

SPECIAL CIRCUMSTANCE

ON-SITE REVIEW REPORT

Lincoln County
Finance and Transportation

November, 2020



Office of Support &
Accountability



**West Virginia Board of Education
2020-2021**

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Introduction

The Office of Support and Accountability conducted a Special Circumstance Review of the Lincoln County School System's Financial and Transportation Offices at the specific direction of the West Virginia Board of Education (WVBE). The basis for this review was the result of the findings from the Guyan Valley Middle School Special Circumstance Review presented to the WVBE March 11, 2020. Due to the COVID-19 National Emergency, the West Virginia Department of Education (WVDE) divided the review into two components, central office and board member interviews and documentation review. The central office review began April 2020, with a blended approach, as some aspects were conducted remotely and some through onsite visits occurring in June-September 2020. Individual school reviews will occur during the 2020-21 school year after in-person instruction has resumed. The review process was conducted as outlined in WVBE Policy 2322: *West Virginia System of Support and Accountability*.

Within WVBE Policy 2322, eleven efficiency indicators of county operational effectiveness are defined. Each indicator addresses specific components necessary to provide an effective school system. These eleven indicators serve as a framework for the comprehensive Special Circumstance Review of Lincoln County Schools.

A team consisting of staff members from the WVDE compiled the information gathered during the onsite review and provided findings and noncompliances outlined in this report. The report provides recommendations and corrective actions to address deficiencies and improvement of county administrative practices.

Onsite Review Team Members

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Dr. Kathy D'Antoni, Assistant Superintendent, Division of Career and Technical Education, WVDE

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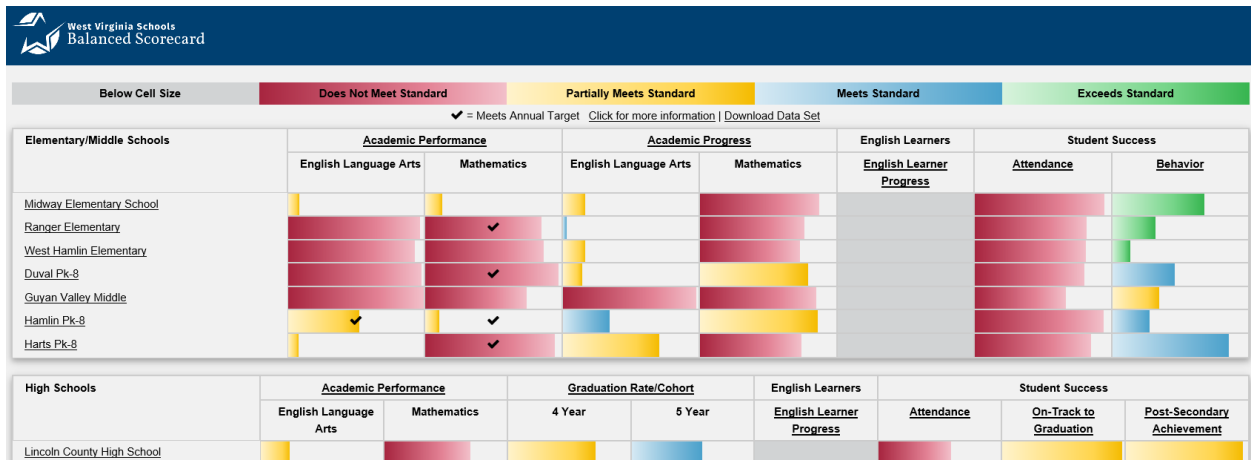
Amy Willard, School Operations Officer, Office of Finance and Operations, WVDE

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Background

Lincoln County Schools operates three elementary, three Pre-K-8, one middle, and one high school with a total enrollment of nearly 3,300 students. According to 2019 Zoom WV state assessment results, 56.09% of students are economically disadvantaged compared to the state average of 46.93%. Lincoln County Schools' performance on the 2018 – 19 West Virginia General Summative Assessment indicates 27.48% of students were proficient in mathematics and 38.00% in English language arts. These proficiency rates are significantly below the state averages of 38.7% in mathematics and 46.1 % in English language arts (ZoomWV, 2020).

The 2019 Balanced Scorecard results indicate academic performance in English Language Arts and mathematics falls within the “Does Not Meet Standard” or “Partially Meets Standard” for all eight schools. The student attendance indicator at all eight of the schools fell within the “Does Not Meet Standard” category. All except one of the elementary/middle schools “Meets Standard” or “Exceeds Standard” in behavior. The high school measures for on-track to graduation and post-secondary achievement “Partially Meets Standard.” Due to the COVID-19 National Emergency, data is unavailable for the 2019 – 20 school year. A graphic representation of the 2019 West Virginia Schools Balanced Scorecard for Lincoln County Schools is provided below.



The areas denoted as requiring improvement were determined based on written evidence and consistency of comments describing conditions and practices at the county office through the interview process.

Efficiency Indicator 5: Finance

Financial Inquiry 1

Are purchases made in compliance with WVBE Policy 8200: *Purchasing Policies and Procedures Manual for Local Educational Agencies*?

Procedures Conducted

The Team obtained county financial data for all purchases made by the county between the dates of July 1, 2018 and April 30, 2020. The data were reviewed analytically and purchases requiring board approval and purchases falling within each bid threshold in WVBE Policy 8200 were randomly selected for testing. To ensure sufficient testing coverage, purchases below Policy 8200 bid thresholds were also selected at random.

For fiscal years 2019 and 2020, the Team reviewed a total sample of thirty (30) purchases. For each purchase selected, the Team requested the following supporting documentation: requisition and approved purchase order; first invoice charged to that purchase order; board approval (if applicable); and competitive bid documentation (if applicable). The Team examined the sample for compliance related to the proper sequence of requisitions, purchase orders, and invoices. Further review of the purchase order samples took place to ensure competitive bids and board approval were obtained when applicable. WVBE Policy 8200, Section 18.5 states, “all contracts for the purchase of commodities or services, with the exception of consumable supplies, that involve the expenditure of \$100,000 or more must have the prior approval of the governing board.” WVBE Policy 8200 also requires each county board to adopt a local purchasing policy which, at a minimum, must adhere to the provisions of Policy 8200. Lincoln County’s Policy 6320: *Purchases* states, “all procurement transactions shall be conducted in a manner that provides full and open competition, consistent with the ethical standards specified in State and Federal statutes, W. Va. State Board of Education Policy 8200, and all local practices and procedures”.

