve without compensation; however, they receive reimbursement for any expenses incurred in performing their duties.

The Board of Trustees as of June 2000, consisted of the following members:

Name	Position	Term Ends
David R. Buie	President	April 2004
Chuck James	Vice President	April 2004
J. Robert Ashcroft	Member	April 2006
David L. Disney	Member	April 2002
Jeffrey A. Grubb	Member	April 2006
Robert H. Martin	Member	April 2002

The Officers of the district consist of the Chancellor, three Vice Chancellors, and four college Presidents. The Board of Trustees appoints the Chancellor who serves as the Chief Executive Officer. Each college is under the oversight of a President.

The individuals serving as Officers and their annual compensation as of June 30, 2000, were as follows:

Name	Position	Annual Compensation	
Wayne E. Giles	Chancellor	$ 182,450	
Allan H. Tunis	Vice Chancellor of Administrative Services	120,000	
Donald S. Doucette	Vice Chancellor of Education and Technology	121,635	
Malcolm T. Wilson	Interim Vice Chancellor of Student and Resource Development	109,455	1)
Ronald E. Greathouse	Interim President Blue River	138,520	2)
Fred Grogan	President Longview	109,455	
Merna S. Saliman	President Maple Woods	109,455	
Jacqueline I. Snyder	Interim President Penn Valley	114,940	3)

1) On July 1, 2000, Malcolm T. Wilson was appointed Interim President at Blue River, and on January 11, 2001, he was subsequently appointed to be the President at that college. The position of Vice Chancellor of Student and Resource Development is currently vacant.

2) On July 1, 2000, Ronald E. Greathouse was appointed as Special Assistant to the Chancellor. He subsequently retired in November 2000.

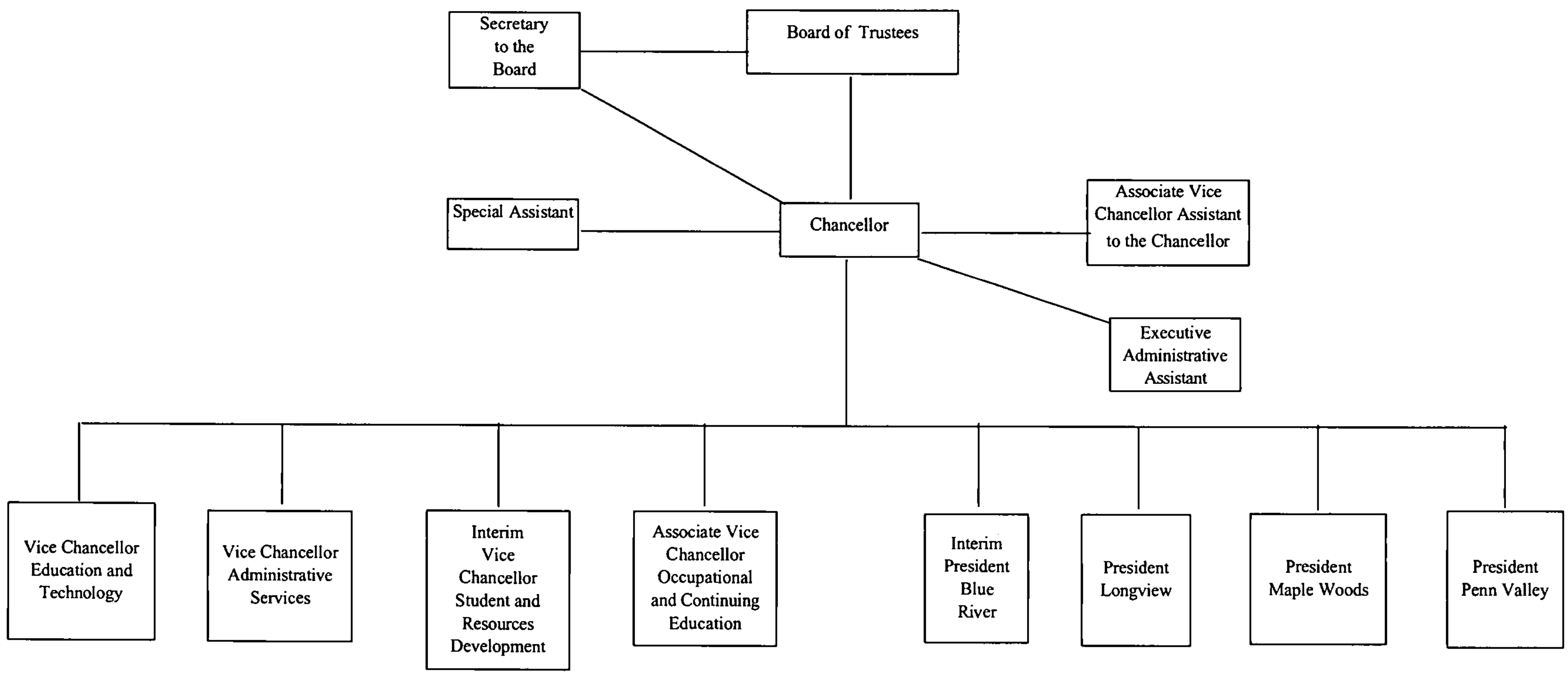
3) On July 1, 2000, Jacqueline I. Snyder was appointed to be the President at Penn Valley.

