

## REQUIRED COMMUNICATIONS

November 27, 2023

To the Board of Education  
Platte County R-III School District

We have audited the modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Platte County R-III School District for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 6, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Platte County R-III School District are described in Note A to the financial statements. No new accounting policies were adopted and the application of all other existing policies was not changed during the year ended June 30, 2023. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus.

#### *Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements included on the attached schedule.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 27, 2023.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

Although not considered material weaknesses or significant deficiencies in internal control over financial reporting, during our audit, we noted the following matters involving internal control, compliance and other operational matters that are presented for your consideration:

**SEGREGATION OF DUTIES** - Segregation of duties is a basic, key internal control and one of the most difficult to achieve. It is used to ensure that errors or fraud are prevented or detected on a timely basis by employees in the normal course of business. Segregation of duties provides two benefits. 1) A deliberate fraud is more difficult because it requires collusion of two or more persons and 2) it is much more likely that innocent errors will be found. At the most basic level it means that no single individual should have control over two or more phases of a transaction or operation. Management should assign responsibilities to ensure a crosscheck of duties. We noted the following areas where segregation of duties could be improved:

- **ACCOUNTING SOFTWARE PERMISSIONS** - We noted that the District’s CFO has expansive system permissions that allow full access and control of the accounting system; allowing input of vendor and employee information, as well as input and approval of purchase orders. Essentially, this individual can perform the entire check initiation process, and as such has the ability to initiate unapproved accounts payable and payroll expenditures. We recommend the performance of a thorough review of the accounting software permissions and comparison of the permissions to the job duties of each software user. Permissions should be limited to only those required to perform the user’s assigned job duties.
- **NEW VENDOR PROCEDURES** - During our audit, we made inquiries regarding the procedures for adding a new vendor for District purchases. Presently, a new vendor is added by the accounts payable specialist who also adds payments and prints checks. We recommend that prior to the addition of a new vendor, an inspection process be performed to ensure the vendor exists. This inspection can take a number of forms, but examples include checking the Internet, searching the Secretary of State website, calling the business phone number provided and requesting the completion of a Form W-9. Additionally, we recommend that the District make a thorough assessment of the accounting software system permissions and update permissions to restrict the ability of individuals to both add payees and initiate payments. Optimally, the new vendor process should be assigned to an individual not involved in the cash disbursements process and who does not prepare adjusting journal entries or perform the bank reconciliation.
- **CREDIT CARD CONTROLS** - During our audit, we traced credit card charges to underlying supporting documentation. While we noted no unusual or unsupported transactions, we noted lodging and travel expenses where there were no documents substantiating the business purpose of the travel. We recommend that a copy of the agenda or itinerary for conferences and meetings be attached to the credit card charge receipt to support the business purpose of the travel expenses. Further, we recommend that an analysis of the card holder and card holder limits be performed annually. Any unused cards should be eliminated and card holder charge limits should be reduced to anticipated reasonable monthly expenditures.

- **PAYROLL PROCEDURES** - Due to staff turnover, the District has temporarily outsourced payroll for third party processing. The payroll checks are processed twice per month, which is both costly and time consuming. Processing payroll twice monthly leaves little time to perform other duties required of the payroll department which include; retirement withholding reconciliation, payroll tax withholding reconciliation, garnishment reconciliation, updates to employee benefit elections, updates to personnel files, verification of overtime hours, absence management, processing payroll reports for both taxing authorities and retirement provider, and assisting employees with questions and forms completion/update. We recommend the District evaluate the payroll and human resources job duties in conjunction with the efficiency of moving to a monthly check process prior to bringing payroll processing back in house.
- **CASH RECEIPTS** - Although much of the District's revenue is received from Federal, State and County sources through direct deposit at the District's bank, there remains a substantial amount of cash received from fundraisers and activities. Because this revenue passes through several personnel prior to deposit at the bank, there is elevated risk of misappropriation of funds. While the District does use tamper proof bags to transport the funds, the originator of the deposit does not receive verification that the funds submitted to central office were deposited with the bank. We recommend that the bank deposits prepared by the building secretaries and personnel be taken by the District courier directly to the bank rather than to the central office. Also, providing monthly reports to the sponsors or giving them accounting software access to their activity report and removing the central office from cash handling will mitigate the District's exposure to cash misappropriation at both the building and central office levels.