Additionally, the Team reviewed the financial data mentioned above specifically for purchases that may be identified as stringing. WVBE Policy 8200 Section 7.5 defines stringing as, “separating purchases into a series of separate requisitions or purchase orders for the purpose of circumventing the applicable threshold limits of the competitive bidding procedures”. In total, the Team reviewed twenty-seven (27) separate groups of purchase orders for fiscal years 2019 and 2020 specifically to identify possible stringing. For each purchase group selected, the Team requested documentation showing the appropriate competitive bids were obtained. After reviewing the provided documentation, it was determined twenty-five (25) of the groupings required competitive bid documentation. Based on interviews with central office staff, obtaining bids is currently the responsibility of the individual making the requisition request, and bid documentation is maintained by that individual.

General Observations

The following general observations were noted during employee interviews and the review of the thirty (30) purchase orders for fiscal years 2019 and 2020:

- County employees demonstrated a lack of basic understanding of the competitive bidding and local board approval procedures located in WVBE Policy 8200: *Purchasing Policies and Procedures Manual for Local Educational Agencies*.
- Finance office employees had not been provided a copy of WVBE Policy 8200: *Purchasing Policies and Procedures Manual for Local Educational Agencies* or WVBE Policy 1224.1: *Accounting Procedures Manual for Public Schools in West Virginia*, nor were they made aware that these policies are available on the WVDE website. Knowledge of these two policies is essential to the success of the finance office.
- When the county made purchases through local purchasing cooperatives, which is permitted in Section 8 of WVBE Policy 8200, documentation to ensure the local cooperative had obtained the required competitive bids was not obtained.

POINTS OF NONCOMPLIANCE

NONCOMPLIANCE 5.1.1: Five (5) of thirty (30) sampled purchase orders were completed and posted after receiving a detailed invoice from the vendor for the goods received or services rendered.

WVBE Policy 8200, Section 4.1

NONCOMPLIANCE 5.1.2: Of the eighteen (18) purchase orders that required prior board approval, nine (9) did not receive prior approval from the board to execute the purchase.

WVBE Policy 8200, Section 18.5

NONCOMPLIANCE 5.1.3: Of the eighteen (18) purchase orders that required board approval, two (2) were created before receiving prior approval from the board to execute the purchase.

WVBE Policy 8200, Section 18.5

NONCOMPLIANCE 5.1.4: Of twenty (20) purchase orders that required some form of competitive bid solicitation prior to purchase, twelve (12) did not have competitive bid solicitation documentation.

WVBE Policy 8200, Section 7.11

The following finding was noted during the stringing review of the twenty-five (25) groups of purchases for fiscal years 2019 and 2020:

NONCOMPLIANCE 5.1.5: Twenty-two (22) of the twenty-five (25) sampled purchase groupings did not have documented competitive bid solicitation when deemed applicable.

WVBE Policy 8200, Section 7.5

Corrective Actions – Financial Inquiry 1

- WVBE Policy 8200 training must be provided to all school level and central office staff who routinely make purchases to ensure they understand the procurement requirements.
- All staff must be required to follow the procurement guidelines and procedures in WVBE Policy 8200 to ensure requisitions and purchase orders are approved prior to ordering goods and services. If individuals repeatedly place orders for goods/services without required prior approval, they should face appropriate disciplinary action, including being held personally responsible for the purchases.
- Central office staff shall adopt procedures to track instances of purchasing noncompliance.
- For all purchases in excess of bid thresholds, the county must ensure all required bids are obtained. Copies of all bid documents must be submitted with the requisition and retained by the finance office. This practice will help ensure all necessary bids are obtained prior to the creation of a purchase order and ensure the bid documentation is retained in a centralized location. Further, the county should review processes for issuing blanket purchase orders for supplies, such as bus parts or facilities-related parts, to ensure bids are obtained if the annual purchase of such parts will exceed the bid thresholds.
- Procedures must be developed to ensure all purchases requiring the prior approval of the local board are placed on a board agenda and approved by the board prior to creating the purchase order and placing the order with the vendor.

Financial Inquiry 2

Are all state and local overtime compensation policies followed?

Procedure Conducted

The Team obtained county financial data for all overtime paid by the county between the dates of July 1, 2018 and April 30, 2020. The data were reviewed analytically to determine which employees were paid the most overtime, and those individuals were selected for testing. To ensure sufficient testing coverage, individual overtime employee payments were also selected at random. For fiscal years 2019 and 2020, the Team reviewed a total sample of sixty (60) employee overtime payments. For each employee overtime payment selected, the Team requested the following supporting documentation: approved overtime/holiday pay vouchers; documentation of pre-approval of overtime; and documentation of post approval of overtime in the case of emergency situations. All documentation was reviewed for compliance with the county's local policies, WVBE policies, and WV Statutes.

General Observations

The following general observations were noted during employee interviews and the review of the employee overtime payments for fiscal years 2019 and 2020:

- A general pattern of excessive overtime was noted, especially in the transportation and maintenance offices. The employees receiving the most overtime pay and the overtime amount received are listed below:

Fiscal Year 2018-19	YTD Fiscal Year 2019-20 (through April)
Employee A - \$17,856.71	Employee A - \$19,531.97
Employee B - \$12,722.04	Employee B - \$13,995.51
Employee C - \$11,261.06	Employee C - \$10,807.23
Employee D - \$9,698.34	Employee F - \$8,315.46
Employee E - \$8,745.87	Employee G - \$7,318.46

- Several of the overtime/holiday pay vouchers reviewed did not contain enough detail to determine what services were provided to warrant the overtime pay.
- A large portion of the overtime tested was for mowing grass at the schools in the county.
- All sixty (60) of the overtime timesheets tested had the signature of the employee’s immediate supervisor and/or the signatures of the assistant superintendent and superintendent, dated after the fact. This indicates these individuals were aware of the amount of overtime that was being worked.
- Interviews and documentation indicated a substantial amount of transportation overtime occurred on weekends.
- Several of the overtime payments reviewed from the transportation office contained additional documentation showing a pay differential calculation on an Excel spreadsheet. This Excel spreadsheet has a place for the transportation director, assistant superintendent, and superintendent to sign. While all the actual employee timesheets reviewed contained proper supervisor approval, two of these Excel spreadsheets did not have a signature from any of the individuals listed above.
- Based on employee interviews conducted by the Team, there were plans to use a time and attendance system that has the capability to help track and potentially reduce overall overtime, but that system was never put into service. After a year of testing and setting up the system, the county opted to never fully implement the time and attendance system. The county spent approximately \$57,800 on the time and attendance software that was later abandoned.