The Chancellor's compensation of $182,450 included retirement benefits of $23,578 (representing the employee's share of the retirement plan costs). In addition to this compensation, Dr. Giles' contract requires the KCMCC to contribute to an Executive Benefit Plan for severance benefits ($37,000 was contributed in fiscal year 2000); pay for term life insurance at three times his total compensation; pay for dependent coverage for health insurance (medical, dental, eye); pay automobile expenses (including repairs, gas, oil, insurance); pay for a medical examination for the Chancellor, not less than once every two years and no more than once a year; and pay travel expenses of the Chancellor's wife to accompany him on business trips for the benefit of the KCMCC. In addition, the Chancellor received a special expense account of $5,268.

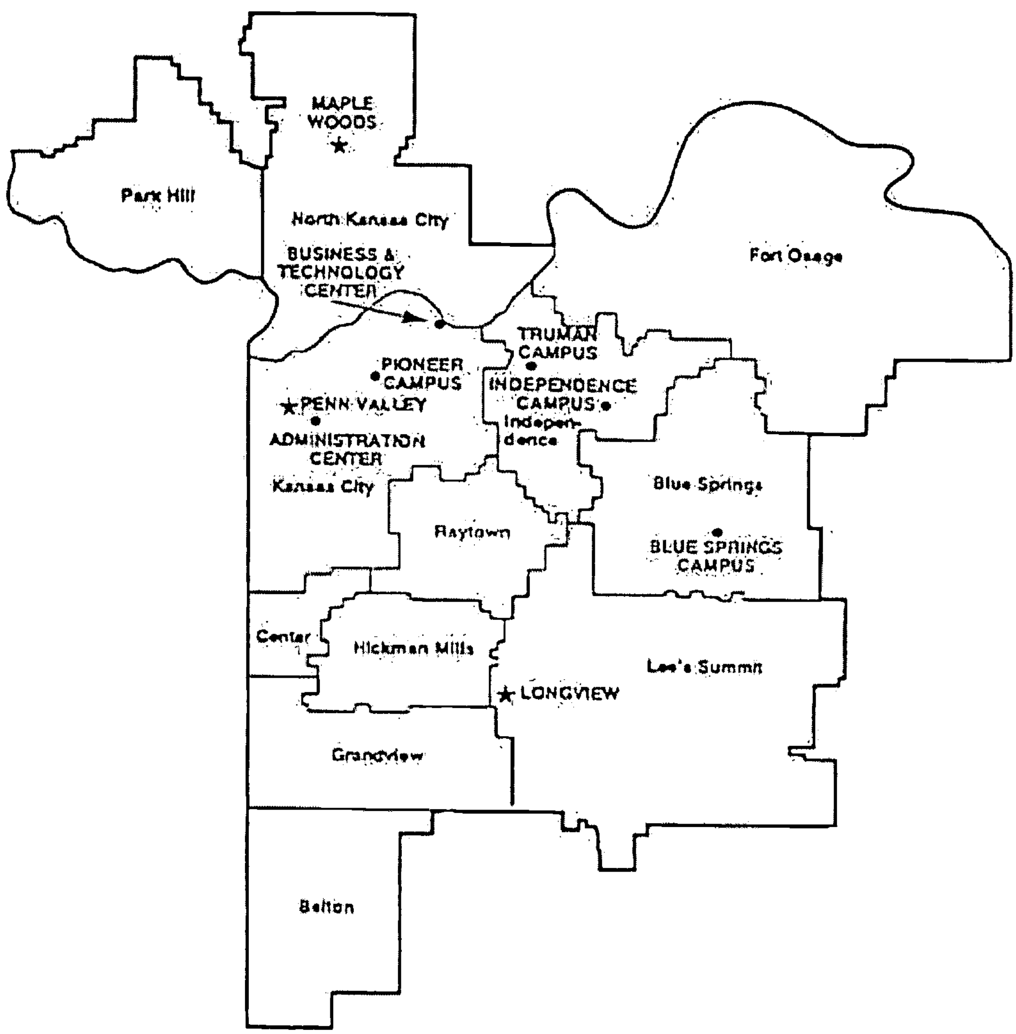
In addition to the other Officers' compensation, the terms of the contracts for those individuals require the KCMCC to pay for term life insurance at three times their total compensation and pay automobile expenses (including gasoline, oil, filters, and other automobile liquid purchases).