**WRITTEN PROCEDURES** - We noted that the District does not maintain comprehensive written procedures over financial activities of the District, but instead appears to rely on the board policies which are broad and often times require interpretation. Written procedures should be available to personnel for reference and should be utilized to assess application of and compliance with documented procedures. Written procedures over cash disbursements should include instructions on authorization process, required document support and description of allowable and unallowable costs. Further, the business purpose of the expenditure should be noted on all purchase orders, i.e. if assigned to a federal program, indicate how the expenditures meets the program's objectives. Written procedures should be drafted and implemented for all financial activities; including, cash receipts, purchasing, cash disbursements, payroll, employee reimbursements, travel, credit card usage, attendance and transportation recordkeeping, reconciliations, accounting coding, etc. A procedures manual should include standardized documents for personnel District-wide to use when requesting purchasing authorization, documenting compliance with quote and bid requirements, and submitting expense reimbursement.

**ATTENDANCE** - During our audit of attendance, we noted that the staff system permissions are set so that principals and administrators are able to modify student attendance in the software. We recommend that the default access for principals and administrators be updated to "view only" to prevent unauthorized changes to attendance data at the administrative level.

**CHILDCARE/PRESCHOOL REVENUE** - During our audit of program service revenue, we noted that the District does not have procedures to reconcile childcare and preschool revenue reported on the general ledger to fees charged and collected for each participant. We recommend that the District implement internal control procedures to reconcile childcare and preschool revenue reported on the general ledger to actual participant revenue each month. Further, we recommend that the District use a childcare software program to record billings and collections for childcare services; which will allow for analysis of outstanding balances as well as mitigate errors resulting from manually tracking the activity in a ledger.

**SALES TAX** - During our audit of cash disbursements, we noted that the District is paying local, county and/or state sales tax on its telephone and utility bills. Because the District is a tax-exempt entity, it is not required to pay sales tax on purchases. We recommend that the District monitor all purchases to ensure that the District is not charged sales tax by providing proper information to the vendor. Additionally, we recommend that the District request a refund of previously paid sales tax on telephone and utility bills.

**EXPENSE REIMBURSEMENTS** - We sampled employee expense reimbursements for compliance with board policy and procedures. We noted that all expense reimbursement requests were submitted on the District form and had administrative approval. However, we noted that when mileage reimbursement was requested there was no document attached substantiating the distance traveled, nor were any agendas/itineraries/schedules attached to support the business purpose of the travel. We recommend that the travel procedures be communicated to all personnel outlining documentation requirements for employee reimbursement. Such documentation should include Mapquest or other support of miles from district office to the destination. Further, we recommend that all travel reimbursement requests include documentation of the business purpose, such as meeting agendas, conference agendas, and, or schedules.

**ANCILLARY ORGANIZATIONS** - We noted that there are several ancillary organizations that provide resources to the District, such as various booster clubs and parent organizations. The funds of these organizations are not included in the District's accounting records. If a District employee held a financial position, such as treasurer, with one of these organizations, the District could be held accountable in the event of fraud or theft. We recommend that the District adopt a policy to prohibit employees from accepting financial positions with supporting organizations.

**GATE RECEIPTS** - We made inquiries regarding the athletic events gatekeeping activities and noted that gate receipts pass through several individuals before being deposited with the District's bank. We noted that dual counting and reconciliation of gate receipts is performed jointly by a gatekeeper and administrator, which includes a tally sheet used to reconcile the gate box during the counting process. The gate cash and tally sheet are placed in a locked cabinet/safe by a District administrator or SRO at the end of the event. The activities secretary later retrieves the box, counts the money and prepares the bank deposit. The cash and deposit slip are sent to central office for coding and deposit with the bank. We recommend that the reconciliation sheet, a tear off slip or an electronic notification of the total cash and checks be sent to the central office prior to transferring the funds to the cabinet/safe for handling by the activities director secretary. This will strengthen internal controls by ensuring that the cash that was documented as received at the athletic event agrees to the bank deposit that was prepared by the activities director's secretary. Alternatively, gate receipts could be placed directly in bank deposit bags and taken to the bank for deposit immediately following the event. The activities department would retain only the beginning cash required for startup money for the next event. By eliminating additional handling of the gate receipts, less cash handling occurs and internal controls are improved. Further, the district should consider moving to a cashless gate process, which would require attendees to purchase tickets electronically prior to the event or use a credit card to gain access to events where a fee is charged.