POINTS OF NONCOMPLIANCE AND FINDINGS

FINDING 5.2.1: Five (5) of the sixty (60) overtime payments tested were supplemental payments improperly coded to the overtime object code in WVEIS, leaving fifty-five (55) actual overtime payments.

NONCOMPLIANCE 5.2.1: All fifty-five (55) overtime payments tested had no documentation of supervisor pre-approval. Section 6000 of the Lincoln County Policy Manual states the following: "A non-exempt employee shall not work overtime without the expressed written approval of his/her supervisor. The request must be submitted in writing using the appropriate form. In an emergency situation, verbal approval may be granted; however, a written request must be submitted within twenty-four hours following the verbal approval."

Lincoln County Schools Policy Manual, Policy 6700, Section E-2

NONCOMPLIANCE 5.2.2: Two (2) of the fifty-five (55) overtime pays tested were paid incorrectly. In both instances, documentation was not provided that indicated the overpayment was recouped in a subsequent pay period.

WVBE Policy 8100, W. Va. Code §11-8-26

- One employee was entitled to 18.25 hours of overtime pay, but was paid for 20.75 hours of overtime, which resulted in an overpayment of \$59.78.
- One employee was entitled to \$1,121.83 in overtime pay, but was paid \$1,617.03 in overtime pay, which resulted in an overpayment of \$495.20.

Corrective Actions – Financial Inquiry 2

- Training must be provided to all finance office staff on the proper coding of overtime pay.
- Training must be provided for all non-exempt employees on state and local overtime policies.
- Procedures must be developed to ensure all overtime pre-approval requirements are met. If individuals repeatedly work overtime without the required prior approval, they should face appropriate disciplinary action.
- Procedures must be developed to track instances of overtime pre-approval noncompliance.
- Previous overtime payments must be reviewed to help develop a plan to reduce future overtime. The steps to help reduce overtime must include, but are not limited to the following:
 - If the amount of overtime being paid for a service is equal to or exceeds the cost of additional regular employees, hire additional full or part-time employees.
 - Require employees to follow the county policy which requires preapproval of all overtime.
 - Require the reason for the overtime be sufficiently documented on the Overtime/Holiday Voucher.

Financial Inquiry 3

Are all state and local supplemental pay policies followed?

Procedure Conducted

The Team obtained county financial data for all supplemental payments by the county between the dates of July 1, 2018 and April 30, 2020. The data were reviewed analytically to determine which employees were receiving the most supplemental pay, and those individuals were selected for testing. To ensure sufficient testing coverage, individual employee supplemental pays were also selected at random. For fiscal years 2019 and 2020, the Team reviewed a total sample of seventy-eight (78) employee supplemental payments. For each supplemental pay selected, the Team requested the following supporting documentation: approved supplemental payment vouchers; supplemental contracts; and documentation that these contracts were board approved. All documentation was reviewed for compliance with the county’s local policies, WVBE policies, and WV Statutes. Throughout testing, several of the supplemental payments were tied to the same supplemental contract; therefore, forty-nine (49) supplemental contracts were requested for review.

General Observations

The employees receiving the most supplemental pay and the supplemental pay amount received are listed below:

Fiscal Year 2018-19	YTD Fiscal Year 2019-20 (through April)
Employee H - \$19,750	Employee H - \$15,800
Employee I - \$16,700	Employee K - \$11,387.50
Employee J - \$15,500	Employee M - \$11,153
Employee K - \$12,900	Employee N - \$9,988
Employee L - \$9,192	Employee O - \$9,000

- The information contained in several of the supplemental contracts reviewed did not adhere to requirements in W. Va. Code or local county policy.
 - W. Va. Code §18-A-4-16(2) states: “The employee and the superintendent, or a designated representative, subject to board approval, shall mutually agree upon the maximum number of hours of extracurricular assignment in each school year for each extracurricular assignment.” Lincoln County Policy 4000 – Service Personnel also states: “If it is determined that the employee is able to perform their regular job and accept an extra-curricular duty without utilizing a substitute then the employee and the superintendent, or a designated representative, subject to board approval, shall mutually agree upon the maximum number of hours in each school year for each extra-curricular duty.”
 - » Several of the contracts reviewed did not specify the maximum number of hours for the extracurricular assignment.
 - » The term of employment listed on the supplemental contract was always for one specific school year, but the supplemental contract was used over multiple school years. For example, an employee was paid in FY 2019-20 on a contract that specifically stated the term of employment as FY 2011-12.

POINTS OF NONCOMPLIANCE

NONCOMPLIANCE 5.3.1: One (1) of the seventy-eight (78) supplemental pays tested did not have an immediate supervisor's signature on the supplemental pay voucher. Section 6000 of the Lincoln County Schools Policy Manual states the following: "Every employee classified as a non-exempt employee is required to complete a time sheet for each week worked during the employee's term, reflecting the actual starting and ending times for each day worked and the total time worked. This time sheet shall include the employee's verification that the time sheet is an accurate statement of hours worked. The employee and the employee's immediate supervisor will each sign the time sheet prior to its submittal in a timely manner to the payroll office."

Lincoln County Schools Policy Manual, Policy 6700, Section D-1

NONCOMPLIANCE 5.3.2: Twenty (20) of the supplemental contracts provided listed the incorrect term of employment, and the county failed to produce a contract listing the correct term of employment.