An organization chart and district map follow.

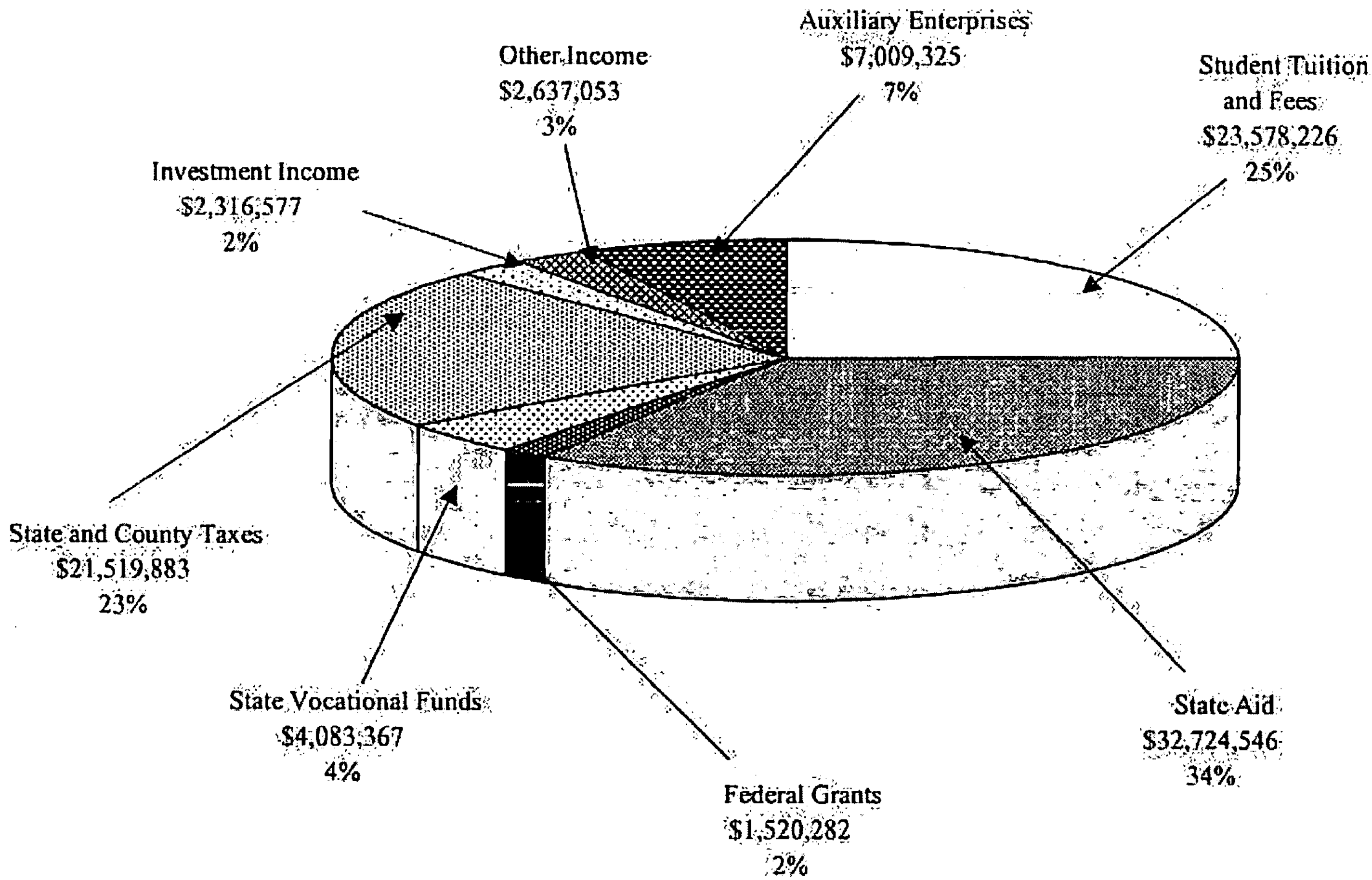
KANSAS CITY METROPOLITAN
COMMUNITY COLLEGES
ORGANIZATION CHART
JUNE 30, 2000



KANSAS CITY METROPOLITAN
