



ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

June 25, 2013

Mona Kindoll, Chair
Carroll County School District
408 5th Street
Carrollton, KY 41008

Dear Ms. Kindoll:

As you are aware, this office received concerns regarding payment by the Carroll County School District (District) for the Superintendent to participate in the Executive Doctoral Program at Northern Kentucky University and a trip to Finland that was associated with the doctoral program. We have completed our examination of these matters and are presenting to you, as Board Chair, our findings and recommendations.

We addressed the concerns presented to this office by requesting and reviewing various District documents and conducting a limited number of interviews. Documents reviewed included, but were not limited to, relevant Board meeting minutes, the Superintendent's contract, and select financial documents. We interviewed all Board members, the Superintendent, and representatives of the doctoral program.

During our examination, all documentation was provided in a timely manner and all Board members and District staff were cooperative. Our review of the requested financial documentation revealed that supporting information was sufficient and adequately supported the reviewed expenditures. In addition, the Board meeting minutes reviewed were generally detailed and appeared to incorporate items that have been recommended by this office in previously released examinations of other school districts. The Superintendent's contract did not appear to be excessive and clearly outlined those benefits that were included in the document.

While our examination resulted in an overall positive perception of the oversight and administration of the specific items reviewed, auditors identified issues in which there were opportunities to strengthen controls and improve transparency. These findings should not prohibit the Board from paying for the continuing education of a staff member when all costs have been fully and properly reviewed, approved, and disclosed in a transparent manner.



Finding 1: Payment of the Executive Doctoral Program was not included as a specific and separate provision within the Superintendent's employment contract.

According to Board meeting minutes, the Carroll County School Board (Board) approved payment for the Superintendent to participate in the Executive Doctoral Program at Northern Kentucky University on January 6, 2011. The total cost approved by the Board for the two year program was \$32,000 to be paid in seven equal installments. Travel and books related to the program were also to be paid for by the District. While the minutes state that this expense was considered to be part of the Superintendent's continuing education and professional development, this expense extended over a two year period and should have been added to the Superintendent's employment contract as an additional benefit specific to ensure transparency.

The District's policies related to Professional Development refer specifically to a District-wide plan that has been approved by the Board and implemented through the District Professional Development Coordinator. These policies do not appear to relate to payments for the continuing education of an individual. The actions of the Board to approve payment for the Superintendent's attendance in a doctoral program, while allowable, are outside of the District's professional development policies. This indicates that payment for the degree is a specific employment benefit being offered to the Superintendent and not part of the District-wide plan envisioned by this policy.

According to the Superintendent's employment contract, "All benefits of the SUPERINTENDENT are specifically spelled out in this AGREEMENT and override any general policy which might be in existence for other employees." Reading this contract provision, it could be assumed that no further benefits had been provided to the Superintendent beyond those stated in the contract document. While Board approval was documented in the January 6, 2011 minutes and again when the Board reaffirmed payment for the program on January 24, 2013, the contract language clearly indicates an additional benefit such as this should have been incorporated.

The need for transparency is exemplified by the fact that the final cost for the program was not the approved amount of \$32,000, but \$35,460.78 after factoring in an international trip and other incidental costs related to the program. None of the Board meetings mention this final cost, nor the international trip associated with the program, though all Board members appeared to have been aware of it. Provisions in the contract could alleviate any potential confusion of the total benefits provided to the Superintendent.

Recommendations

We recommend the Board ensure that any significant benefits provided specifically to the Superintendent outside of existing policies be included in the Superintendent's employment contract.

We further recommend that the Board consider the development of a policy governing the payment of continuing education for individuals, if such action may occur in the future for other employees.

Finding 2: The Board did not implement a policy or contract provision that would prevent the Superintendent from leaving the District immediately after receiving the doctoral degree paid for by the District.

The District spent at least \$35,461 to provide the Superintendent with a doctoral degree, but there were no policies or employment contract provisions that ensured the Superintendent stayed in the employment of the District or repaid the value of the investment upon her resignation. According to Board members, the decision to provide the Superintendent with a doctoral degree could lead to future benefits for the District in leadership and curriculum development, but it also gave the Superintendent greater ability to seek employment elsewhere. Essentially, the Board chose to make a significant investment that was believed to benefit the District, but nothing was put into place to protect this investment if the Superintendent resigned prior to the benefits being realized.