W. Va. Code §18A-4-16.3, Lincoln County Schools Policy Manual Policy 4250

NONCOMPLIANCE 5.3.3: The county failed to provide documentation for twelve (12) of the supplemental contracts requested.

W. Va. Code §18A-4-16.3, Lincoln County Schools Policy Manual Policy 4250

NONCOMPLIANCE 5.3.4: Of the seventeen (17) contracts that were provided with current dates of employment, two (2) did not have the required board approval. Section 6000 of the Lincoln County Schools Policy Manual states "Employment of all county personnel must be approved by the Board."

Lincoln County Schools Policy Manual, Policy 6510; W. Va. Code §18A-2-1 et. seq., §18A-4-1 et. seq.

NONCOMPLIANCE 5.3.5: The maintenance director is receiving supplemental pay for wiring. The county was not able to provide a supplemental contract for this work. The maintenance director was paid an hourly rate for wiring from \$38.87 to \$40.56 per hour based on his regular hourly rate for director duties. All other wiring specialists tested were paid \$25 per hour for the same services. As the role of the maintenance director is to determine when and how a school or other county facility needs new or updated wiring, this situation has potential implications under the WV Ethics Act. The WV Ethics Act prohibits elected public officials and full-time public employees, whether appointed or employed, from having a financial interest in any contract, purchase or sale over which their public position gives them direct authority or control.

W. Va. Code §6B-2-5

Corrective Actions – Financial Inquiry 3

- Procedures must be developed to ensure each timesheet is reviewed for accuracy and signed by the employee’s supervisor.
- The personnel office must develop procedures to verify each employee being paid on a supplemental contract has proper documentation of their contract in their personnel file.
- Procedures must be developed to ensure all supplemental contracts are placed on a board agenda and approved by the Board.
- The format and language of supplemental contracts must be reviewed, and changes made to adhere to W. Va. Code, local board policy, and the WV Ethics Act. The format and language of supplemental contracts must also be amended to ensure they are specific as to whether the contract requires actual performance of duties to be entitled to the additional compensation. The current language is unclear, which led to continued payment for supplemental contracts during the COVID-19 pandemic even though supplemental services were not being rendered.

Financial Inquiry 4

Are all state and local stipend pay policies followed?

Procedure Conducted

The Team obtained county financial data for all stipend payments by the county between the dates of July 1, 2018 and April 30, 2020. The data were reviewed analytically to determine which employees were receiving the most stipend pay, and those individuals were selected for testing. To ensure sufficient testing coverage, individual employee stipend pays were also selected at random. For fiscal years 2019 and 2020, the Team reviewed a total sample of seventy-seven (77) stipend payments. For each stipend payment selected, the Team requested approved supplemental pay vouchers and extra-curricular invoices (if applicable). All documentation was reviewed for compliance with the county’s local policies, WVBE policies, and WV Statutes.

General Observations

- The employees receiving the most stipend payments and the stipend payments amount received are listed below:

Fiscal Year 2018-19	YTD Fiscal Year 2019-20 (through April)
Employee P - \$33,564.30	Employee P - \$30,171.32
Employee Q - \$29,453.00	Employee G - \$21,678.39
Employee G - \$28,003.74	Employee R - \$14,714.24
Employee R - \$22,473.68	Employee F - \$12,937.00
Employee S - \$18,841.17	Employee T - \$12,292.00

- There is general confusion at the county as to what should be classified as supplemental pay and what should be classified as stipend pay.

POINTS OF NONCOMPLIANCE

NONCOMPLIANCE 5.4.1: Seven (7) of the seventy-seven (77) stipend pays tested were for one school service employee. For this individual, the Team reviewed a substitute maintenance contract for 2014-15 and 2019-20. Four (4) of these seven (7) supplemental pays were paid in 2018-19 with no corresponding contract for that period. The employee's job in 2018-19 was not posted, nor did this school service employee have a regular employment or supplemental contract for this time-period. The majority of this employee's pay was coded to stipend pay. The WVDE Office of School Finance Chart of Accounts defines stipend pay as "additional compensation paid to service personnel who have regular positions throughout the employment term for the performance of miscellaneous tasks from time to time." After reviewing the supplemental pay vouchers, this employee had a maintenance job that mostly consisted of mowing at the local county schools. His total pay in FY 2018-19 was \$41,623.37. Additionally, after the schools were closed for COVID-19, this employee was paid for eight hours a day for work not actually performed and was then paid extra pay for the work he truly performed. The employee was incorrectly paid as though he was entitled to the benefits of a regular full-time employee even though he did not have a regular full-time contract and should have only been compensated for actual services rendered. The guidance provided by the WVDE after the school closures was to review the terms of the employee's contract to determine whether the employee should be paid during the closures. This employee continued to receive pay even though his contract for 2019-20 states, "the period of employment is the school year as called for work."

NONCOMPLIANCE 5.4.2: Three (3) of the seventy-seven (77) stipend pays tested were for one school service employee. For this individual, the Team reviewed a 2017-18 and a 2020-21 sub cook/sub custodian contract. The employee's job tied to the testing conducted for FY 2018-19 and FY 2019-20 was never posted, nor did this school service employee have a regular or supplemental employment contract for the time period tested. The majority of this employee's pay was coded to substitute service personnel pay. His total pay for all categories of employment in FY 2018-19 and FY 2019-20 through April was \$18,744.36 and \$21,687.64, respectively. One of the three stipend payments tested for this employee contained an overpayment of \$283.50 that, per discussion with the county finance office, was not recouped from the employee.

The 2018-19 employment of the first individual mentioned above and the 2018-19 and 2019-20 employment of the second individual mentioned above violate the following sections of West Virginia Code:

- W. Va. Code §18A-4-8(a): "...The employment term for service personnel may not be less than ten months..."
- W. Va. Code §18A-4-8(h): "A service person's contract, as provided in W. Va. Code §18A-2-5, shall state the appropriate monthly salary the employee is to be paid, based on the class title as provided in this article and on any county salary schedule in excess of the minimum requirements of this article."
- W. Va. Code §18A-4-8b(g): "County boards shall post and date notices of all job vacancies of existing or newly created positions in conspicuous places for all school service personnel to observe for at least five working days."