COMMUNITY COLLEGES
DISTRICT MAP

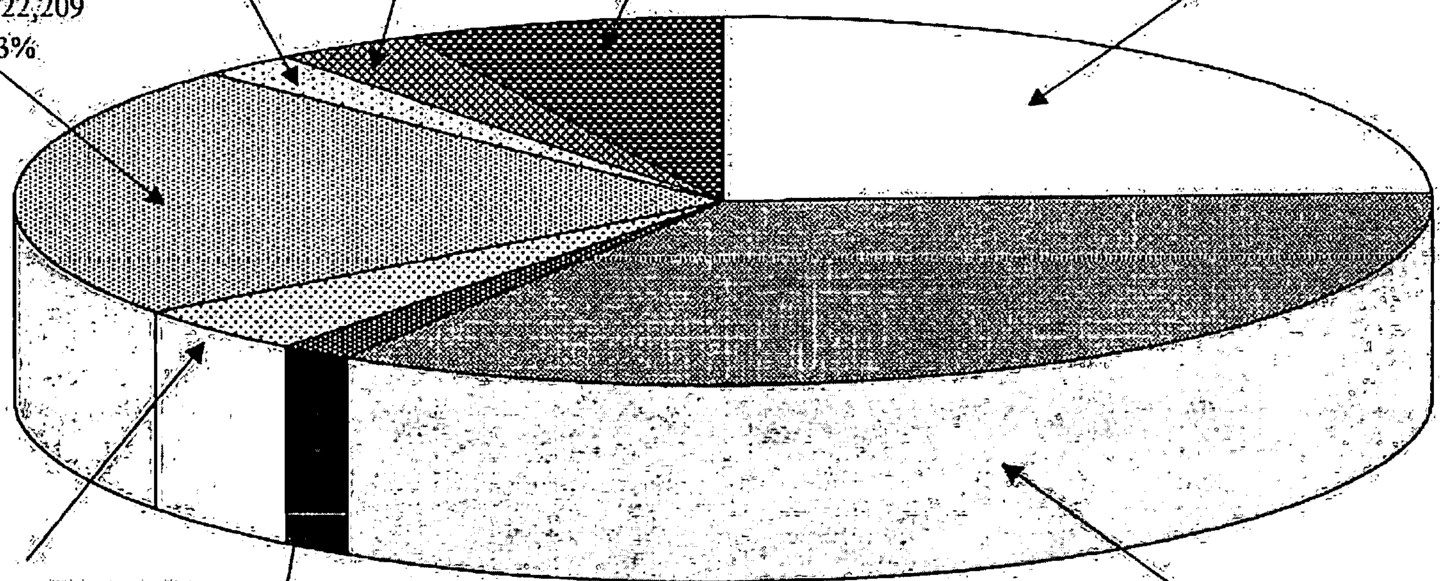


Kansas City Metropolitan Community Colleges
Fiscal Year 2000
Unrestricted Current Fund Revenues



