



OFFICE OF THE
STATE AUDITOR

Case # WYSD21SP

August 22, 2022

Shawn Davis, Wayne School Board President
PO Box 127
Bicknell, UT 84715

Dear Mr. Davis:

The Office of the State Auditor (Office) offers a hotline program through which we receive complaints with financial or compliance implications related to state or local governments. The Office received a complaint alleging the Wayne County School District (District) Board (Board), Superintendent, and Business Administrator spent an excessive amount at the Utah School Boards Association conference in January 2022 (Conference).

We previously received a complaint in May 2021 of excessive Board spending while traveling, including using District funds to pay for meals for board members' spouses. However, we did not investigate the 2021 complaint because the District had subsequently changed its travel policies to address the concerns alleged within that complaint. According to the most recent complaint, the Board repeated its behavior of excessive spending despite the policy change.

We reviewed District policy, certain travel expenses, and documents associated with the January 2022 training conference (Conference). We also made associated inquiries with the Superintendent and Business Manager. We determined the following:

1. Certain District Personnel Did Not Comply with District Policies, Resulting in Excessive Spending

The Board approved its updated Board Member Compensation and Expenses Policy (Board Policy) in October 2021. The District has another travel policy (Travel Policy) applicable to employees.

We found District personnel initiated travel expenses related to the Conference that exceeded amounts allowed by the policies:

- Four of the five members of the Board exceeded travel policy limits by \$177 each (\$708 total).
- One of the five members of the Board exceeded travel policy limits by \$168.89.
- The Superintendent exceeded travel policy limits by \$205.04.
- In total, the District's Conference travel expenses exceeded amounts allowed by travel policy by \$1,085.30.¹

¹ The Business Administrator also exceeded travel policy limits by \$3.37.

We are concerned the District's failure to comply with its own policies indicates a culture of noncompliance and a disregard for proper controls over the use of public funds. We are also concerned with the District's practice in which it pays for unallowable expenses and then might attempt to seek reimbursement.

Recommendations

We recommend each Board member:

- **Comply with the Board's Compensation and Expense Policy.**
- **Reimburse the District any remaining balance of travel expenditures that exceeded that policy.**
- **In the future, pay for their travel expense (e.g., lodging, food, mileage) and then submit requests for reimbursement for allowable business expenses.**

We recommend the Board:

- **Ensure the Superintendent and Business Administrator reimburse the District for any remaining balance of travel expenditures that exceeded the District's Travel Policy.**
- **Ensure District personnel comply with Travel Policy.**
- **Require District personnel to pay for their travel expenses (e.g., lodging, food, mileage) and then submit requests for reimbursement for allowable business expenses.**

2. District Policy Should Be Clarified to Reduce Risk of Improper Spending

Both the Board Policy and the Travel Policy need clarification in order to reduce confusion and improve review and oversight.

We have identified the following issues with the Board Policy:

- It is unclear whether the District adopted all of the Utah State Board of Education's (USBE) travel policy or whether it adopted only the travel rates used by USBE. USBE allows exceptions to established rates with a documented business purpose. There may be reasonable business purposes for upgraded travel, such as staying at a conference hotel. However, the Board Policy should clearly state when exceptions are allowed and how those exceptions should be documented and approved.
- The District paid unallowable costs (upgraded rooms and guest meals) on behalf of Board members. In some cases, Board members have yet to reimburse the District for those expenses. In this arrangement, the District assumes the risk of paying for improper expenses. The Board Policy should clearly state that Board members are to be reimbursed for allowable business expenses. The District should not pay for unallowable expenses and then seek reimbursement.

We have identified the following issues with the Travel Policy:

- The Travel Policy limits certain travel costs to the lowest reasonable travel expenses. However, this subjective language makes it difficult to determine compliance. In contrast, travel policies established for state agencies and the travel

policy established by USBE set specific, objective spending limits based on location and actual costs. The District could consider adopting the rates established by the State and USBE.

- The Travel Policy has no exceptions for conference room rates. USBE and state travel policies allow for cost exceptions for the conference hotel with a documented business purpose.

If the Board does not set clear expectations through policy, it increases the risk of losing the public's trust and wasting or misusing public funds. Strengthening the District's travel policies might avoid those violations described in Finding 1.