- W. Va. Code §18A-4-8b(f)(2): “...decisions affecting service personnel with respect to extra-duty assignments are made in the following manner (A) A service person with the greatest length of service time in a particular category of employment is given priority in accepting extra duty assignments, followed by other fellow employees on a rotating basis according to the length of their service time until all employees have had an opportunity to perform similar assignments. The cycle is then repeated.”
- W. Va. Code §18A-4-16(1): “The assignment of teachers and service personnel to extracurricular assignments shall be made only by mutual agreement of the employee and the superintendent, or designated representative, subject to board approval.”
- W. Va. Code §18A-4-16(3): The terms and conditions of the agreement between the employee and the board shall be in writing and signed by both parties.”
- W. Va. Code §18A-4-16(4): “An employee’s contract of employment shall be separate from the extracurricular assignment agreement provided for in this section and shall not be conditioned upon the employee’s acceptance or continuance of any extracurricular assignment proposed by the superintendent, a designated representative, or the board.

NONCOMPLIANCE 5.4.3: All or a portion of the pay amounts tested in thirty-nine (39) of the seventy-seven (77) stipend payments should have been coded to supplement pay and a supplemental contract should have been signed by the employee and approved by the board.

W. Va. Code §18A-4-16 (1)

NONCOMPLIANCE 5.4.4: Eight (8) of the seventy-seven (77) stipend payments tested did not have enough documentation on the supplemental pay voucher to determine justification for the stipend pay.

W. Va. Code §18A-4-16.3, Lincoln County Schools Policy Manual Policy 4250

NONCOMPLIANCE 5.4.5: Three (3) of the seventy-seven (77) stipend payments tested did not have an immediate supervisor’s signature on the employee’s supplemental pay voucher. Section 6000 of the Lincoln County Schools Policy Manual states the following: “Every employee classified as non-exempt employee is required to complete a time sheet for each week worked during the employee’s employment term, reflecting the actual starting and ending times for each day worked and the total time worked. This time sheet shall include the employee’s verification that the time sheet is an accurate statement of hours worked. The employee and the employee’s immediate supervisor will each sign the time sheet prior to its submittal in a timely manner to the payroll office.”

Lincoln County Schools Policy Manual, Policy 6750, Section D.1

NONCOMPLIANCE 5.4.6: The county failed to provide all the necessary pay documentation for one (1) of the seventy-seven (77) stipend pays tested. The stipend pay tested was for \$1,257.11, but the county was only able to provide documentation for \$859.61 of this amount, leaving \$397.50 unsupported.

W. Va. Code §18A-4-16

NONCOMPLIANCE 5.4.7: It was noted that an employee was paid a stipend for performing maintenance at the Hamlin Lions Club field. The Lincoln County Board of Education and the Hamlin Lions Club have a signed contract dated May 2011 which states that the Hamlin Lions Club, “is at all times

responsible for the maintenance, upkeep and improvement...for the Athletic Field..." Under the terms of the agreement with the Lions Club, the county should not pay additional stipends for performing maintenance at the field.

WVBE Policy 8100, Chapter 4, W. Va. Code §11-8-26

Corrective Actions – Financial Inquiry 4

- Procedures must be developed to ensure the county is following the employment requirements laid out in W. Va. Code. These steps must include, but are not limited to the following:
 - Review current payrolls to determine if employees receiving pay have a current employment contract.
 - Review current payrolls to determine if employees receiving stipend or supplemental pay have a regular employment contract.
 - Before filling any identified positions, post the position so current employees with a regular employment contract are aware of the extra duty position.
 - Ensure decisions made as to whom extra duty assignments are awarded are in accordance with W. Va. Code §18A-4-16.
- Procedures must be developed to correctly identify supplemental and stipend pay and maintain the proper documentation for each type of pay.
 - “Supplemental pay” is additional compensation paid to personnel who have regular positions throughout the employment term for the performance of duties other than their normal duties. Normally these additional duties are performed under a supplemental contract over a period of time (i.e. – instructing, coaching, chaperoning, escorting, transporting, providing support services or caring for the needs of students, and which occur on a regular basis).
 - “Stipend pay” is additional compensation paid to personnel who have regular positions throughout the employment term for the performance of miscellaneous tasks from time to time. (i.e. – field trips, athletic events, proms, banquets, and band festival trips.)
- Employees working for stipend pay should be instructed to detail the reason for working in the notes section on the supplemental pay voucher so the employee’s immediate supervisor can determine whether the work was appropriate.
- Procedures must be developed to ensure each timesheet is reviewed for accuracy and signed by the employee’s supervisor.
- Procedures must be developed to ensure complete pay documentation is maintained at the central office.
- A representative of the county should contact the Hamlin Lions Club to discuss the maintenance and upkeep of the fields. An updated contract with the correct terms of the agreement should be signed and maintained.

Financial Inquiry 5

Are expenses incurred by the transportation office appropriate and made in compliance with WVBE Policy 8200: *Purchasing Policies and Procedures Manual for Local Educational Agencies*?

Procedure Conducted

The Team obtained county financial data for all transportation expenditures for the county between the dates of July 1, 2016 and April 30, 2020. The data were reviewed analytically to determine which expenditures could be questionable, and those expenditures were selected for testing. For fiscal years 2017, 2018, 2019, and 2020, the Team reviewed a total sample of forty (40) transportation expenditures. For each expenditure selected, the Team requested a copy of the invoice and related purchase order (as applicable). The Team examined the documentation to ensure the expenditures were appropriate and reasonable for the transportation office. The documentation was also reviewed for compliance with proper authorizations and purchase orders, as applicable, as well as compliance with WVBE Policy 8200: *Purchasing Policies and Procedures Manual for Local Educational Agencies*.

Additionally, the Team reviewed the expenditure detail mentioned above specifically for purchases that may qualify as stringing. Stringing is defined in WVBE Policy 8200 Section 7.5 as, “separating purchases into a series of separate requisitions or purchase orders for the purpose of circumventing the applicable threshold limits of the competitive bidding procedures.”