Total Revenues
$95,389,259

Kansas City Metropolitan Community Colleges
Fiscal Year 1999
Unrestricted Current Fund Revenues

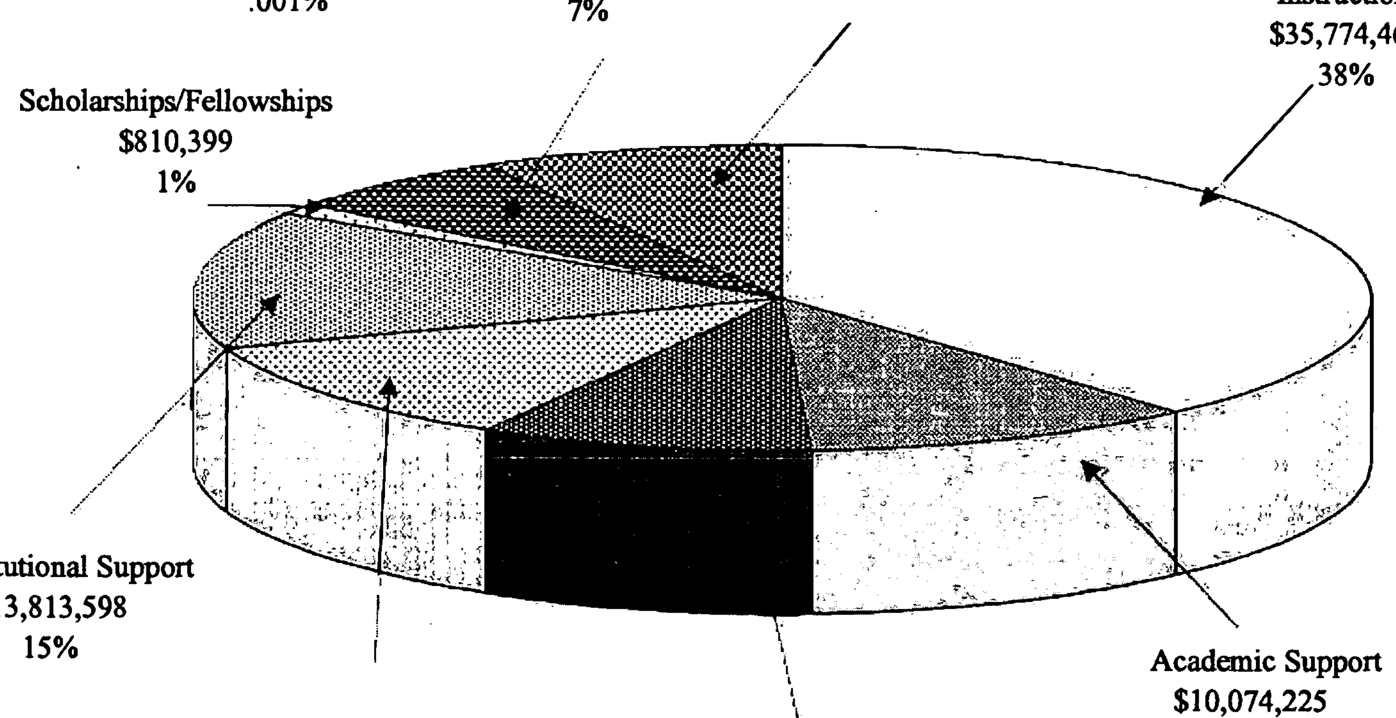


Total Revenues
$91,089,546

52

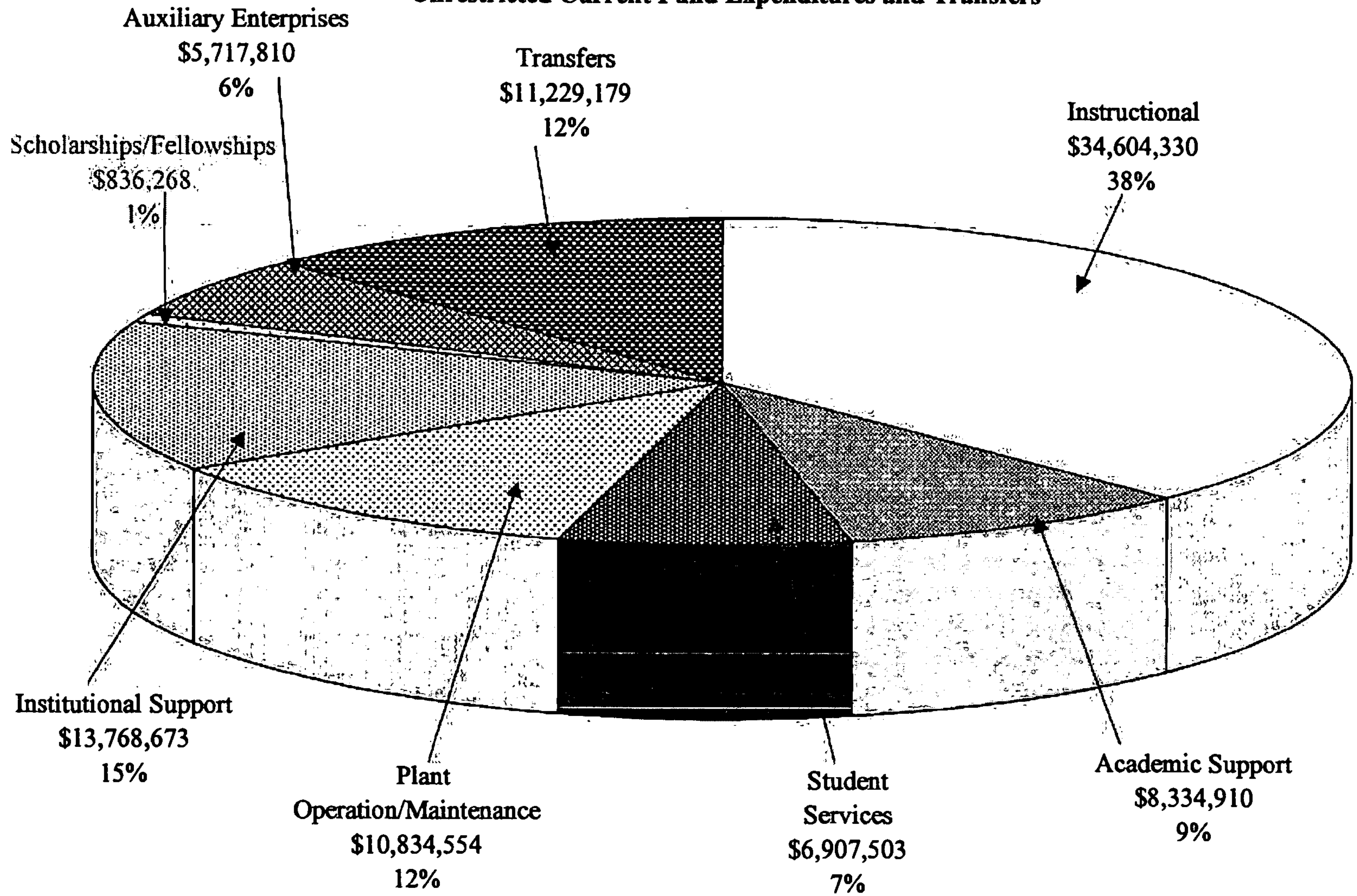
53

Kansas City Metropolitan Community Colleges
Fiscal Year 2000
Unrestricted Current Fund Expenditures and Transfers



Total Expenditures and
Transfers-$93,000,749

Kansas City Metropolitan Community Colleges
Fiscal Year 1999
Unrestricted Current Fund Expenditures and Transfers



Total Expenditures and
Transfers-$92,233,227

* * * * *

U.S. Department of Education
Office of Educational Research and Improvement (OERI)
National Library of Education (NLE)
Educational Resources Information Center (ERIC)

ERIC®

REPRODUCTION RELEASE

(Specific Document)