**ACCOUNTING SOFTWARE** - During our interviews with personnel, we noted that individuals using the SISFin software do not receive any structured training of the modules used by the district employee. We recommend that the District record vignettes that explain processes such as PO input, PO approval, report generation, use of time keeping, etc., which will allow for employees to access these recorded trainings when questions arise. Additionally, we recommend that the central office generate a coding sheet for each department and building, which includes only their budget codes. This sheet will expedite coding of expenditures and improve coding accuracy at the building and department levels.

**ACTIVITIES RECEIPTS** - We noted that activity receipts are collected by the sponsor or teachers and remitted to the activities secretary. The activities secretary prepares the deposit slips and sends the funds and deposit slip to the central office for recording in the accounting software and remitting the deposit to the bank. We recommend that a monthly report be printed and provided to each activity sponsor to compare with the receipt form received from the activities secretary and also be used to review expenditures coded to the activity account. Alternatively, when District personnel are approved for an extra duty position, they should be given limited access to the accounting software report capabilities for

the activities under their control. Periodic review by the sponsors will add an additional layer of controls by verifying deposits conveyed to the activities secretary were accurately deposited to the activity account code and expenditures coded to the activity account code were authorized and appropriately coded.

**FUNDRAISING CONTROLS** - During our audit, we reviewed the District's procedures for fundraising and noted that fundraisers are not being analyzed to determine if the fundraiser is profitable and should be continued. We concur with the current procedures requiring a fundraising application be completed and be approved by the activities director and central office administrator. We recommend, upon completion of the fundraiser, the application should be updated to include reconciliation of the revenues and expenditures; with a copy of the reconciled application submitted to central office. This will allow for analysis of the fundraiser to determine if the fundraiser was successful and whether it should be continued in the future.

**TRANSPORTATION** - During our audit, we noted that the non-disabled riders and the students with disabilities transported on separate routes reported on the Application for State Transportation Aid did not agree to the summary ridership lists maintained by the District. The non-disabled riders were overstated by 165 riders and the students with disabilities transported on separate routes were overstated by 2 riders.

We also noted the ineligible riders, less than one mile ridership count at no appreciable expense to the District, were overstated by 34 riders and the less than one mile ridership count, under the provision of HB1180, was understated by 68 riders. As a result of our audit, the Application for State Transportation Aid has been corrected.

**FUEL PURCHASES** - During our audit, we noted that the District has procedures in place to ensure the fuel charges are for authorized purchases. However, we noted that odometer readings for vehicles using unleaded fuel are not being recorded at the time of the fuel purchase. We recommend when fuel is dispensed, the vehicle description and odometer reading be submitted to the transportation department. The transportation director should use the odometer reading to track miles per gallon on each vehicle. We recommend that the District analyze the odometer and miles per gallon calculations, investigating any unusual fuel type purchases or inconsistent miles per gallon amounts. Investigation results should be included with the expenditure documentation.

**PURCHASING DOCUMENTATION** - During our audit, we selected a sample of expenditures to review for compliance with state statute, board policy and purchasing procedures. While we noted no unusual or unsupported expenditures, support for the bid acquisition or quote comparison was not attached to the invoice and the accounting department had to obtain competitive bid documents from the department that originated the purchase. Additionally, we noted several expenditures exceeding the threshold for requiring three (3) quote or bids and the District was unable to provide the required number of bids/quotes or written documentation of the reason for absence of required number of quotes or bids as required by board policy. We recommend that supporting documents for each purchase exceeding the dollar thresholds established in the board policy include either a copy of the competitive bid documentation if required, a listing of the bids/quotes received in a bid tabulation format or notes from telephone calls requesting quotes. Additionally, if the purchase is from a sole source provider, occurs in an emergency situation, or where less than three (3) bids were received; a memo or other documentation should be included to support the lack of bid or quote documentation.

**BUDGET** - Chapter 67, RSMo prohibits the expenditure of public monies unless those expenditures have been authorized. During our audit, we noted that actual expenditures of \$48,973,283 in the Capital Projects Fund exceeded budgeted amounts of \$48,700,874 by \$272,409.

*Other Matters*

We were engaged to report on the supplementary information, which accompany the financial statements. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the management's discussion and analysis, which accompanies the financial statements and is also not required supplementary information. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction of Use

This information is intended solely for the use of the administration and the Board of Education and is not intended to be and should not be used by anyone other than these specified parties.