POINTS OF NONCOMPLIANCE

NONCOMPLIANCE 5.5.1: One (1) of the forty (40) expenditures did not have proper documentation to increase a purchase order amount.

W. Va. Code §18-9B-12

NONCOMPLIANCE 5.5.2: One (1) of the forty (40) expenditures did not have an approved purchase order on file related to a purchase card transaction.

WVBE Policy 8100, Chapter 3

NONCOMPLIANCE 5.5.3: Two (2) of the forty (40) expenditures requiring some form of competitive bid solicitation prior to purchase, did not have proper bid solicitation documentation.

WVBE Policy 8200, Section 7.11

Corrective Actions – Financial Inquiry 5

- Training must be provided on WVBE Policy 8200 to all transportation office staff that routinely make purchases to ensure they understand the procurement requirements.
- All transportation office staff must be required to follow the procurement guidelines and procedures to ensure purchases are properly approved prior to ordering the goods and services. If individuals repeatedly place orders for goods/services without proper approval or in excess of the approved purchase order amount, they should face appropriate disciplinary action, including being held personally responsible for the purchases. Central office staff shall adopt procedures to help track instances of purchasing noncompliance.
- For all purchases in excess of bid thresholds, the county must ensure all required bids are obtained. Copies of all bid documents should be submitted with the requisition and retained by the finance office. This will help ensure all necessary bids are obtained prior to the creation of a purchase order and ensures the bid documentation is retained in a centralized location. Further, the county should review processes for issuing blanket purchase orders for supplies, such as bus parts or facilities-related parts, to ensure bids are obtained if the annual purchase of such parts will exceed the bid threshold.

Financial Inquiry 6

Are drawdowns of federal grant awards completed in a timely manner? Did the county forfeit any federal funds because the award was not drawn down by the liquidation date?

Procedure Conducted

The Team obtained data for all federal funding drawdowns completed from January 23, 2017 to September 18, 2020. Data was reviewed to determine whether federal drawdowns were completed timely. It is the recommendation of the WVDE that all county boards of education complete all drawdowns on a regular, monthly basis for the closed activity of the previous month. The Team also obtained the county's Special Project Worksheet as of May 5, 2020 and reviewed it for federal funds that had expired because the county did not spend the funds by the grant's ending obligation date or the funds were not drawn down by the grant's ending liquidation date.

POINTS OF NONCOMPLIANCE AND FINDING

FINDING 5.6.1: Federal grant drawdowns were not completed monthly in accordance with WVDE recommendations. During 2018, the former Chief School Business Officer (CSBO) waited four months between federal grant drawdowns. Additionally, the CSBO's last employment day in Lincoln County was in July 2020, but the last federal drawdown submitted by the CSBO was on April 2, 2020. The interim and new CSBO had to spend a considerable amount of time reviewing federal grants to assure funds were drawn down prior to their expiration.

NONCOMPLIANCE 5.6.1: The county forfeited \$30,000 of FY 2018 21st Century After School federal funds spent by the county because the former CSBO did not draw them down by the ending liquidation date on the grant and no extensions were available. The county will now be responsible for the \$30,000 in expenditures with funding from the county general fund.

WVBE Policy 8100, Chapter 4

Corrective Actions – Financial Inquiry 6

- The finance office must develop procedures to ensure all federal grant funds are drawn down in accordance with WVDE recommendations. Timely drawdowns will help ensure the county has sufficient cash flow to meet obligations throughout the year.
- The finance office must develop procedures that will alert them to upcoming ending obligation and liquidation dates on federal grants.

Financial Inquiry 7

Are bank reconciliations being completed in a timely manner and are appropriate segregation of duties in place for their completion?

Procedure Conducted

The Team obtained a copy of the monthly bank reconciliations for the months of June 2019 and March 2020 to ascertain if the bank reconciliations had been completed in a timely manner and to ascertain if the individual who prepared the reconciliations had proper segregation from their regular job duties. The Team also interviewed the staff of the finance office regarding the bank reconciliation process. The bank reconciliations did appear to be completed in a timely manner. The June 2019 bank reconciliations were completed in mid-July 2019, and the March 2020 bank reconciliations for the various accounts were completed in early April 2020.

POINTS OF NONCOMPLIANCE

NONCOMPLIANCE 7.1: The bank reconciliations were not signed by the preparer so the Team was unable to ascertain from the bank reconciliations who prepared them and whether appropriate segregation of duties was in place. However, interviews with the staff of the finance office indicated appropriate segregation of duties does not always appear to be in place. Staff indicated the former CSBO required the individual responsible for Accounts Payable to complete the primary bank reconciliation, which is not advised since that individual is also responsible for the checks written against that bank account. The county has received previous segregation of duties audit findings related to this issue in their annual independent audit.

WVBE Policy 8100, Chapter 4

Corrective Action – Financial Inquiry 7

- The new CSBO must review job duties and assignments to ensure individuals responsible for preparing/assisting with the bank reconciliations do not routinely work on transactions that impact each bank account. Employees must only work on bank reconciliations for bank accounts for which they are properly segregated.

Financial Inquiry 8

Does the CSBO provide a monthly treasurer's report to the Lincoln County Board of Education, as required by WVBE Policy 8100?

Procedure Conducted

WVBE Policy 8100 requires a signed monthly report to the county board of education, "which indicates by fund, the beginning cash balance, the current month's receipts, the current month's disbursements and the current month's ending cash balance." The current month's ending cash balance for each fund is to be further described as to the location (depository) and as to the condition (demand or time deposits). The Team requested a copy of the monthly treasurer's report for the months of May 2019 and March 2020. The Team also interviewed finance staff regarding the presentation of a monthly treasurer's report to the local board by the former CSBO.

POINTS OF NONCOMPLIANCE

NONCOMPLIANCE 5.8.1: The county submitted a copy of a monthly financial report for the month of May 2019, as given to the board in July 2019. As the cash balance reporting did not provide the name of the institution or the type of bank account, the report did not meet the minimum requirements of *WVBE Policy 8100*

NONCOMPLIANCE 5.8.2: The county failed to provide a copy of a financial report requested for the month of March 2020.