I. DOCUMENT IDENTIFICATION:

Title: Audit Report - Kansas City Metropolitan Community Colleges   Report # 2001-50

Author(s): Missouri State Auditor

Corporate Source:

Publication Date: 6-28-01

II. REPRODUCTION RELEASE:

In order to disseminate as widely as possible timely and significant materials of interest to the educational community, documents announced in the monthly abstract journal of the ERIC system, *Resources in Education* (RIE), are usually made available to users in microfiche, reproduced paper copy, and electronic media, and sold through the ERIC Document Reproduction Service (EDRS). Credit is given to the source of each document, and, if reproduction release is granted, one of the following notices is affixed to the document.

If permission is granted to reproduce and disseminate the identified document, please CHECK ONE of the following three options and sign at the bottom of the page.

The sample sticker shown below will be affixed to all Level 1 documents	The sample sticker shown below will be affixed to all Level 2A documents	The sample sticker shown below will be affixed to all Level 2B documents
PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY ____ Sample ____ TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)	PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL IN MICROFICHE, AND IN ELECTRONIC MEDIA FOR ERIC COLLECTION SUBSCRIBERS ONLY, HAS BEEN GRANTED BY ____ Sample ____ TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)	PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL IN MICROFICHE ONLY HAS BEEN GRANTED BY ____ Sample ____ TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
1	2A	2B
Level 1	Level 2A	Level 2B
☒	☐	☐
Check here for Level 1 release, permitting reproduction and dissemination in microfiche or other ERIC archival media (e.g., electronic) *and* paper copy.	Check here for Level 2A release, permitting reproduction and dissemination in microfiche and in electronic media for ERIC archival collection subscribers only	Check here for Level 2B release, permitting reproduction and dissemination in microfiche only

Documents will be processed as indicated provided reproduction quality permits.
If permission to reproduce is granted, but no box is checked, documents will be processed at Level 1.

I hereby grant to the Educational Resources Information Center (ERIC) nonexclusive permission to reproduce and disseminate this document as indicated above. Reproduction from the ERIC microfiche or electronic media by persons other than ERIC employees and its system contractors requires permission from the copyright holder. Exception is made for non-profit reproduction by libraries and other service agencies to satisfy information needs of educators in response to discrete inquiries.

Sign here, → please

Signature: Peggy E Gustafson	Printed Name/Position/Title: Peggy E Gustafson General Counsel	
Organization/Address: Missouri State Auditor PO Box 869 Jefferson City MO 65102	Telephone: (573) 751-4824	FAX: (573) 751-6539
	E-Mail Address: auditor@auditor.state.mo.us	Date: 2-13-02

(over)

III. DOCUMENT AVAILABILITY INFORMATION (FROM NON-ERIC SOURCE):

If permission to reproduce is not granted to ERIC, *or*, if you wish ERIC to cite the availability of the document from another source, please provide the following information regarding the availability of the document. (ERIC will not announce a document unless it is publicly available, and a dependable source can be specified. Contributors should also be aware that ERIC selection criteria are significantly more stringent for documents that cannot be made available through EDRS.)

Publisher/Distributor:
Address:
Price:

IV. REFERRAL OF ERIC TO COPYRIGHT/REPRODUCTION RIGHTS HOLDER:

If the right to grant this reproduction release is held by someone other than the addressee, please provide the appropriate name and address:

Name:
Address:

V. WHERE TO SEND THIS FORM:

Send this form to the following ERIC Clearinghouse:

ERIC Clearinghouse for Community Colleges
University of California, Los Angeles
3051 Moore Hall, Box 951521
Los Angeles, CA 90095-1521
Telephone: (800) 832-8256
Fax: (310) 206-8095

However, if solicited by the ERIC Facility, or if making an unsolicited contribution to ERIC, return this form (and the document being contributed) to:

ERIC Processing and Reference Facility
4483-A Forbes Boulevard
Lanham, Maryland 20706

Telephone: 301-552-4200
Toll Free: 800-799-3742
FAX: 301-552-4700
e-mail: ericfac@inet.ed.gov
WWW: http://ericfac.piccard.csc.com