*Westbrook & Co., P.C.*

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Client: **0669 - Platte County R-III School District**  
 Engagement: **0669 - PLATTE COUNTY R-III SCHOOL DISTRICT**  
 Period Ending: **6/30/2023**  
 Trial Balance: **350 - TB**  
 Workpaper: **160.1 - AJE**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 8</b>			<b>160.1.1</b>	
To zero out payroll liabilities				
001-0000-1111-0000-0000-00000-0	Cash		1,879.52	
001-0000-2156-0000-0000-00000-0	Health Insurance		30,363.42	
001-0000-2161-0000-0000-00000-0	Garnishments		332.16	
001-0000-2169-0000-0000-00000-0	City Taxes		6,014.29	
001-2321-6232-0000-0000-00000-1	Office of the Supt Services Medicare		1,176.28	
001-2521-6231-0000-0000-00000-1	Accounting OASDI		1,074.99	
001-2541-6231-0000-0000-00000-1	Custodian/Maint OASDI		2,572.10	
001-2541-6231-1050-0000-00000-1	Social Security - OASDI		1,136.63	
001-2541-6231-3000-0000-00000-1	Social Security - OASDI		582.66	
001-2541-6231-4010-0000-00000-1	Social Security - OASDI		390.35	
001-2541-6231-4020-0000-00000-1	Social Security - OASDI		623.71	
001-2541-6232-0000-0000-00000-1	Custodian/Maint Medicare		601.51	
001-2546-6231-0000-0000-00000-1	Security Services OASDI		771.89	
001-2552-6231-9250-0000-00000-1	Transportation OASDI		2,790.61	
001-2552-6232-9250-0000-00000-1	Transportation Medicare		648.25	
002-0000-1111-0000-0000-00000-0	Cash		25,897.65	
002-0000-2159-0000-0000-00000-0	Non Tea Retirement		268.99	
002-0000-2165-0000-0000-00000-0	Life Insurance		4.77	
002-1111-6232-4020-0000-00000-1	PF Elementary Medicare		2,805.52	
002-1111-6232-4030-0000-00000-1	SE Elementary Medicare		2,805.52	
002-1111-6232-4060-0000-00000-1	CE Elementary Medicare		3,021.33	
002-1131-6232-3000-0000-00000-1	PCMS Medicare		3,237.14	
002-1131-6232-4010-0000-00000-1	BS Medicare		2,417.06	
002-1151-6211-1050-0000-00000-1	HS Teachers Retirement		18,128.96	
002-1151-6232-1050-0000-00000-1	HS Medicare		6,031.85	
002-1151-6241-1050-0000-00000-1	HS Employee Insurance		16,378.25	
001-0000-1111-0000-0000-00000-0	Cash			25,897.65
001-0000-2151-0000-0000-00000-0	Fed Withhold Payable			4,453.59
001-0000-2152-0000-0000-00000-0	Soc Sec Payable			10,947.38
001-0000-2153-0000-0000-00000-0	Medicare Tax Payable			2,528.02
001-0000-2154-0000-0000-00000-0	Medicare Tax Teachers			52.28
001-0000-2155-0000-0000-00000-0	Missouri Income Tax			402.00
001-0000-2158-0000-0000-00000-0	Tea Retirement			1,599.40
001-0000-2159-0000-0000-00000-0	Non Tea Retirement			280.12
001-0000-2162-0000-0000-00000-0	Miscellaneous Deduction			2,755.03
001-0000-2165-0000-0000-00000-0	Life Insurance			772.13
001-0000-2166-0000-0000-00000-0	Vision Insurance			1,270.77
002-0000-1111-0000-0000-00000-0	Cash			1,879.52
002-0000-2151-0000-0000-00000-0	Fed Withhold Payable			12,427.24
002-0000-2152-0000-0000-00000-0	Soc Sec Payable			1,721.22
002-0000-2153-0000-0000-00000-0	Medicare Tax Payable			383.78
002-0000-2154-0000-0000-00000-0	Medicare Tax Teachers			5,324.34
002-0000-2155-0000-0000-00000-0	Missouri Income Tax			427.41
002-0000-2156-0000-0000-00000-0	Health Insurance			31,572.96
002-0000-2158-0000-0000-00000-0	Tea Retirement			16,518.43
002-0000-2162-0000-0000-00000-0	Miscellaneous Deduction			9,802.90
002-0000-2166-0000-0000-00000-0	Vision Insurance			904.81
002-0000-2169-0000-0000-00000-0	City Taxes			34.43
<b>Total</b>			<b>131,955.41</b>	<b>131,955.41</b>
<b>Adjusting Journal Entries JE # 9</b>			<b>TB</b>	
To zero out Fund 20				
001-0000-1117-0000-0000-00000-0	Cash MOSIP General		84,837,805.65	
002-0000-1111-0000-0000-00000-0	Cash		84,892,631.28	
002-0000-3119-1020-0000-00000-0	Fund 2 Tea Fd Transfer		54,825.63	
001-0000-1111-0000-0000-00000-0	Cash			84,892,631.28
001-0000-3119-0020-0000-00000-0	Fund 1 Tea Fd Transfer			54,825.63
002-0000-1117-0000-0000-00000-0	Cash MOSIP General			84,837,805.65
<b>Total</b>			<b>169,785,262.56</b>	<b>169,785,262.56</b>