WVBE Policy 8100

NONCOMPLIANCE 5.8.3: Per discussion with finance office staff, monthly financial reporting as required by WVBE Policy 8100 does not occur on a regular, monthly basis.

WVBE Policy 8100

Corrective Action – Financial Inquiry 8

- The new CSBO shall provide monthly financial reports to the local board as required by WVBE Policy 8100. The WVDE has developed an online reporting tool in conjunction with the WV School Board Association that automates most of the monthly financial reports, which could be used by the new CSBO to comply with this requirement.

Financial Leadership and Oversight

Overview: WVDE Policy 5800: *Standards for Professional Practice for Superintendents, Principals, and Teacher Leaders* describes nine common standards expected of educational leaders and the specific role of county superintendents. The standards of professional practice for county superintendents establish the superintendent as the chief instruction leader and executive officer of the school system who works in collaboration with the county board of education to ensure all elements of system operations advance student learning. This requires leadership and oversight by the superintendent and the local board of education dedicated to student academic achievement and well-being and by creating fiscally responsible systems and processes to improve the quality of learning for all students. Through interviews, observations, and financial file reviews, the Team determined there was a lack of oversight focused on implementing efficient fiscal procedures. This created opportunities for misuse or mismanagement of state and federal funds to occur.

POINTS OF NONCOMPLIANCE

NONCOMPLIANCE 5.9.1: The Team determined the former superintendent and former assistant superintendent were aware of current financial procedures which led to the points of noncompliance in the finance efficiency indicator of this report. This was confirmed by signatures on financial documentation and interviews. The observed lack of leadership and oversight created opportunities for misuse or mismanagement of state and federal funds to occur.

Policy 5800, Section 4.2.g.4

NONCOMPLIANCE 5.9.2: W. Va. §18-5-1 indicates each school district shall be under the supervision and control of a county board of education, which shall be composed of five members. Additionally, W. Va. §18-4-10 stipulates the county superintendent shall act as the chief executive officer of the county board as may be delineated in his or her contract or other written agreement with the county board and under the direction of the state board, execute all its educational policies. The acceptance of untimely, incomplete monthly financial reports provided to the county board of education created a lack of proper oversight of the finances of the district.

W. Va. §18-5-1; W. Va. §18-4-10

CORRECTIVE ACTION: The superintendent and assistant superintendent must follow current financial procedures and provide oversight to avoid creating opportunities for misuse or mismanagement of local, state, and federal funds.

CORRECTIVE ACTION: The county board of education must require the superintendent to assure the CSBO completely prepares and presents the required financial report monthly.

The areas denoted as requiring improvement were determined based on written evidence and consistency of comments describing conditions and practices at the county office through the interview process.

Efficiency Indicator 9: Transportation

Overview: The Transportation Efficiency Indicator in WVBE Policy 2322 states, “The county evaluates the cost containment and effectiveness of the transportation services consistent with state laws and policies.” This, in conjunction with WVBE Policy 4336, *West Virginia School Bus Transportation Regulations, Procedures, and Specifications for the Design and Equipment of School Buses*, Policy 4373 *Expected Behavior in Safe and Supportive Schools*, and Policy 2525 Section 7 *Universal Access to a Quality Early Education System* provides school systems with expectations for creating local policies and procedures to ensure safe transportation of students to and from school and school-related activities.

The Team interviewed both the director of transportation and the transportation coordinator/chief mechanic for Lincoln County Schools on June 23, 2020. The interviews addressed practices and procedures outlined in WVBE Policies 4336, 4373, and 2525 which include regulations and guidelines for the transportation of students, operation of buses, route assignment and extra duty trips, driver training and certification, inspection, repair, and maintenance of school buses. For each of these areas, the Team completed interviews, and reviewed documents related to county transportation for compliance and accurate record keeping.

The transportation director indicated he relied heavily on the coordinator/chief mechanic and suggested he could best provide details concerning bus maintenance, parts inventory, and general operations of the bus garage.

Transportation of Students

The Team determined the bus drivers in Lincoln County received annual training prior to the start of the school year in policies and best practices regarding the transportation of students. In addition to the beginning of the year training, additional continuing education sessions are provided throughout the school year to bus drivers. The Team determined the director of transportation and coordinator/chief mechanic were knowledgeable of the regulations regarding emergency drills, student behavior, transportation of students with disabilities, transportation of preschool students, and the policies for ensuring students are safe when dropped off in the evenings. Sign-in sheets and agendas for annual training of bus drivers regarding the safe transportation of students were provided to the Team. Additionally, students transported by bus receive a copy of behavior expectations while riding a school bus at the beginning of the year to be reviewed and returned signed by a parent/guardian.

Operation of Buses

The Team determined bus drivers received an annual evaluation completed by the transportation director. The transportation director conducted observations either in person or by viewing video recordings of the bus driver. The accident report files reviewed by the team were accurate and complete. Bus drivers receive annual training to review general operating procedures including loading and unloading of students, locations of bus stops, and safety procedures at railroad crossings.

Assignment of Routes and Extra-Duty Trips

The Team determined extra-duty trips are recorded in a notebook as they are received by the transportation office. The transportation office has established a list of drivers based on seniority and geographical area to contact for extra-curricular trips. An individual from the transportation office calls the next driver on the list until an individual accepts the job. The date of the call and whether the driver accepted or declined the trip is recorded. The team confirmed the description of the process by examining the documents associated with extra-duty trips. The transportation director indicated that the length of time for nearly all the bus routes in Lincoln County fell within the guidelines found in Chapter 15 of WVBE Policy 4336.

Training and Certification of Drivers

According to Policy 4336, bus drivers must complete examinations, background checks, and several training components prior to becoming a certified bus driver. After these are complete, the drivers are certified by the WVDE Office of School Operations and Finance and are eligible for employment as a bus driver. WVDE personnel review the certification documents annually to ensure all drivers have valid credentials. A review of the documents and follow-up from the Team indicated all drivers for Lincoln County Schools had the required documentation indicating they met the physical demands, appropriate licensure, and required training certification (i.e. first aid) for operating a school bus. Additionally, the Team examined sign-in sheets and agendas from 2018-19 and 2019-20 school years, verifying bus drivers received the required 18 hours of continuing education as required by Policy 4336.