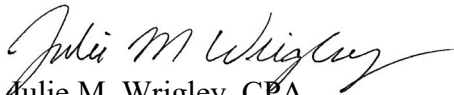
Recommendation

We recommend the Board review the District's current travel policies and ensure those policies:

- **Set objective and reasonable spending limitations, such as the established State travel rates. At a minimum, travel limits should consider the time, location, purpose, and actual costs of travel.**
- **Require documentation, including pre-authorization, to justify any exceptions to rates allowed by policy.**
- **Require District personnel to pay for their travel expenses (e.g., lodging, food, mileage) and then submit requests for reimbursement for allowable business expenses.**
- **Only allow reimbursement when travel expenses are clearly documented, allowable, and approved.**

Our procedures were limited to matters related to the most recent complaint. Had we performed additional procedures, other matters may have come to our attention that would have been reported to you. We appreciate the courtesy and assistance extended to us by District personnel during our review. We look forward to a continuing professional relationship. If you have any questions, please contact Tyson Plastow, Special Projects Audit Supervisor, at 801-234-0544.

Sincerely,



Julie M. Wrigley, CPA
Special Projects Manager

CC:

Wayne School Board
Randy Shelley, Superintendent
Tyler Newton, Business Administrator

simply a misinterpretation of policy and state guidelines. That is evidenced by the reimbursements that have taken place to date.

In response to each recommendation under finding number 1:

We recommend each board member:

- **Comply with the Board's Compensation and Expense Policy.**
 - Moving forward, each board member will comply with policy and the superintendent and business administrator will counsel, guide and help interpret policy to assure compliance.
- **Reimburse the District any remaining balance of travel expenditures that exceeded that policy.**
 - Each board member has already reimbursed the district for everything but hotel expenses. As we misinterpreted the guidelines, and didn't realize that we were overspending, we are recommending that we "fix it forward", meaning we won't make the same mistake again.
- **In the future, pay for their travel expense and then submit for reimbursement for allowable business expenses.**
 - We already do this for some things and will do better in the future. However, sometimes with large expenses (hotel rooms) this is not feasible. Not all board members have enough disposable income lying around to cover large expenses. Individual board members will pay for travel expenses where possible. The superintendent and business administrator will monitor expenses when this is not feasible and ensure that other spending is in compliance with policy.

We recommend the Board:

- **Ensure the Superintendent and Business Administrator reimburse the District for any remaining balance of travel expenditures that exceeded the District's Travel Policy.**
 - The superintendent has already reimbursed the district for all unallowable expenses. The business administrator's expenses were negligible.
- **Ensure District personnel comply with Travel Policy.**
 - All District personnel will comply with travel policies moving forward and policies will be clarified for ease of understanding.
- **Require District personnel to pay for their travel expenses and then submit requests for reimbursement for allowable business expenses.**
 - We already do this for some things and will do better in the future. However, sometimes with large expenses (hotel rooms) this is not feasible. Not all district employees have enough disposable income lying around to cover large expenses. District employees will pay for travel expenses where possible. The superintendent and business administrator will monitor expenses when this is not feasible and ensure that other spending is in compliance with

policy.

In response to each recommendation under finding number 2:

District Policy Should Be Clarified to Reduce Risk of Improper Spending

We recommend the Board review the District's current travel policies and ensure those policies:

- **Set objective and reasonable spending limitations, such as the established State travel rates. At a minimum, travel limits should consider the time, location, purpose, and actual costs of travel.**
 - WCSD Board will review and update travel policies. The board will consider combining board travel and employee travel policies into one policy.
- **Require documentation, including pre-authorization, to justify any exceptions to rates allowed by policy.**
 - WCSD Board will review and update travel policies and require preauthorization to justify any exceptions to rates allowed by policy.
- **Require District personnel to pay for their travel expenses and then submit requests for reimbursement for allowable business expenses.**
 - WCSD will encourage personnel to pay for their travel expenses where feasible and then submit for reimbursement for allowable business expenses.
- **Only allow reimbursement when travel expenses are clearly documented, allowable, and approved.**
 - WCSD will review and update travel policies to only allow reimbursement when travel expenses are clearly documented, allowable, and approved.

WCSD board members, superintendent, and business administrator work hard to provide a great education for the students in our district. As one of the poorest school districts in the state, we understand the value of every dollar and do our best to get the most out of every dollar we spend. It is our intention to learn and get better every day so that we can better serve our students. Thank you for providing us with feedback that will help us with our intent to get better.

Sincerely,

 WCSD Board

Shawn Davis, WCSD Board President