Client: **0669 - Platte County R-III School District**  
 Engagement: **0669 - PLATTE COUNTY R-III SCHOOL DISTRICT**  
 Period Ending: **6/30/2023**  
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 Workpaper: **160.1 - AJE**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 10</b>		<b>410.30</b>		
To adjust MOSIP balances between Fund 1 and 4				
001-0000-1115-0000-0000-00000-0	MOSIP 2021 BOND-CASH		68,758,069.55	
004-0000-1111-0000-0000-00000-0	Cash		54,842,661.92	
004-0000-1117-0000-0000-00000-0	Cash MOSIP General		13,915,407.63	
001-0000-1111-0000-0000-00000-0	Cash			54,842,661.92
001-0000-1117-0000-0000-00000-0	Cash MOSIP General			13,915,407.63
004-0000-1115-0000-0000-00000-0	MOSIP 2021 BOND-CASH			68,758,069.55
<b>Total</b>			<b>137,516,139.10</b>	<b>137,516,139.10</b>
<b>Adjusting Journal Entries JE # 11</b>		<b>533.10.1</b>		
To correct allocation of chromebook lease payment				
004-5231-6623-3000-0000-00000-1	Chromebook Lease Purchase Interest - PCMS		4,678.34	
004-5231-6623-4010-0000-00000-1	Chromebook Lease Purchase Interest - BS		2,519.11	
004-5131-6613-3000-0000-00000-1	Chromebook Lease Purchase Principal - PCMS			4,678.34
004-5131-6613-4010-0000-00000-1	Chromebook Lease Purchase Principal - BS			2,519.11
<b>Total</b>			<b>7,197.45</b>	<b>7,197.45</b>
<b>Adjusting Journal Entries JE # 12</b>		<b>TB</b>		
To reclass other revenue				
004-0000-5611-0000-0000-00021-0	2021 Bond Proceeds		658.40	
004-0000-5198-1100-0000-00000-0	Other Local Revenue			658.40
<b>Total</b>			<b>658.40</b>	<b>658.40</b>
<b>Adjusting Journal Entries JE # 13</b>				
To correct coding of SLFRF grant funds				
004-0000-5397-1100-0000-70125-3	Other State Revenue - NWDC		2,175,000.00	
004-0000-5497-1100-0000-70125-4	Other Federal Revenue - NWDC			2,175,000.00
<b>Total</b>			<b>2,175,000.00</b>	<b>2,175,000.00</b>
<b>Adjusting Journal Entries JE # 14</b>				
To correct coding of SLFRF expenditures				
004-4051-6521-1100-0000-70125-4	NWDC Building Project - Federal		2,175,000.00	
004-4051-6521-1100-0000-70125-3	NWDC Building Project - State			2,175,000.00
<b>Total</b>			<b>2,175,000.00</b>	<b>2,175,000.00</b>
<b>Adjusting Journal Entries JE # 16</b>		<b>533.20.1</b>		
To reclass bus lease purchase payment				
001-0000-1111-0000-0000-00000-0	Cash		302,408.00	
004-5131-6613-9250-0000-00001-1	Bus Lease Purchase - Principal		302,408.00	
001-2552-6334-9250-0000-00001-1	Transportation Rental Equipment - Bus Leases			302,408.00
004-0000-1111-0000-0000-00000-0	Cash			302,408.00
<b>Total</b>			<b>604,816.00</b>	<b>604,816.00</b>