Inspection and Maintenance of Buses

Policy 4336, Chapter 26 provides regulations regarding the inspection and maintenance of buses. The Team confirmed the bus fleet for Lincoln County was inspected annually by a WVDE Bus inspector. Due to COVID-19, only a portion of the bus fleet was inspected during the 2019 – 20 school year. For 2018 – 19, four buses did not initially pass inspection. Of the four, two later passed inspection. The inspection records indicated more than 40 days had elapsed between the last preventative maintenance and the date of the inspection for six buses in the fleet.

During the shortened 2019 – 20 school year, 27 of the 64 buses in the fleet were inspected. Four of the buses failed inspection and the dates of preventative maintenance inspections for three buses were greater than 40 days apart. Policy 4336 requires preventative maintenance inspections for all buses every 20 days, not to exceed a maximum of 40 days. The two-year bus defect rate for Lincoln County was 0.78 for primary defects and 0.33 for secondary defects. Based on annual bus inspection logs, these are significantly higher than the state averages of 0.555 (40.5% higher) for primary defects and 0.244 (35.2% higher).

Financial records reviewed by the Team indicated 37 buses were towed in 2018 – 19 and 13 towed in 2019 – 20. Over the two-year period, 45% of Lincoln County Schools' bus fleet was towed at least once. During the September onsite visit, the Team examined maintenance records of the towed buses and invoices from one of the vendors used for mechanical work to verify the buses were towed to the location(s) indicated on the towing invoices. The Team was able to verify five (5) of the fifty (50) tows during the onsite visit. The maintenance records provided to the Team were incomplete and contained limited information about preventative maintenance checks, oil and filter changes, and in some instances tire replacement. In addition, the records did not contain work orders for mechanical or repair work completed on the buses, warranty work completed by the bus manufacturer, and parts replaced on the buses.

During interviews conducted by the Team in June, conflicting statements were made regarding the inventory of bus parts. One individual indicated the transportation secretary kept track of all parts, while the coordinator/chief mechanic indicated work orders and a visual inspection of the parts on the shelves served as inventory control. Due to inadequate documentation provided to support this claim in June, the Team made an additional visit on September 16, 2020, at which time the transportation director was unavailable. During the September onsite visit, the coordinator/chief mechanic stated he maintained records of parts used on the buses and warranty work on his computer instead of in the maintenance folders. The Team was not given access to the electronic records during the visit. The Team determined, through additional conversations, there was no formal record keeping process in place to track incoming parts. Additionally, documentation was not maintained to substantiate the date the parts were used or which buses received new parts. When asked if a lack of an inventory system could lead to parts being stolen, Team members were told, "I trust my people." In addition to a lack of inventory tracking, the Team determined the transportation office spent over \$176,000 with one vendor over a two-year period with approximately \$165,000 in purchased bus parts and \$11,000 in bus repairs. Since the director of transportation was not available the day of the onsite visit, the Team contacted the superintendent and requested all maintenance documents for the towed buses including warranty work and parts to be submitted by Friday, September 25, 2020. On October 1, 2020 a folder containing multiple copies of Lincoln County Schools bus maintenance forms was submitted to the Team. While a minimal number of these forms had documents, such as invoices or receipts attached, no form had been completed entirely. The documentation submitted lacked details such as driver name, supervisor signature, and where applicable, the type and source of parts used. In most instances, work orders for warranty work were not attached. A conversation held on October 7, 2020 with the director of transportation indicated he directed staff to create documentation after the fact to satisfy the request made by the Team, as the original records could not be located.

Please note, additional information regarding transportation purchasing procedures and overtime is found in the financial section of this report.

POINTS OF NONCOMPLIANCE

NONCOMPLIANCE 9.1: The maintenance records reviewed by the Team did not meet the minimum requirements as indicated in Policy 4336. Maintenance records for the Lincoln County Schools bus fleet were missing key information regarding bus repairs, maintenance, and parts replacement.

WVBE Policy 4336, Chapter 26, Section 2.e

CORRECTIVE ACTION: Implement a maintenance log system to document accurately and completely all work completed for each individual bus including but not limited to: preventative maintenance, work orders, towing, parts replacement, warranty work, and annual inspections.

NONCOMPLIANCE 9.2: The Team determined a bus maintenance schedule existed, however, there were several instances in which scheduled maintenance of school buses exceeded the 40-day preventative maintenance window.

WVBE Policy 4336, Chapter 26, Section 2.f

CORRECTIVE ACTION: Establish and implement a maintenance schedule for all buses (including spares) that meets the timeframe found in WVBE Policy 4336 while allowing time for repairs to buses outside of the maintenance schedule. Ensure bus drivers are aware of the schedule and when to report to the bus garage for preventative maintenance.

NONCOMPLIANCE 9.3: The Team determined an inventory of bus parts did not exist for the Lincoln County Schools Transportation Office. Statements from interviews indicated an informal system relying on verbal conversations with mechanics and visual inspections of inventory was in place; as well as an honor system that parts were only used for repair and maintenance of county-owned vehicles. The Team did not find evidence of a verifiable inventory of parts during the onsite visit and document reviews. The Team found invoices for approximately \$165,000 from one vendor for bus parts over a two-year period.

WVBE Policy 4336 Chapter 26, Section 2.d

CORRECTIVE ACTION: Establish a system to track all parts from the date of purchase and delivery to the installation on a specific school bus owned and operated by Lincoln County Schools to meet the requirement of an annual inventory of bus parts available at the county maintenance center.

FINDING 9.1: The Team observed a pervasive lack of administrative procedures and leadership when documenting safety of buses and efficient use of state and federal funds. Failure to provide proper oversight and leadership could lead to misuse of resources and unsafe conditions for the transportation of students.

WVBE Policy 8200, WVBE Policy 5800

RECOMMENDATION: Establish and implement procedures for oversight concerning the safety of buses and the efficient use of transportation funds.



W. Clayton Burch
West Virginia Superintendent of Schools