The Superintendent's current employment contract has an effective date from July 1, 2012 through June 30, 2016, which is designed to ensure that the Superintendent does not leave except through mutual agreement with the Board or discharge for cause by the Board. However, KRS 161.780 (1) allows for a superintendent to terminate their contract during specific timeframes. Specifically the statute states:

No superintendent shall be permitted to terminate his or her contract within thirty (30) days prior to the beginning of the school term or during the school term without the consent of the employing board of education... A superintendent shall be permitted to terminate his or her contract at any other time when schools are not in session by giving two (2) weeks written notice to the employing board of education.

This means the statute would allow a superintendent to terminate their contract during the period between the end of the school year and prior to thirty days before the beginning of the next school year. Without a specific policy or a clause in the Superintendent's employment contract, there is a possibility that the Superintendent could resign and the Board's substantial investment would leave with the Superintendent.

Recommendations

We recommend the Board determine if the payment of professional development tuition for current or future staff is a possibility. If so, the Board should develop a policy related to the provision of such a benefit that will provide guidelines as to how staff are selected for this benefit, grade requirements, and employment retention. The guidelines should

also include repayment schedules for the funds, either in full or on a prorated basis, if the staff member fails to meet the adopted employment retention requirements.

We further recommend that the Board ensure that an employment retention requirement is placed in any future superintendent's or staff members' contract that will receive payment for a further degree. Similar to the policies, the contract should also include repayment schedules for the funds, either in full or on a prorated basis, if the adopted employment retention requirements are not met.

Finding 3: The Board did not specifically approve the additional cost for the Superintendent to travel to Finland as part of the Executive Doctoral Program.

On January 6, 2011, the Board approved for the District to pay for the Superintendent to attend the Executive Doctoral Program for a total cost of \$32,000; however, this

approved expense did not include the costs for an international trip associated with the program. As part of a course during the last semester of the doctoral program, the Superintendent traveled to Finland from March 8th through March 17th of 2013. This trip was never specifically approved by the Board despite adding \$2,850 to the total approved cost of the program. The trip expense was paid directly to the university and the Superintendent did not request any reimbursements for expenditures on the trip.

According to certain Board members and the Superintendent, they first became aware that an international trip would be part of the doctoral program several months after the initial approval for the expense had already been made. They further stated that it was not until the later part of 2012 that the location of the trip and the cost was known. The invoice containing the \$2,850 trip cost was paid on December 11, 2012. At this time, there was no official record that Board members had been notified of either the location or the cost, nor was the public aware of this benefit to the Superintendent.

At the January 24, 2013 Board meeting, Board members reaffirmed their approval of the payment for the doctoral program, but no specific expenditure amounts were given nor was the trip mentioned. Since the invoice had already been paid, the location and cost of the trip was known and could have been presented to the Board for approval, which would have supplemented the original approval of the program's cost by the Board on January 6, 2011. Documenting the exact nature and costs of the total benefit would have provided evidence that the Board exercised complete control over the expenditures related to the Superintendent. In addition, this documentation and discussion would have provided the public with a more transparent view of the process.

Recommendations

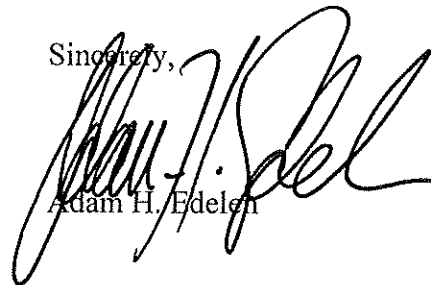
We recommend the Board pre-approve all out-of-state travel for District employees, including travel related to professional development. All known costs for the trip and any budgeted costs should also be specifically pre-approved by the Board in a public meeting.

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We would like to thank the District for its assistance throughout the examination process. We trust that the findings and recommendations presented in this letter will assist the Board in strengthening its controls and oversight of the District's financial activities and transparency in the Board approval process.

If you have any questions regarding this letter, please contact me at (502) 564-5841. Thank you, in advance, for your attention to these matters.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam H. Edelen', is written over the typed name. The signature is fluid and cursive, with a large initial 'A' and 'E'.

Adam H. Edelen